

TIF 101: SUBCOMMITTEE ON RENTAL HOUSING

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What is TIF?

The Moving Parts

- <u>Tax Incremental District (TID)</u>—a geographic boundary comprised of <u>contiguous</u> <u>whole units</u> of property
- <u>Project Plan</u>—a document that estimates the eligible development cost that may be recovered by tax increments over time within the TID
- <u>Base Value</u>—property value that exists within the TID boundary when it is created.
- <u>Incremental Value</u>—value of growth over the base value that occurs in the TID after it is created
- <u>Tax Increment</u>—The <u>entire</u> tax levy on incremental value in the TID that pays for development cost



WHAT IS TIF? STATUTORY REQUIREMENTS

- 50% of the TID area blighted, industrial or mixed-use
- All costs must meet a "but for" test, i.e. but for TIF the project would not otherwise be constructed.
- The aggregate of all value growth in TIDs cannot exceed 12% of a city's EAV
- Note: Madison is at 4.95% of EAV



HOW TIF WORKS









New Development Value	\$15,000,000
New Tax Levy	\$450,000

Base Value (Pro-TID)	¢1,000,000	Tax Distribution	
Annual Tax Levy	\$1,000,000	City	\$6,000
Annoul lax Levy	\$30,000	County	\$10,000
Tax Distribution	¢ / 000	Schools	\$13,000
City	\$6,000	Voc/Tech	\$1,000
County	\$10,000	Total Levy on Base Va	lue \$30.000
Schools	\$13,000	Overlying tax	<i>+••••••••••••••</i>
Voc/Tech School	\$1,000	districts still receive this levy New Tax Levy	\$450,000
lofal Levy	\$30,000	over the life of the Less: Levy on Base Va	lue <u>-30,000</u>
		TID Tax Increment	\$420,000

HOW ARE TID BOUNDARIES DRAWN?



At left is a typical TID boundary.

Its shape is a <u>balance of competing factors</u>:

- Location of blight (for blighted area TIDs)
- Location of suitable, zoned property (in the case of industrial and mixed-use TIDs)
- Location of TIF generators
- Infrastructure improvement plans, neighborhood plans, etc.
- TIF Law allows no more than four (4) boundary amendments in a TID lifespan

Sometimes property has to be added or left out because of one or more of these factors.



HOW TIF WORKS

TID Lifespan—The maximum period that a TID may collect tax increment

- Blighted Area TID 27 years
- Industrial 20 years
- Mixed Use 20 years

TID Expenditure Period—The maximum period that a TID may make expenditures

- Blighted Area TID 22 years
- Industrial 15 years
- Mixed Use 15 years



HOW TIF WORKS



Where do TIF funds come from?

- Most of the time, TIF funds are borrowed.
- TIF borrowing requires Capital Budget authorization.
- Borrowing is repaid through tax increments.
- In some cases, excess tax increment is used instead of borrowing.



ELIGIBLE USES

Eligible Cost

- Public Improvements
- Parking Ramps
- Streetscape
- Land Acquisition
- Demolition
- Remediation
- Construction
- TIF Administration Cost
- Finance Cost

Ineligible Cost

- Public Buildings
- Regional Parks
- Operating Cost
- Assessable Cost



HOW DOES THE CITY USE TIF?

Helpful tips:

- 1. <u>Review TID Project Plans with TIF Staff.</u>
 - Project Plans are available online at:

http://www.cityofmadison.com/dpced/economicdevelopment/tax-incremental-financing/415/

- 2. <u>Review the Capital Improvement Plan (CIP).</u>
 - 5 year capital project projection
 - Sometimes, TIF can be used for all or part of those costs
 - The CIP is available online at:

http://www.cityofmadison.com/employeenet-finance/documents/CapBudgetInstructionsKickoff.pdf

- 3. <u>Review the TID Metric with TIF Staff and Finance.</u>
 - Demonstrates present financial condition of TID
 - Forecasts impact of new expenditure against measurable guidelines
 - Reviews are conducted during first quarter and again in August / September



	In	troc	lucir	1g	The	TID Shad spend	ed number ding. Requir amendme	tric s = over res plan nt		Positi full co TID h tax	ve ACCR = st recovery, has excess increment	ACCR Should be >= (2.0)		Sho be 50	uld >= %
	2022 Incremental	Expenditures Authorized in	Total Authorized Expenditures As Of	Authorized Expenditures - 2022 Adopted Capital Budget and Proposed New	Proposed New	Proposed New	Estimated Total Expenditures	Donations (to) / from Other TIDs, Developer Payments, Grant	Balance of Unrecovered Costs Thru	Estimated Incremental Revenues -	Estimated Years to Expenditure Recovery and	Years Left in TID Life-	Estimated Years to Recover All	Annual Cost Coverage	o Payback
TID #	Value	Project Plan	12/31/2021	Expenditures	Expenditures	Donations	Thru 12/31/21	Revenues	12/31/21	2023	TID Closure	span	Expenditures	Ratio	Capacity
29	\$ 45,423,600 \$ 489,171,700	\$ 11,974,000	\$ (12,064,621)	\$ (500) \$ (10.452.000)	⇒ - \$ (5.000.000)	\$ (50,000,000)	\$ (12,065,121)		\$ 168,775	\$ 1,045,035	(1.37)	4	1	(24.9)	75%
37	\$ 151.313.400	\$ 20,867,000	\$ (8,899,230)	\$ (31,000)	\$ (0,000,000)	\$ (18,000,000)	\$ (8,930,230)	(17,940,662)	\$ (1.309.719)	\$ 3,481,182	(0.39)	10	5	(2.1)	50%
39	\$ 174,983,700	\$ 17,113,000	\$ (5,911,476)	\$ (2,780,500)	\$ (2,750,000)	\$ -	\$ (8,691,976)	\$ (7,525,109)	\$ (1,828,777)	\$ 4,025,751	(1.14)	5	3/	(2.4)	40%
41	\$ 56,984,700	\$ 12,497,116	\$ (4,728,172)	\$ (5,250,000)	\$ -	\$ -	\$ (9,978,172)	\$ (772,634)	\$ (1,442,229)	\$ 1,311,015	(5.10)	15	4	(4.3)	73%
42	\$ 117,982,100	\$ 39,173,000	\$ (7,341,812)	\$ (18,100,500)	\$ (3,800,000)	\$-	\$ (25,442,312)	\$ 12,527,629	\$ (2,618,185)	\$ 2,714,347	(7.63)	16	2	(14.7)	88%
44	\$ 62,349,500	\$ 6,264,700	\$ (4,596,572)	\$ (1,000)	\$-	\$ -	\$ (4,597,572)	\$ -	\$ 2,570,831	\$ 1,434,440	1.79	17	2	(9.5)	88%
45	\$ 93,013,200	\$ 36,000,000	\$ (18,376,950)	\$ (7,051,500)	\$ (7,000,000)	<u>\$</u> -	\$ (25,428,450)	\$ 545,283	\$ 12,912,613	\$ 2,139,902	2.74	19	10	(2.1)	47%
46	\$ 349,329,600	\$ 37,681,000	\$ (11,851,924)	\$ (24,000,000)	5 -	5 -	\$ (35,851,924)) 5 -	\$ (595,910)	\$ 8,036,828	(3.06)	12	3	(4.1)	75%
47	\$ 38,550,000	\$ 3,000,000	\$ (626,223)	\$ (120,000)	÷ (120.000)	-	\$ (626,223)		\$ (297,693)	\$ 424,904	(0.70)	14		#DIV/01	0/%
49	\$ 38,550,000	\$ 3,600,000	\$ -	\$ (3,100,000)	\$ (120,000)	s -	-	\$ -	\$ 4,005	000,098	(0.13) #DIV/01	19	#DIV/01	#DIV/01	#DIV/01
50	\$ -	\$ 20,600,000	\$ -	\$ -		<u>s</u> -		\$ -	•		#DIV/01	- /	#DIV/01	#DIV/01	#DIV/01
51	\$ -	\$ -	\$ -	\$ -		\$ -		\$ -			#DIV/0!	-	#DIV/0!	#DIV/0!	#DIV/0!
	\$ 1,851,911,200	\$ 344,488,573	\$ (184,799,640)	\$ (70,887,000)					\$ (18,263,404)	\$ 42,652,699				#DIV/0!	
			\									12			
	/		L					Current Year	2023					/	
	/	\backslash					\mathbf{i}					/			
	/										/				
	Current	Toto			Expandit		Duran a same			E			A		OF MADIO
		o llours	bla Ex	penditure	Lxpendi	ores	Proposed			Ensures fr	at City rese	erves	Amour		
	ncremental	allowa			in most re	cent [Donations /	Curre	nt tax	50% fo	r infrastruct	ure,	available	e for	
	value	TID co	ost	to date	budge	,+	/	incre	ment	• 7	2		·		
							xpenditure	s linere		I.e. 1	:Z coverage		intrastruc	ture	DPCED

TIF POLICY

Background

- TIF Policy discussions began in 1999
- Policymakers sought consistency to applying TIF
- First TIF Policy adopted in 2001
- Amended in 2005, 2008 and 2014

Organization – Two Documents

- Goals, Objectives and Process—what the City wants to do with TIF
- TIF Underwriting Policy—how the City evaluates TIF
- Documents available online at:

http://www.cityofmadison.com/dpced/economicdevelopment/tax-incremental-financing/415/



TIF POLICY

Basic Policies

- **TIF Generator(s)**—TIDs are only created/amended with an economic generator that has an <u>incremental value of at least</u> <u>\$3M.</u>
- Self-Supporting TIF—Increment from other development projects do not support a project's TIF loan assistance.
- Equity Investment—Developer or Employer equity investment must equal or exceed TIF request.



TIF POLICY

Two TIF Loan Types:

Standard

- Loans to developers—gap analysis required
- Eligible for up to 50% of TIF ("50% Rule")
- Extra 5% allowed without Council policy exception ("55% Gateway")
- Personal guaranty required

Jobs TIF

- Loans to employers—no gap analysis
- Eligible for up to 40% of TIF
- •Employers must create/retain at least 100 jobs over 5 years
- •Personal/Corporate guaranty required



TIF LENDING AND GAP

When a project costs more to construct than the amount of investment that it can attract, assuming a typical rate of return, it has a gap. TIF may sometimes be used to fund gap in the right circumstances.

To fully understand gap, we must first understand "no gap."

Example: A developer estimates that she can construct an office building for \$20M. She can also attract \$5M of equity investment yielding a 16% return and a \$15M bank loan.

Sources and Uses	Developer Analysis
Loan	15,000,000
Equity at 16% IRR	5,000,000
Total Sources	20,000,000
Less: Uses (i.e. Cost)	(20,000,000)
Gap	0

When investment sources <u>equal</u> the project cost there is no gap. This project could be built without TIF.

So what is an example of gap?



GAP

Example: Let's say that the architect informs her that costs have increased and the project will now cost \$22M. The developer thinks that her project now has a <u>\$2M gap</u>.

At this point, the developer may take any number of the following steps:

- 1. Secure more investment
- 2. Implement cost saving measures
- 3. Request TIF
- 4. Abandon the project

Sources and Uses	Developer Analysis
Loan	15,000,000
Equity at 16% IRR	5,000,000
Total Sources	20,000,000
Less: Uses (i.e. Cost)	(22,000,000)
Gap	(2,000,000)

In this case, the developer requests \$2M of TIF.

Q: But how does the City know if a gap really exists or how much TIF should be provided?

A: Through a process called "gap analysis."



GAP ANALYSIS — THE STEPS

- **TIF Feasiblity**—using a <u>"TIF Run"</u> model, determines how much TIF is generated by the project and how much is feasible to be provided as TIF assistance.
- Cost Comparison—determines if project costs are in line with market data.
- **Investment Comparison**—determines if private leverage (bank and equity) and the proposed returns are in line with market data.
- Sizing the Gap—a process that adjusts cost and/or investment if necessary to market conditions, comparing the adjusted gap to the amount of TIF that is feasible.



GAP ANALYSIS—THE TIF RUN

Example: The Assessor values the project at \$20M. The base value of the site is \$1M, leaving \$19M of incremental value.

TIF Increment Projection - Sample Project TID ZERO

	TAX RATE PROJECTION				INCREMENT CALCULATION						AVAILABLE FOR ASSISTANCE		
YEAR	CITYWIDE TAX BASE AS OF JAN 1 PRIOR YEAR	NET TAX LEVY	TAX RATE	DIS V/ AS O	TRICT ALUE F JAN 1	PROJECT VALUE ADDED	INCREMENTAL VALUE AS OF JAN 1	INCR REV	EMENT /ENUE		INCREMENT AFTER COVERAGE	PRESENT VALUE	
2019	26,629,976,600	597,740,824	0.02245		1,000,000	0							
2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030	28,227,775,196 29,921,441,708 31,716,728,210 33,619,731,903 35,638,915,817 37,775,130,766 40,041,638,612 42,444,136,929 44,990,785,144 47,690,232,253 50,551,646,188	621,650,457 646,516,475 672,377,134 699,272,220 727,243,108 756,332,833 786,586,146 818,049,592 850,771,576 884,802,439 920,194,536	0.02202 0.02161 0.02120 0.02080 0.02041 0.02002 0.01964 0.01927 0.01891 0.01855 0.01820	1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	1,018,500 2,037,342 1,075,033 0,279,921 0,655,100 1,037,219 1,426,408 1,822,796 2,226,518 2,637,708 3,056,506	1,000,000 9,000,000 9,000,000 0 0 0 0 0 0	18,500 1,037,342 10,075,033 19,279,921 19,655,100 20,037,219 20,426,408 20,822,796 21,226,518 21,637,708 22,056,506		0 407 22,414 213,585 401,012 401,102 401,185 401,261 401,329 401,391 401,447		0 204 11,207 106,793 200,506 200,551 200,592 200,630 200,665 200,696 200,723	0 9,000 81,000 142,000 133,000 124,000 116,000 109,000 102,000 95,000	
2031	53,584,744,960	957,002,318	0.01786	2	3,483,051	10,000,000	22,483,051		401,496		200,748	89,000	
		ASSUM	PTIONS:	Add: B Total I	ase Value	1,000,000 1,000,000 20,000,000	NPV=	2,	,000,000	В	1,000,000	at 50% of TIF	
	Annual Increase in C Annual Increase in T Annual Increase in A Percent of Estimated Assumed Interest R NPV Assumes Disco Est. Incremental Val	Citywide Tax Base Fax Levy Assessment after co d Increment Availabl ate (Discount Rate) punting to ue	nstruction le	\$ 1	6.00% 4.00% 2% 50.00% 7.00% 2019 9,000,000		TIF Request	<u>\$</u> 3,	,500,000	-	175%_	of TIF	

- A. Project's incremental value occurs over time (not all at once)
- B. Tax increments are <u>discounted</u> to determine how much might be borrowed in today's dollars
- C. <=50% of the net present value of the estimated tax increment available for TIF Loan

The project supports a TIF Loan of \$1M at 50% of TIF.



GAP ANALYSIS—COST COMPARISON

Example:

The developer may have over-estimated her land cost by \$500,000. Comparable sales data and assessed values confirm a lower figure.

Sources and Uses	Developer Analysis	Gap Analysis
Loan	15,000,000	15,000,000
Equity at 16% IRR	<u>5,000,000</u>	5,000,000
Total Sources	20,000,000	20,000,000
Less: Uses (i.e. Cost)	<u>(22,000,000)</u>	(21,500,000)
Gap	(\$2,000,000)	(\$1,500,000)

Although construction cost is indeed higher, the City finds the gap should be \$500,000 less, assuming a lower land cost.

At this point the gap appears to be \$1,500,000 based on cost. But there's one more step...



GAP ANALYSIS—INVESTMENT COMPARISON

Example: The developer proposes to invest \$5M of equity into the project at a return of 16% and requests \$2M of TIF assistance.

Sources and Uses	Developer Analysis	Gap Analysis
Loan	15,000,000	15,000,000
Equity Investment	<u>5,000,000</u>	<u>5,500,000</u>
Total Investment	20,000,000	20,500,000
Less: Cost Gap	(22,000,000) (\$ 2.00.000)	(21,500,000) (\$1.000.000)

Through gap analysis the City learns:

- The developer's desired rate of return is 16%.
- Similar projects achieve returns between 10 and 12%.
- The project could attract an additional \$500,000 of equity (for a total of \$5.5M) and achieve a 12% return.



GAP ANALYSIS—SIZING THE GAP

Sources and Uses	Developer Analysis	Gap Analysis
Loan	15,000,000	15,000,000
Equity Investment	<u>5,000,000</u>	<u>5,500,000</u>
Total Investment	20,000,000	20,500,000
Less: Cost	<u>(22,000,000)</u>	<u>(21,500,000)</u>
Gap	(\$2,000,000)	(\$1,000,000)

Building off our previous analyses:

- The TIF Run indicates that the project can support
 \$1M of TIF assistance at 50% of TIF, per TIF Policy.
- The developer's \$2M is 100% of the TIF generated by the project, which is <u>infeasible</u>.
- Reducing land cost by \$500,000 reduces gap to \$1,500,000.
- The Developer investing an additional \$500,000 of equity reduces the gap from \$1.5M to \$1M and yields a market rate of return for investors.

The City's offer of TIF assistance is \$1,000,000 - 50% of the TIF generated by the project.



GAP ANALYSIS—ACTUAL MODEL

TIF Increment Projection - Landmark Oaks (Hutter) TID#35

	TAX RATE PROJECTION				INCREMENT	AVAILABLE FOR ASSISTANCE			
YEAR	CITYWIDE TAX BASE AS OF JAN 1 PRIOR YEAR	NET TAX LEVY	TAX RATE	DISTRICT VALUE AS OF JAN 1	PROJECT VALUE ADDED	INCREMENTAL VALUE AS OF JAN 1	INCREMENT REVENUE	INCREMENT AFTER COVERAGE	PRESENT VALUE
2017	23,140,167,300	552,480,081	0.02388	1,275,000	0				
2018	24,528,577,338	574,579,284	0.02342	1,300,500	0	25,500	0		0 0
2019	26,000,291,978	597,562,456	0.02298	1,326,510	2,045,100	51,510	597	299	9 261
2020	27,560,309,497	621,464,954	0.02255	3,398,140	9,202,950	2,123,140	1,184	593	2 483
2021	29,213,928,067	646,323,552	0.02212	12,669,053	9,202,950	11,394,053	47,875	23,93	3 18,262
2022	30,966,763,751	672,176,494	0.02171	22,125,384	0	20,850,384	252,080	126,04	0 89,865
2023	32,824,769,576	699,063,554	0.02130	22,567,892	0	21,292,892	452,586	226,293	3 150,789
2024	34,794,255,750	727,026,096	0.02090	23,019,250	0	21,744,250	453,471	226,73	6 141,200
2025	36,881,911,095	756,107,140	0.02050	23,479,635	0	22,204,635	454,346	227,173	3 132,217
2026	39,094,825,761	786,351,425	0.02011	23,949,227	0	22,674,227	455,212	227,60	5 123,803
2027	41,440,515,307	817,805,482	0.01973	24,428,212	0	23,153,212	456,068	228,034	4 115,921
2028	43,926,946,225	850,517,702	0.01936	24,916,776	0	23,641,776	456,916	228,45	3 108,539
2029	46,562,562,999	884,538,410	0.01900	25,415,112	0	24,140,112	457,754	228,87	7 101,624
2030	49,356,316,779	919,919,946	0.01864	25,923,414	0	24,648,414	458,584	229,292	2 95,148
2031	52,317,695,785	956,716,744	0.01829	26,441,882	0	25,166,882	459,406	229,703	3 89,083
2032	55,456,757,533	994,985,414	0.01794	26,970,720	0	25,695,720	460,219	230,10	83,402
					20,451,000		4,866,299	2,433,149	9 1,250,595
		ASSUMPT	IONS:		\backslash	NPV=	2,501,190	1,250,59	5 at 50% of TIF
	Annual Increase in Citywide Tax Base Annual Increase in Tax Levy Annual Increase in Assessment after construction Percent of Estimated Increment Available					TIF Request	\$ 913,000	37	∞ of TIF
	Assumed Interest Ra NPV Assumes Disco Est. Incremental Val	ate (Discount Rate) ounting to lue)	7.00% 2017 \$ 20,451,000		New	Value		
						Gener	ated by		
						Prc	oject		



PROJECT DATA - LANDMARK OAKS

Land Area Project Site - Phase I Only (SF) Acres

Gross Floor Area (GFA) & Efficiency Retail Office Other Total Gross Finished Area (SF)

Parking Stalls Surface Underground Total Parking Stalls

Parking Use Commercial (Apartments) Commercial Other Totals

COST

Land Acquistion Demolition Total Land Cost

Construction Construction Contingency Tenant Improvement Total Construction

Parking (Underground & Surface) Underground Surface Total Parking

Soft Cost - Detail Marketing Interest & Loan Fees Architect Construction Admin Fee Development Fee Project Overhead Solls / Geotech Testing Appraisal Legal Engineering Building Permits Taxes / Insurance Accounting Surveying Consulting Market Studies Tenant Relocation Outside Broker Lease Commission Developer Lease Commission Misc / Contingency Total Soft Cost

TOTAL COST PLUS Difference Adjustment Total Cost (Uses)

Loan @ 80% Loan to Cost Developer Equity Developer Cash Add'i Equity - Cost Adjustments Total Sources Less: Uses GAP

(LESS:) Ineligible Costs Construction Admin Adjust Outside Broker Commission

Adjusted TIF Gap

				-	
	-	-	0.96	0.96	
	109,406	97,396	89%	100%	
	-		0%		
	109,406	97,396	89%		
		Stalls / Cam			
		atane / com			
	2/8/2017	81-	1		
	311	3.23			
	42				
	363				
	Structured.	No. of Surface	Total Backloo	Stallard 000	Stalls / Halt
	Subotared	NO. OF SUITAGE	Total Parking	statien,000	otalie / Offic
		211	262		0.00
		211			
		244		-	
		311	303	0.20	
	2/8/2017	Per GFA	Per SF-Land		
5	(1.275.000)	\$ (11.65)	\$ (4,46)		
s	-	s -	5 -		
	(1,276,000)	\$ (11.66)	\$ (4.48)		
			Per SF of		
	2/8/2017	Per GFA	Component		
5	(13,158,396)	\$ (120.27)	\$ (120.27)		
5	(150,000)	\$ (1.37)	\$ (1.37)		
\$	(5,080,950)	\$ (46.44)	\$ (46.44)		
*	(18,389,346)	\$ (168.08)	\$ (168.08)		
	2/8/2017	Per GFA	Per Stall		
•	(1,061,839)	\$ (9.71)	\$ (25,282)		
\$	(611,460)	\$ (5.59)	\$ (1,966)		
	(1,673,299)				
			% of Hard		Differents
_	2/8/2017	PerGFA	Cost		Adjustment
5	(50,000)	\$ (0.46)	0.25%		s -
5	(570,952)	\$ (5.22)	2.85%		s -
<u>ş</u>	(464,974)	\$ (4.25)	2.32%		ş -
2	(667,426)	\$ (6.10)	3.33%		
2	(1,203,759)	\$ (11.00)	6.00%		\$ (D)
-	-	-	0.00%		÷ -
-		-			-
ŝ	-	s -	0.00%		ş -
5	(10,000)	\$ \$ (0.09)	0.05%		s - s -
5 5 5 5	(10,000) (125,000)	\$ (0.09) \$ (1.14)	0.00% 0.05% 0.62%		5 - 5 - 5 -
5 5 5 5 5	(10,000) (125,000) (150,000)	\$ (0.09) \$ (1.14) \$ (1.37)	0.00% 0.05% 0.62% 0.75% 0.0%		s - s - s -
*****	(10,000) (125,000) (150,000)	\$ (0.09) \$ (1.14) \$ (1.37) \$	0.00% 0.05% 0.62% 0.75% 0.00%		5 - 5 - 5 - 5 - 5 -
****	(10,000) (125,000) (150,000) (106,000)	\$ (0.09) \$ (1.14) \$ (1.37) \$ - \$ (0.97)	0.00% 0.65% 0.65% 0.75% 0.00% 0.53%		
*****	(10,000) (125,000) (150,000) (106,000)	\$ (0.09) \$ (1.14) \$ (1.37) \$ (0.97) \$ (0.97)	0.00% 0.65% 0.62% 0.00% 0.53% 0.00% 0.53%		
	(10,000) (125,000) (150,000) (105,000) (5,000)	\$ (0.09) \$ (1.14) \$ (1.37) \$ (0.97) \$ (0.05) \$	0.00% 0.62% 0.75% 0.00% 0.53% 0.00% 0.02%		
	(10,000) (125,000) (150,000) (105,000) (5,000)	\$. \$ (0.09) \$ (1.14) \$ (1.37) \$. \$ (0.97) \$. \$ (0.05) \$.	0.00% 0.62% 0.62% 0.75% 0.00% 0.53% 0.00% 0.02% 0.02% 0.00%		
	(10,000) (125,000) (150,000) (106,000) (5,000)	\$ (0.09) \$ (1.14) \$ (1.37) \$ - \$ (0.97) \$ - \$ (0.05) \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -	0.00% 0.62% 0.62% 0.75% 0.00% 0.53% 0.00% 0.02% 0.00%		
	(10,000) (125,000) (150,000) (105,000) (5,000)	\$ - \$ (1.09) \$ (1.14) \$ (1.37) \$ (0.97) \$ (0.05) \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -	0.00% 0.05% 0.75% 0.75% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00%		5 - 5 - 5 - 5 - 5 - 5 - 5 - 5 - 5 - 5 -
	(10,000) (125,000) (150,000) (106,000) (5,000) (5,000) (488,959)	\$. \$ (0.09) \$ (1.14) \$ (1.37) \$. \$ (0.97) \$. \$ (0.05) \$. \$. \$. \$ (0.05) \$. \$. \$. \$. \$. \$. \$. \$.	0.00% 0.05% 0.52% 0.75% 0.00% 0.00% 0.02% 0.02% 0.02% 0.00% 0.00% 0.00%		5 - 5 - 5 - 5 - 5 - 5 - 5 - 5 - 5 - 5 -

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(1,402,087)

286,000 SF

8.57 AC

Net SF

Eff. %

% of Project

8,959)

(122,000)	-				
(150,000)	\$	(1.37)	0.759	6	\$
-	5	-	0.009	6	\$
(106,000)	s.	(0.97)	0.539	6	\$
-	s.		0.009	6	ŝ
(5,000)	\$	(0.05)	0.029	6	\$
-	\$	-	0.009	6	\$
-	5	-	0.009	6	5
-	s	-	0.009	6	ŝ
(488,959)	ŝ.	(4.47)	2,449	6	\$ (48
(977, 917)	5	(8.94)	4.879	6	\$
(172, 500)	\$	(1.58)	0.869	6	5
(4,882,487)		(46.83)	24.88	96	\$ (48
(26, 330, 132)		(240.88)			
	-			Reflects Developer's Adjust	ed Total
				Cost, PLUS Outside Broker L	case
(26, 330, 132)					
(28,330,132)				Commission. This cost is us	sed to
(28,330,132)		80%		Commission. This cost is us calculate Adjusted Loan, wit	sed to th Loan to
(28,330,132) 21,064,106 1,275,000		80%		Commission. This cost is us calculate Adjusted Loan, wit Cost at 80%	sed to th Loan to
(28,330,132) 21,064,106 1,275,000 2,100,000		80%		Commission. This cost is us calculate Adjusted Loan, wit Cost at 80%	sed to th Loan to
(28,330,132) 21,064,106 1,275,000 2,100,000		80%		Commission. This cost is us calculate Adjusted Loan, wit Cost at 80%	sed to th Loan to
(28,330,132) 21,064,106 1,275,000 2,100,000 		80%		Commission. This cost is us calculate Adjusted Loan, wit Cost at 80%	sed to th Loan to
(28,330,132) 21,064,106 1,275,000 2,100,000 		80%		Commission. This cost is us calculate Adjusted Loan, wit Cost at 80%	sed to th Loan to
(28,330,132) 21,064,106 1,275,000 2,100,000 24,439,106 (26,330,132) (1,891,025)		80%		Commission. This cost is us calculate Adjusted Loan, wit Cost at 80%	sed to th Loan to
(28,330,132) 21,064,106 1,275,000 2,100,000 24,439,106 (26,330,132) (1,891,026)		80%	evised	Commission. This cost is us calculate Adjusted Loan, wh Cost at 80%	sed to th Loan to
(28,330,132) 21,064,106 1,275,000 2,100,000 24,439,106 (26,330,132) (1,891,026)		80%	evised	Commission. This cost is us calculate Adjusted Loan, wit Cost at 80%	sed to th Loan to
(28,330,132) 21,064,106 1,275,000 2,100,000 24,439,106 (26,330,132) (1,891,026)		80%	evised	Commission. This cost is us calculate Adjusted Loan, wit Cost at 80%	sed to th Loan to
(28,330,132) 21,064,106 1,275,000 2,100,000 24,439,106 (26,330,132) (1,891,026)		80% 2/1/2017 R application	evised	Commission. This cost is us calculate Adjusted Loan, wit Cost at 80%	sed to th Loan to



Parking Line	Reconcerned	No. of Surface	Total Parking	Statist's 000	Rivelle (11e)
Com (Astr)	oct doctation a	No. of carlage	Total Parking	012110-1,000	0.00
Com (Apres)				-	0.00
Commercial	42	311	353	3.23	
Other	0	0	0	-	
Totals	42	311	3-53	3.23	

	Adjusted	Per GFA	Pe	or SF-Land
5	(1,275,000)	\$ (11.65)	\$	(4.46)
5	-	\$ -	5	-
*	(1,276,000)	\$ (11.65)	\$	(4.46)
			F	Per SF of
	Adjusted	Per GFA	C	Per SF of omponent

*	(18,389,346)	\$	(168.08)		
\$	(5,080,950)	\$	(46.44)	\$	(46.44)
\$	(150,000)	\$	(1.37)	\$	(1.37)
-	(13,158,396)	-	(120.27)	-	(120.27)

\$	(1,061,839)	1	(8.71)	\$ (25,282)
\$	(611,460)		(6.69)	\$ (1,966)
+	(1,673,299)			

				96 of	Hard	
	Adjusted	P	er GFA	C	ost	
\$	(50,000)	\$	(0.46)	0.25%		
\$	(570,952)	\$	(5.22)	2.85%		
\$	(464,974)	\$	(4.25)	2.32%		
ş	(667,426)	\$	(6.10)	2.50%		
\$	(1,203,759)	\$	(11.00)	6.00%		
\$	-	\$	-	0.00%		
\$	-	\$	-	0.00%		
\$	(10,000)	\$	(0.09)	0.05%		
\$	(125,000)	\$	(1.14)	0.62%		
\$	(150,000)	\$	(1.37)	0.75%		
\$	-	\$	-	0.00%		
\$	(106,000)	\$	(0.97)	0.53%		
\$	-	\$	-	0.00%		
\$	(5,000)	\$	(0.05)	0.02%		
\$	-	\$	-	0.00%		
\$	-	\$	-	0.00%		
\$	-	\$	-	0.00%		
2	-	2	-	0.00%		
2	(977,917)	•	(8.94)	4.87%	Re	effects Adjusted Total Cost,
2	(172,500)	1	(1.58)	0.859	0	utside Broker Lease Commit
•	(4,603,628)	•	(41.16)		т т	his cost is used to calculate
					Ac	djusted Loan, with Loan to 0
•	(28,330,132)		(240.66)		80	96
-						
•	(26,330,132)					
\$	21,064,106		Inches	ad as a co	et to	_
5	1,275,000		1 mmin	oer as TI	E cannot o	
ŝ	2,100,000	/	for the	se over a	nd above.	or
			Income Discussion	in contra		
ŝ	488,959		and the second second	COLUMN THE R		-
<u>\$</u> 5	488,959 24,928.065		- Andrews	HE COSCA		
\$ \$ 5	24,928,065 (26,330,132)		. enge	HE COSCA.		

- 488,959 5
- (913, 108)*



City of Madison Gap Analysis - Cost

CASH FLOW - PROPOSED

Experice Econator	YRH 2.50%	YR2 2.50%	YR3 2.50%	YR4 + 2.50%		Vacancy Yr 1 5 30.00%	S.00%	cy																	
Loverage Stabilized NOI - Year S	Proposed 1,794,875	Cap Rate 8.00% 8.00%	Eat. Value 22,435,973																						
Stabilized HOI - (Value arts of increasis) Value (increasing at 2% per year) Debt O conversion Loan to Value Term (increasis) Loan Amoust Est. Annual Debt Service	1,794,870 2% 22,435,973 1,20 93,99% 5,09% 5,09% 25 21,084,100 (\$1,494,550)	\$ 22,864,090 Loan to Value 80% (22,435,975 \$ 23,342,366 Loan to Cost	\$ 23,009,234	\$ 24,205,419 1	\$ 24,771,127	\$ 25,200,550 :	\$ 25,771,801	\$ 20,207,318	20,013,005 \$	27,348,328	\$ 27,090,313	\$ 20,454,239	\$ 29,023,324	\$ 29,003,790	\$ 30,195,000 :	30,799,700	\$ 31,415,779 :	8 22,044,094 1	\$ 32,664,976	\$ 33,336,676 :	\$ 34,005,449 \$	34,985,559	\$ 35,379,270	\$ 30,000,055
Cash Flow Total Gross Rent	YR1 736,790	YR2 1,810,937	983 1,973,141	1784 2,086,002	YRS 2,153,796	YR8 2,223,228	YR7 2,287,487	YR8 2,353,630	989 2,421,713	YR10 2,491,797	YR11 2,563,934	YR12 2,638,192	YR13 2,714,833	YR14 2,793,322	YR15 2,874,322	YR18 2,957,704	YR17 3,043,544	YR18 3,131,910	YR19 3,222,880	YR20 3,316,529	9821 3,412,942	YR22 3,512,198	YR25 3,614,383	YR24 3,719,583	YR25 3,827,894
CAM Total CAM	273,274	744,193	895,102	939,859	977,726	1,005,441	1,030,805	1,058,862	1,083,120	1,110,471	1,137,821	1,166,268	1,195,807	1,225,348	1,255,981	1,287,709	1,319,437	1,352,258	1,388,173	1,421,184	1,458,195	1,492,298	1,529,498	1,587,789	1,607,173
Gross Income	1,010,064	2,555,130	2,060,243	3,005,991	8,191,822	3,229,667	3,316,092	3,410,492	3,504,833	3,602,268	5,701,765	3,004,490	3,910,440	4,010,870	4,130,303	4,245,413	4,382,901	4,404,100	4,609,053	4,797,718	4,069,137	5,004,495	6,143,879	6,297,372	5,435,067
Less: Vacancy Added our comentation	e with	(127,757)	(143,412)	(150,293)	(156,576)	(101,433)	(165,905)	(170,525)	(175,242)	(100,113)	(195,098)	(190,223)	(195,522)	(200,854)	(206,616)	(212,271)	(218,148)	(224,298)	(230,453)	(236,996)	(243,457)	(260,225)	(257,194)	(264,369)	(271,762)
Effective Gross Income Chris Karz 2/3/57	1,010,054	2,427,574	2,794,891	2,955,379	2,974,946	5,067,254	3,162,197	5,239,967	3,329,591	3,422,155	3,516,667	3,614,237	3,714,910	3,817,737	3,923,768	4,033,142	4,144,822	4,259,990	4,578,600	4,500,927	4,625,690	4,764,271	4,006,605	6,023,003	5,183,314
Less: Operating Expense	(401,158)	(829,547)	(929,953)	(957,304)	(901,237)	(1,005,768)	(1,030,912)	(1,056,604)	(1,083,102)	(1,110,179)	(1,137,994)	(1,166,302)	(1,195,542)	(1,225,430)	(1,256,066)	(1,287,467)	(1,219,654)	(1,352,645)	(1,006,462)	(1,421,123)	(1,456,951)	(1,493,098)	(1,530,394)	(1,580,854)	(1,007,070)
															0.007 700	0 745 075	0.002 (70)	0.007.044	0.000 410						0.000.440
NOI - (TOTAL) Lass: Cabit Service Lass: Cabit Reserve Funding Lass: Lasse Reserve Funding (32,50%07) Lass: TAIANence (525%07) (20% Tunover) Lass: Lasse Turnover Adjustment Lass: Lasse Turnover Adjustment Lass: Dentifier Bard and Green Ite Tab.	608,909 (\$351,388)	1,606,827 (\$1,053,205) (\$25,000) (\$6,750)	1,794,878 (31,494,550) (325,000) (08,750)	1,898,074 (\$1,494,550) (\$25,000) (\$8,750)	1,993,709 (\$1,494,553) (\$25,000) (\$8,750)	2,061,466 (\$1,464,550) (\$25,000) (\$77,500) (\$72,030) (\$61,433)	2,121,276 (\$1,494,550) (\$25,000) (137,500)	2,183,283 (\$1,051,599) (\$25,000) (\$77,000) (\$77,000) (\$77,000) (\$70,525)	2,246,490 (\$1,851,599) (\$25,000) (137,500)	2,311,975 (\$1,651,599) (\$25,000) (137,500) (272,030) (180,113)	2,378,734 (\$1,851,596) (\$25,000) (127,500)	2,447,855 (\$1,61,599) (\$25,000) (\$272,030) (\$90,223)	2,519,376 (\$1,851,599) (\$25,000) (137,500)	2,592,306 (\$1,851,588) (\$25,000) (137,500) (272,030) (200,834)	(\$1,851,599) (\$25,000) (\$25,000) (\$27,500)	(\$1,661,500) (\$25,000) (\$27,030) (272,030) (212,271)	2,625,178 (\$1,851,596) (\$25,000) (137,500)	(\$1,851,596) (\$25,000) (\$37,500) (\$72,000) (\$24,208)	2,992,139 (31,851,599) (\$25,000) (137,500)	3,079,704 (\$1,651,598) (\$25,000) (\$27,030) (\$272,030) (\$26,860)	3,169,029 (\$1,051,598) (\$25,000) (137,500)	3,261,204 (\$1,65,000) (\$25,000) (\$272,000) (\$26,225)	3,356,291 (\$1,851,550) (\$25,000) (\$25,000)	3,454,349 (\$1,851,599) (\$25,000) (\$37,500) (\$72,030) (\$64,369)	(\$1,851,546) (\$15,000) (\$15,000) (\$17,500)
NOI - (TOTAL) Less: Debt Service Less: Capital Reserve Funding Less: Lasse Reserve Funding (32.50900/) Less: TAlloware (32560/120% Turnover) / Less: Lesse Turnove Adjustment Less: Rental Rate Adj (See Rent Up Tab) Before Tax: Cash Flow	608,909 (\$351,580) 257,840	1,606,827 (\$1,553,305) (\$25,000) (\$6,750) 458,071	1,794,878 (\$1,494,550) (\$25,000) (\$8,750) 206,678	1,898,074 (\$1,494,550) (\$25,000) (\$0,750) 309,774	1,993,709 (\$1,494,553) (\$25,000) (\$0,750) 405,409	2,061,466 (\$1,464,500) (\$25,000) (137,500) (272,030) (161,433) (23,346) (\$2,396)	2,121,276 (\$1,494,550) (\$25,000) (137,500) (24,212) 429,913	2,183,283 (\$1,051,599) (\$25,000) (\$27,000) (\$77,000) (\$77,500) (\$75,500) (\$77,500) (\$77,500) (\$77,500) (\$75,500) (\$75,500) (\$77,500) (\$75,500) (\$7	2,246,490 (\$1,851,599) (\$25,000) (137,500) (30,325) 196,065	2,311,975 (\$1,051,599) (\$25,000) (137,500) (272,030) (180,112) (37,377) (191,644)	2,378,734 (\$1,851,560) (\$25,000) (137,500) (36,459) \$26,175	2,447,855 (\$1,651,589) (\$25,000) (\$272,030) (\$90,223) (\$90,223) (\$9,573) (\$64,679)	2,519,376 (\$1,051,599) (\$25,000) (137,500) (40,719) 464,559	2,592,306 (\$1,851,584) (\$25,000) (\$27,000) (272,000) (200,834) (\$1,800) (\$1,800)	(43.115) (43.500) (43.115)	2,743,675 (\$1,651,599) (\$35,000) (\$77,000) (\$72,030) (\$12,271) (\$44,300) \$02,909	2,623,178 (\$1,851,596) (\$355,000) (\$37,500) (\$5,653) 795,435	2,007,314 (\$1,851,599) (\$25,000) (\$27,000) (\$272,000) (\$24,208) (\$6,579) \$49,998	2,992,139 (31,851,599) (325,000) (137,500) (48,243) 929,696	3,079,704 (\$1,851,534) (\$35,000) (\$35,000) (\$137,500) (\$77,030) (\$26,050) (\$9,740) \$66,941	3,169,029 (\$1,851,599) (\$25,000) (137,500) (51,194) 1,103,736	3,261,204 (\$1,661,566) (\$25,000) (\$272,030) (\$250,225) (\$2,953) (\$2,953) (\$72,167	3,356,291 (\$1,851,590) (\$25,000) (137,500) (54,210) 1,297,976	3,454,349 (\$1,851,599) (\$25,000) (\$37,500) (\$72,030) (\$54,369) (\$57,94) \$48,658	(\$1,851,500) (\$15,000) (\$35,000) (\$37,600) (\$7,410) 1,483,926
NOI- (TOTAL) Less: Debit Service Less: Debit Reserve Funding Less: Lasse Reserve Funding (35:50902)? Less: Thi Alexandre (35:50912) (20% Tamver) Less: Reserve (35:50012) (20% Tamver) Less: Reserve (35:50012) Bedres Tax Cash Flow Debit Coverage Rols Area Interest Rate (Decounded) Area Interest Rate (Decounded)	608,909 (\$351,560) 257,840 (1.75) 8,0000% 1 21,004,100	1,606,827 (\$1,053,205) (\$25,000) (\$6,750) 458,071 (1.53) 21,064,106	1,794,878 (\$1,494,550) (\$25,000) (\$25,000) (\$25,000) (\$25,000) (\$206,576) (\$1,20) 3 21,000,100	1,898,074 (\$1,494,550) (\$25,000) (98,750) 509,774 (1.27) 4 20,622,791	1,993,709 (\$1,494,553) (\$25,000) (\$0,750) 405,409 (1.33) 5 20,159,349	2,061,466 (\$1,464,550) (\$25,000) (\$27,000) (\$27,000) (\$1,423) (\$2,364) (\$1,22) 6 \$19,672,706	2,121,276 (\$1,464,520) (\$25,000) (137,500) (343,913) (1.39) 7 19,101,075	2,183,283 (\$1,051,596) (\$25,000) (\$27,000) (\$77,500) (\$75,500) (\$70,500) (\$7	2,246,490 (\$1,851,596) (\$25,000) (137,500) (137,500) (137,500) (137,500) (137,500) (137,500) (137,500) (137,500) (137,500) (137,500)	2,311,975 (\$1,551,599) (\$25,000) (\$72,030) (\$80,113) (\$72,030) (\$80,113) (\$27,277) (\$91,644) (1.12)	2,378,734 (\$1,85,500) (\$25,000) (\$25	2,447,855 (\$1,651,536) (\$25,000) (\$27,000) (\$72,000) (\$272,000) (\$90,223) (\$90,223) (\$60,070) (\$1.18) 12 15,193,100	2,519,376 (\$1,651,599) (\$25,000) (137,500) (40,719) 464,559 (133) 15,475,000	2,592,306 (\$1,851,596) (\$25,000) (\$37,500) (\$20,834) (\$20,834) (\$20,834) (\$24) (\$24) 14	2,987,722 (31,851,568) (335,000) (137,500) (137,500) (137,500) (137,500) (143,115) (137,500) (141) (141) 15	2,743,075 (31,851,596) (325,000) (137,500) (272,030) (212,271) (44,300) 200,909 (130) 10	2,525,178 (\$1,351,566) (\$1,351,566) (\$1,351,566) (\$1,355,00) (\$137,500) (\$137,500) (\$137,500) (\$145,655) (\$1.48) (\$1.48) (\$1.48)	2,907,318 (\$1,851,596) (\$35,000) (\$37,500) (\$37,500) (\$37,500) (\$242,000) (\$49,998 (\$49,998 (\$137) 10	2,992,139 (31,61,599) (425,000) (137,500) (137,500) (137,500) (157) 19 9,978,004	3,079,704 (\$1,651,506) (\$35,000) (\$37,500) (272,030) (236,886) (\$2,740) 566,941 (1.44) 20 8,055,721	3,169,029 (\$1,851,598) (\$25,000) (137,500) (137,500) (137,500) (137,500) (137,500) (137,500) (137,500) (137,500) (137,500) (137,500) (137,500) (137,500)	3,261,204 (\$1,851,500) (\$25,000) (\$137,500) (\$272,030) (\$250,225) (\$2,603) 672,167 (\$1.51) 22 6,271,750	3,356,291 (\$1,051,590) (\$35,000) (137,500) (137,500) (1,297,576 (1,78) 23 4,059,192	3,454,349 (\$1,851,566) (\$25,000) (\$37,500) (\$72,030) (\$57,500) (\$5	0,000,443 (\$1,65,500) (\$25,000) (\$27,500) (\$7,416) 1,483,828 (1.56) 25 1,200,467
NOI-(1017AL) Lase: Del favorio Funding Lase: Lase Ravero Funding (2,50/00/) Lase: Lase Ravero Funding (2,50/00/) Lase: Lase Turover Adjustment Lase: Rental Rave Adj (See Tarn Le) Tab) Before Tax Cash Flow Delt Coverage Ratio Antal Intel Rate (Increased) Marchige Physical Rate (Increased) Marchige Physical Ansunt on Lase Delt Gando Software	508,909 (3351,560) (1351,560) (1351,560) 5.000095 10 (1351,060) (151,060) 30	1,606,827 (\$1,053,205) (\$25,000) (\$6,750) 4484,871 (1,553) 2 21,064,106 (1,053,205) \$0	1,794,878 (\$1,464,550) (\$25,000) (\$6,750) 296,576 (1,20) 3 21,064,106 (1,464,550) (\$441,245)	1,898,074 (31,494,550) (325,000) (38,750) 309,774 (1,27) 4 20,422,761 (1,494,550) (\$463,412)	1,993,709 (31,44,55) (92,500) (83,750) (83,750) (405,469 (1,33) 5 20,159,349 (1,444,550) (3400,513)	2,061,466 (\$1,464,550) (\$25,000) (\$72,030) (\$27,030) (\$27,030) (\$2,264) (\$2,264) (\$2,264) (\$2,264) (\$1,464,550) (\$510,912)	2,121,276 (31,464,520) (325,000) (137,500) (137,500) (137,500) (138,013 (138) (139)	2,183,283 (\$1,651,556) (\$25,500) (\$77,500) (\$77,500) (\$77,500) (\$77,500) (\$77,500) (\$77,500) (\$77,500) (\$504,675) (\$1,60) (\$567,500) (\$557,500) (\$557,501)	2,246,400 (\$1,51,546) (\$25,500) (\$37,500) (\$37,500) (\$40,555 (\$1,551,566) (\$500,156) (\$500,156) (\$500,156) 2	2,311,075 (\$1,65,560) (\$25,000) (\$37,500) (\$37,500) (\$37,500) (\$37,500) (\$37,500) (\$37,500) (\$37,77) (\$14,844) (\$1,12) (\$1,12) (\$1,12) (\$1,051,500) (\$407,201) 3	2, 378, 734 (31, 351, 566) (325,000) (137,500)	2,447,855 (\$1,651,556) (\$25,000) (\$77,030) (\$77,030) (\$9,573) (\$9,573) (\$9,573) (\$9,573) (\$9,573) (\$9,573) (\$1,651,556) (\$5716,082) 5	2,519,378 (31,651,556) (325,000) (137,500) (137,500) (135,600 (1,351,560) (3706,540) 6	2,592,306 (\$1,551,566) (\$25,000) (\$27,500) (\$20,824) (\$1,800,824) (\$1,900,824) (\$1,900,872) (\$1,851,566) (\$822,152) (\$822,152) (\$822,152)	2,000,722 (31,85,540) (325,000) (137,500) (137,500) (137,500) (1,85,536) (1,85,536) (1,85,536) (3,675,650) (3,755,00) (3,755	2,143,012 (\$1,651,526) (\$25,000) (\$127,000) (\$12,271) (\$44,200) (\$12,271) (\$44,200) (\$13,004,856 (\$1,651,556) (\$144,256) (\$144,256) (\$144,256) (\$144,256)	2,825,178 (\$1,851,586) (\$25,000) (\$37,500) (\$5,625) (\$45,653) (\$4,66) (\$1,851,586)\\(\$1,851,586)\\	2,007,016 (\$1,551,556) (\$25,000) (\$17,500) (\$24,000) (\$24,000) (\$24,000) (\$1,577,660) (\$1,577,660) (\$1,577,660)	2,992,139 (31,851,556) (325,000) (137,500) (137,500) (137,500) (137,500) (157) 19 9,975,804 (1,851,566) (31,153,065) (21,153,065)	3,079,704 (\$1,841,536) (\$25,000) (\$17,500) (\$26,530) (\$26,540) (\$49,740) (\$1,44) 20 8,025,721 (\$1,651,536) (\$1,253,736) (\$1,253,736)	3,168,029 (\$1,851,500) (\$25,000) (\$27,500) (\$1,941) 1,102,736 (\$1,974) (\$1,	3,261,204 (31,62,500) (37,500) (37,500) (37,200) (25,225) (32,607) (1,51) (1,51,500) (3,61,500) (3,61,500) (3,61,500) (3,61,500)	3,356,221 (\$1,851,530) (\$25,000) (\$37,500) (\$37,500) (\$1,57,578 (\$1,78) (\$1,511,677) (\$1,511,657) (\$1,511,657)	3,454,349 (\$1,851,586) (\$25,000) (\$37,500) (\$37,500) (\$37,500) (\$37,500) (\$37,500) (\$52,784) (\$52,784) (\$1,551,586) (\$1,651,586) (\$1,651,586) (\$1,651,586) (\$1,651,586) (\$1,651,586) (\$1,651,586) (\$1,651,586) (\$1,651,586) (\$1,651,586) (\$1,651,586) (\$1,651,586) (\$1,651,586) (\$1,651,586) (\$1,651,586) (\$1,651,586) (\$1,651,586) (\$2,500) (\$1,75,000) (\$2,500) (\$3,500)	3, 350, 443 (31, 86, 546) (325,000) (137,500) (137,500) (1483,526 (1,66) (1,66) (1,66) (1,66,596) (31,730,467) (31,730,470) (31,730,470) (31,730,470) (31,730,470) (31,730,470) (31,730,470) (31,730,470) (31,730,470) (31,730,470) (31,730,470) (31,730,470) (31,730,470) (31,730,470) (31,730,470) (31,730) (31
NOI-(1017AL) Lass: Del favora Lass: Captal Reserve Funding Lass: Lasse Reserve Funding (2.53092/) Lass: 1. NAlowstrow (3.55002/) (2.75, Turnover) Lass: Lass: Longer Reserve (2.55002/) (2.55002/) Lass: Rest Turover Adjustrant Lass: Rest Turover Adjustrant Before Tax: Cast Roley Veri Inter Rest (International Ford Veri Inter Rest (International Ford Proble Payment Before: Taxing Philosophy Rest Maching Prot During Not Parted Maching Prot During Philosophy Rest Maching Part During Philosophy Rest	606,009 (\$251,540) (1.25) 5,000 (1.25) 5,000 (251,000) (1,606,827 (\$1,553,255) (\$25,000) (\$8,750) (\$458,871 (1,553) 2 21,054,106 (1,053,285) \$0	1,794,878 (31,461,550) (325,060,750) (325,060,750) (325,061,106 (1,464,550) (3441,540) (3441,545) (3451,545) (3451,545) (3451,545) (3451,555) (1,508,074 (31,44,550) (325,000) (90,750) 309,774 (1,27) 4 20,822,761 (1,444,550) (\$400,412) Period May - Aug Sept - Dec d Sanvice Yr 1	1,993,709 (31,84,550) (82,500) (80,750) 405,469 (1.33) 5 20,153,455 (340,552) (340,552	2,051,466 (\$1,464,550) (\$25,000) (\$37,500) (\$72,000) (\$27,000) (\$27,000) (\$27,000) (\$23,540) (\$2,540) (\$1,253) (\$2,540) (\$1,245,550) (\$2,500,512)	2,121,278 (31,44,500) (325,000) (137,500) (137,500) (138,913 (1,58) (1,5	2,163,283 (\$1,851,500) (\$25,000) (\$37,000) (\$77,000) (\$77,000) (\$77,000) (\$77,000) (\$77,000) (\$77,000) (\$25,004) (\$10,005,507) (\$1,851,500) (\$2	2,246,490 (\$1,51,526) (\$25,500) (\$37,500) (\$37,500) (\$30,225) (\$18,677,578 (\$,557,578) (\$557,578) (\$557,578) (\$557,578) (\$557,578) (\$557,578) (\$557,578) (\$557,578) (\$557,578) (\$557,578)	2,311,975 (31,651,566) (325,000) (325,000) (327,000) (327,000) (327,000) (327,000) (327,000) (327,000) (327,000) (31,444) (1,125) (1,1	2,378,734 (41,451,546) (325,000) (137,500) (137,500) (137,500) (137,500) (1,351,546) (1,354,500) (1,351,546) (1,35	2,447,855 (\$1,851,556) (\$25,000) (\$37,000) (\$72,000) (\$90,220) (\$90,220) (\$90,220) (\$90,220) (\$95,750) (\$1,951,556) (\$716,000) (\$7716,000)	2,519,378 (31,851,550) (325,000) (137,500) (137,500) (137,500) (1,351,550) (1,351,550) (1,351,550) (1,351,550) (3706,540) 6 547,000,000 (275,000,000)	2,592,306 (\$1,55;556) (\$25,000) (\$27,500) (\$27,500) (\$23,200) (\$23	2,069,722 (1,25,260) (125,000) (137,500) (137,500) (143,115) (1,41) (1,41) (1,41) (1,41) (1,50,150) (1,50,150) (1,50,150) (1,50,150) (1,50,150) (1,50,150) (1,50,150) (1,50,150) (1,50,150) (1,50,150) (1,50,150) (1,50,150) (1,50,150) (1,50,150) (1,	2,143,017 (31,85,156) (325,000) (272,000) (272,000) (272,000) (212,271) (44,360) (212,271) (44,360) (212,271) (44,360) (13,004,866) (13,004,866) (14,851,566) (14,856) (14,856) (14,856)(14,856) (14,856) (14,856)(14,856) (14,8	2,823,176 (31,851,586) (325,000) (137,500) (45,650) (45,650) (1,86,435 (1,86) (1,86),586) (1,861,586) (31,007,147) 10	2,007,016 (81,851,556) (825,000) (772,000) (727,000) (24,200) (24,200) (24,200) (40,975) (1,300,472) (1,301,556) (51,077,648)	2, 992, 139 (31, 62; 556) (325,000) (137,500) (137,500) (137,500) (137,500) (1,57) (1,57) (1,57) (1,55) (1,	3,079,704 (51,521,526) (137,500) (272,030) (272,030) (272,030) (222,030) (222,030) (222,030) (220,500) (302,740) (1,541,523,736) (31,233,736)	3,169,029 (\$1,261,556) (\$25,000) (\$27,500) (\$1,750) (\$1,756) (\$1,756) (\$1,756) (\$1,756) (\$1,756) (\$1,250) (\$1,2	3,251,204 (3,1,25,526) (37,550) (37,550) (37,550) (37,550) (37,550) (35,052) (35,052) (35,052) (35,052) (35,052) (35,1526) (31,412,5776) (31,412,5776) (31,412,5776)	3,356,291 (\$1,856,550) (\$25,00) (\$37,500) (\$37,500) (\$37,500) (\$1,207,878 (1,76) 23 (1,251,589) (\$1,511,467) (\$1,511,467) 35	3,454,349 (\$1,851,556) (\$25,000) (\$75,000) (\$72,000) (\$72,000) (\$52,941) (\$45,000) (\$52,941) 344,355 (\$1,551,556) (\$1,651,556)\\(\$1,652,556)\\(\$1,652,556)\\(\$1,652,556)\\(\$1,652,	3, 350, 443 (\$1, 85, 566) (\$25,000) (\$37,410) (\$137,500) (\$137,500) (\$137,500) (\$137,500) (\$1,350,467) (\$1,550) (\$1,730,467) (\$1,730,467) (\$1,730,467)

CASH FLOW - ADJUSTED	(Adjusted cash flow b	based upon Jan 3	20, 2017 rent up a	ubmittel)																					
Rent Escalator	YR1 2.50%	YR4 2.50%	YR7 2.50%	YR10 2.50%		Vacancy Yr 1 30.00%	Stabilized Vaca 5.00%	ncy.		DOR Stabilized NOI Estimated D/S	1.2 1.794,078 1,495,732														
Leverage Galabilitat (Vicear 3) Cap Rate Value (Increasing at 25, per year) Debt Coverage Ratio Laon to Value Rate Rate Rate Rate Rate Rate Rate Rat	Adjusted 1,754,875 8,000 \$ 22,435,973 1,21 84,675 5,009 21,954,105 (\$1,477,664)	\$ 22,854,663 LTV 60%	\$ 23,342,366 \$3,89% Loan to Cost	\$ 25,809,234	\$ 24,205,419	\$ 24,771,127	\$ 25,200,550	\$ 25,771,801	\$ 26,287,318	Tern Est Loan \$ 20,013,005 \$	25 (\$21,000,757) 27,349,325	\$ 27,040,313	\$ 20,454,239	\$ 29,023,324	\$ 29,603,790 \$	5 00,195,000 S	\$ 50,799,703	\$ 31,415,779 1	\$ 22,044,094	\$ 32,604,976	\$ 33,336,678	\$ 34,005,448) 04,005,550	\$ 35,379,270	\$ 30,006,055
Cash Flow Total Gross Rent	YR1 738,790	YR2 1,810,937	YR3 1,973,141	YR4 2,086,002	YR5 2,153,798	YR8 2,223,228	YR7 2,287,487	YR8 2,353,630	YR9 2,421,713	YR10 2,491,797	YR11 2,563,934	YR12 2,638,192	YR13 2,714,633	YR14 2,793,322	YR15 2,874,322	YR10 2,957,704	YR 17 3,043,544	YR16 3,131,910	YR19 3,222,880	YR20 3,316,529	YR21 3,412,942	YR22 3,512,198	YR25 3,614,383	YR24 3,719,583	YR25 3,827,894
Total CAM	273,274	744,193	895,102	939,659	977,728	1,005,441	1,030,605	1,058,862	1,083,120	1,110,471	1,137,821	1,166,268	1,195,807	1,225,348	1,255,981	1,287,709	1,319,437	1,352,258	1,388,173	1,421,184	1,458,195	1,492,298	1,529,498	1,567,789	1,607,173
NOI - (TOTAL) Less: Debt Senice Less: Capital Reserve Funding Less: Lasse Reserve Funding (52:50/50/F) Less: TAllowarce (52:55/F) (20% Turnover) Less: Lesse Turnover Adjustment Less: Restal Rate Ad (Geo Rent Ub Tab)	608,909 (353,765)	1,606,827 (1,061,295) (\$25,000) (66,750)	1,794,878 (1,477,664) (\$25,000) (98,750)	1,898,074 (1,477,984) (\$25,000) (98,750)	1,993,709 (1,477,964) (\$25,000) (98,750)	2,061,466 (1,477,664) (137,500) (272,030) (161,433) (161,433)	2,121,276 (1,477,064) (\$25,000) (137,500) (34,312)	2,183,283 (1,051,599) (137,500) (137,500) (170,525) (170,525)	2,246,490 (1,851,599) (\$25,000) (137,500) (30,325)	2,311,975 (1,051,599) (325,000) (137,500) (272,030) (180,113) (37,377)	2,378,734 (1,851,599) (\$25,000) (137,500)	2,447,855 (1,851,599) (137,500) (272,030) (190,223) (190,223)	2,519,378 (1,051,599) (1325,000) (137,500) (40,719)	2,592,306 (1,851,599) (137,500) (272,030) (200,834) (41,900)	2,667,722 (1,651,599) (\$25,000) (137,500) (43,115)	2,745,875 (1,851,599) (137,500) (272,030) (212,271) (44,300)	2,825,178 (1,851,599) (125,000) (127,500) (45,852)	2,907,314 (1,851,599) (325,000) (137,500) (272,000) (234,208) (40,979)	2,992,139 (1,051,599) (\$25,000) (137,500)	3,079,704 (1,051,599) (137,500) (272,030) (230,500) (49,740)	3,169,029 (1,851,599) (137,500) (51,194)	3,261,204 (1,651,599) (137,500) (272,030) (250,225) (52,953)	3,356,291 (1,051,599) (137,500) (137,500)	3,454,349 (1,851,599) (137,500) (372,030) (254,309) (55,794)	3,555,443 (1,021,599) (\$25,000) (137,500)
Before Tax Cash Flow Debt Coverage Ratio Actual Interest Rate (Un-rounded)	255,144 (1.72) 4.00097%	451,781	223,464 1.21	326,600 1.28	422,395 1.35	(45,510) 1.40	446,799 1.44	(300,675) 1.10	198,065 1,21	(191,646) 1,25	326,175 1.26	(66,070) 1.32	404,550 1.30	60,344 1.40	610,508 1,44	202,909	765,425 1.53	349,995	929,696 1.62	500,941	1,103,758	672,167 1.70	1,207,976	848,058 1.87	1,483,926
Year Remaining Principle Amounton Loan Dabt Service Principle Payment Asfloance Veor	1 21,084,108 (353,785) \$0	21,064,108 (1,061,285) \$0	3 21,064,106 (1,477,664) (\$304,366)	4 20,739,717 (1,477,864) (\$510,912)	5 20,226,606 (1,477,664) (3530,457)	6 19,692,548 (1,477,664) (\$563,200)	7 19,129,000 (1,477,004) (\$591,444)	0 10,537,624 (1,051,599) (1545,240)	9 17,992,384 (1,851,599) (\$583,407) 2	10 17,408,976 (1,051,599) (3034,245) 2	11 10,754,733 (1,851,599) (3007,940) d	12 16,116,791 (1,651,599) (\$714,096) 5	13 15,402,092 (1,851,599) (\$704,727) 6	14 14,637,366 (1,851,599) (\$810,258) 7	15 13,019,100 (1,051,599) (3675,536) 8	18 12,943,572 (1,851,599) (3936,823) 9	17 12,008,748 (1,851,599) (\$1,002,401) 10	15 11,004,347 (1,051,599) (\$1,072,599) 21	19 9,901,776 (1,051,599) (31,147,649) 12	20 8,764,129 (1,851,599) (\$1,227,964) 23	21 7,556,145 (1,651,599) (\$1,315,943) 34	22 6,242,202 (1,051,599) (\$1,405,919) 15	23 4,838,282 (1,851,599) (\$1,504,234) 26	24 0,001,949 (1,051,599) (\$1,009,007) 17	25 1,722,512 (1,051,599) (\$1,722,512) 20



Gap Comparisons

TIF Proposal		Proposed
Loan	8	21,084,108
Developer Equity	8	1,275,000
Developer Cash	8	2,100,000
Add1 Equity - Cost Adjustments	8	-
Total Sources	\$	24,439,108
Less: Ineligible Costs	5	488,959
Less: Uses	8	(26,330,132)
Gap	\$	(1,402,067)
Paid-In Ineligible Cost (Phase I)		
(Cost)	8	-
(Cost)	8	-
Paid-In Equity Credit	\$	-

IRR

		Proposed
Investment Period (YRS)		15
Finance Rate		5.00%
Desired Return ("Hurdle") Rate		10.00%
Equity Investment (Negative) Paid-In Equity Credit	\$ \$	(3,375,000)
	\$	(3,375,000)

	c	ash Flow (CF)		Cumulative CF
Equity Investment - YR 0	\$	(3,375,000)	8	(3,375,000
YR1	8	257,840	8	(3,117,180
YR2	8	459,871	\$	(2,657,289
YR3	8	208,578	\$	(2,450,711
YR4	8	309,774	\$	(2,140,937
YR5	8	405,409	\$	(1,735,528
YR6	\$	(62,398)	\$	(1,797,923
YR7	8	429,913	8	(1,368,010
YR8	\$	(308,675)	\$	(1,676,685
YR9	\$	198,085	\$	(1,480,621
YR10	\$	(191,844)	\$	(1,672,265
YR11	8	326,175	\$	(1,346,089
YR12	\$	(68,070)	\$	(1,414,159
YR13	8	484,558	\$	(949,802
YR14	8	63,344	\$	(888,258
YR15	8	610,508	\$	(275,750
YR16	8	202,909	\$	(72,840
YR17	8	765,425	\$	692,585
YR18	8	349,998	\$	1,042,583
YR19	8	929,698	\$	1,972,279
YR20	8	506,941	\$	2,479,221
YR21	8	1,103,738	\$	3,582,956
YR22	8	672,167	\$	4,255,123
YR23	8	1,287,978	\$	5,543,099
YR24	8	848,058	\$	6,391,157
YR25	\$	1,483,928	\$	7,875,082
IRR		8%	۰.	_

8%	
	Does not include Developer fee or sale o the building.
	-

TIF Proposal Loan Developer Equity Developer Cash Add1 Equity - Cost Adjustments Total Sources Less: Ineligible Costs	* * * *	Without TIF 21,084,108 5,754,985 28,819,091 (488,959)	
Less: Uses	+	(26,330,132)	
Paid-In Ineligible Cost (Phase I) (Cost) (Cost) Paid-In Equity Credit	\$ \$.:	
		Without TIF	
Investment Period		15	
Desired Return Rate		10.00%	
Equity Investment	\$	(5,754,985)	
		Cash Flow	0
Equity Investment - YR 0	\$	(5,754,985)	\$

	Cesh Flow		Cumulative CF		
investment - YR 0	8	(5.754,985)	\$	(5.754.985)	
YR1	8	257,840	ŝ	(5,497,145)	
YR2	8	459,871	\$	(5,037,274)	
YR3	8	208,578	\$	(4,830,698)	
YR4	\$	309,774	\$	(4,520,922)	
YR5	8	405,409	\$	(4,115,513)	
YR6	8	(62,396)	\$	(4,177,909)	
YR7	8	429,913	\$	(3,747,998)	
YR8	\$	(308,675)	\$	(4,058,871)	
YR9	\$	198,085	\$	(3,860,606)	
YR10	\$	(191,844)	\$	(4,052,250)	
YR11	\$	326,175	\$	(3,728,075)	
YR12	8	(88,070)	\$	(3,794,145)	
YR13	\$	484,558	\$	(3,329,587)	
YR14	\$	63,344	\$	(3,266,243)	
YR15	\$	610,508	\$	(2,855,735)	
YR16	\$	202,909	\$	(2,452,828)	
YR17	8	785,425	\$	(1,687,400)	
YR18	8	349,998	\$	(1,337,402)	
YR19	\$	929,696	\$	(407,708)	
YR20	8	508,941	\$	99,235	
YR21	\$	1,103,738	\$	1,202,971	
YR22	\$	672,167	\$	1,875,138	
YR23	\$	1,287,976	\$	3,163,113	
YR24	\$	848,058	\$	4,011,171	
YR25	\$	1,483,928	\$	5,495,097	
IRR		4%			

1.000	-	
R25	\$	
IRR		

City Analysis	Adjusted
Loan	\$ 21,084,108
Developer Equity	\$ 1,275,000
Developer Cash	\$ 2,100,000
Add'l Equity - Cost Adjustments	\$ 488,959
Total Sources	\$ 24,928,065
Less: Ineligible Costs	\$ 488,959
Less: Uses	\$ (28,330,132)
Gap	\$ (913,108)
Paid-In Ineligible Cost (Phase I)	
(Cost)	\$ -
(Cost)	\$ -
Paid-In Equity Credit	\$ -

	Adjusted
Investment Period	15
Finance Rate	5.00%
Desired Return	10.00%
Equity Investment Peid-In Equity Credit	\$ (3,375,000)
Total Equity	\$ (3,375,000)

	Cash Flow	Cumulative CF
Equity Investment - YR 0	\$ (3,375,000)	\$ (3,375,000
YR1	\$ 255,144	\$ (3,119,856
YR2	\$ 451,781	\$ (2,668,075
YR3	\$ 223,484	\$ (2,444,611
YR4	\$ 326,660	\$ (2,117,951
YR5	\$ 422,295	\$ (1,895,856
YR8	\$ (45,510)	\$ (1,741,108
YR7	\$ 448,799	\$ (1,294,386
YRB	\$ (308,675)	\$ (1,603,042
YR9	\$ 198,085	\$ (1,408,977
YR10	\$ (191,644)	\$ (1,598,621
YR11	\$ 326,175	\$ (1,272,446
YR12	\$ (68,070)	\$ (1,340,516
YR13	\$ 484,558	\$ (875,958
YR14	\$ 63,344	\$ (812,614
YR15	\$ 610,508	\$ (202,106
YR18	\$ 202,909	\$ 804
YR17	\$ 765,425	\$ 766,229
YR18	\$ 349,998	\$ 1,118,227
YR19	\$ 929,698	\$ 2,045,923
YR20	\$ 508,941	\$ 2,552,885
YR21	\$ 1,103,738	\$ 3,858,800
YR22	\$ 672,167	\$ 4,328,767
YR23	\$ 1,287,978	\$ 5,616,743
YR24	\$ 848,058	\$ 6,464,800
YR25	\$ 1,483,928	\$ 7,948,726
IRR	8%	

Fee \$ 1,203,759



MADISON'S TIF TRACK RECORD \rightarrow HOUSING

• From 2013 – 2023, Madison has invested TIF in 2,534 units, including:

Housing Type	Affordable	Market Rate
Owner Occupied	0	71
Rental	1,042	1,421
Total	1,042	1,492

• The City is in the process of finalizing TIF assistance for more than 500 additional units, with applications in process for several hundred more...



MADISON'S TIF TRACK RECORD

- 54 TIDs created since 1977
- 14 active TIDs
- \$168 million of TIF invested in 96 projects
- \$4 billion of value growth from currently active TIDs
- \$7.1 billion of value growth from all TIDs
- More info on TIF available at:

<u>http://www.cityofmadison.com/dpced/economicdevelopment/tax-incremental-financing/415/</u>





Questions:

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