



Department of Planning & Development
Planning Unit

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TO: Madison Plan Commission

FROM: Bradley J. Murphy, Planning Unit Director

DATE: September 9, 2005

SUBJECT: Draft Plan Commission Report on the TIF Policy

Attached for your review is a draft report prepared by Planning and Development Department staff for your consideration. The intent of the report is to give you a draft to work with in discussing possible recommendations that you can forward to the Board of Estimates and Common Council. The report includes the points of agreement from your previous discussions as reflected in the minutes from the Plan Commission meeting of August 1, 2005, but also includes several staff recommendations that have not yet been agreed to by the Plan Commission. These include:

- The discussion on the primary purpose for the establishment of TIF Districts on page 1.
- The small cap TIF discussion on page 1.
- The time period for expenditures on page 2.
- The discussion on the link between land use approvals and TIF, on page 3.

At the meeting of September 19, 2005 we recommend that the Plan Commission review the draft memorandum, and change or add to the memo as appropriate.

C: Mark Olinger, Director, Department of Planning and Development
Don Marx, Community and Economic Development
Joe Gromacki, Community and Economic Development



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DRAFT

TO: Board of Estimates
Madison Common Council

FROM: Madison Plan Commission

DATE: August 31, 2005

SUBJECT: TIF Policy

The Plan Commission has reviewed the report of the Board of Estimates Subcommittee on Tax Incremental Financing. The Commission has discussed the report on several occasions and offers the following comments and recommendations.

Primary Purpose for the Establishment of TIF Districts

The Plan Commission agrees with the primary TIF objectives as outlined in the Draft Policy dated September 27, 2004. The Plan Commission supports the continued use of TIF Districts to support revitalization of the downtown, the revitalization of selected neighborhoods within the City, portions of which are characterized by a significant amount of deteriorating and blighted properties, and as an economic development and job creation tool. The Plan Commission believes that additional emphasis should be placed throughout the City on economic development, including job retention and creation through the establishment of Tax Incremental Districts within blighted areas, as well as Tax Incremental Districts for industrial development on the City's periphery. The City has successfully used TIF for the Southeast Industrial Park but has more recently decided to not use TIF for new industrial parks. At the same time, 18 business parks have been developed and are owned by neighboring communities, most using TIF. The use of TIF Districts throughout the City should be balanced and should work to accomplish all three objectives.

TIF Policies

Small Cap TIF. The Plan Commission supports the concept of establishing a "small cap" TIF program for both residential and non-residential development projects that achieve desirable City objectives. The Plan Commission is interested in reviewing the policies and procedures related to this program as they are developed.

Guidelines for Creating TIF Districts. The TIF policy document should include a rewrite of the general guidelines for creating TIF districts as described by the TIF Coordinator to clearly spell out the role of the Plan Commission, Board of Estimates and Common Council, in addition to the basic

requirements provided for in State law. Appending a summary of the provisions within State law to the policy document is also advised.

Exceptions to the Policy. The policy document should provide a clear recognition that some very limited exceptions to the general guidelines within the document may be considered and may be approved if the Common Council finds that the proposed request is clearly in the public interest and not solely for the interest of the applicant after due recognition and consideration of the City's adopted plans for the area.

Land Cost Write Downs. The policy concerning land cost write-downs should be strengthened. The Plan Commission supports the discussion included in the Subcommittee report.

Time Period for Expenditures. The Board of Estimates and Common Council should not create a policy establishing a shorter time period than allowed by TIF law for making expenditures within TIF Districts. The Commission believes that the Common Council should retain as much flexibility as the law allows to respond to changing circumstances within districts and the community over time, and unexpected opportunities which may arise within TIF Districts.

Process Issues

The Subcommittee report recommends the establishment of a deadline for the creation of new TIF Districts, as well as an annual vetting process for TIF projects within existing districts. The Subcommittee report recognizes that those projects that miss the vetting deadline will still be able to apply later but are subject to a 15-vote budget amendment if the funding for the project has not been included in the budget. The Plan Commission recognizes that a practical deadline already exists for the creation of new TIF Districts, which are required by State law to be established by September 30 of each year. There is about five months of work required leading up to the deadline for each district.

Informal Preapplication Process. The policy document should include additional information on the informal preapplication process developers must work through in meeting with staff prior to having their applications formally considered by the Board of Estimates and Common Council. The Plan Commission agrees with the staff recommendation to require developers to meet with the District Alder and Planning staff to discuss the proposed land use, scale and massing of development early in the process. Providing the Board of Estimates with an earlier opportunity to review potential issues related to the project involving both financing as well as the land use approvals is desirable.

Process to Create New Districts. The policy document should expand on the process used to create new TIF Districts and include several informal meeting opportunities prior to the required public hearing and formal consideration of the TIF District Project Plan by the Plan Commission, Board of Estimates and the Common Council. Potential TIF Districts should be presented in concept form to both the Board of Estimates and the Plan Commission to obtain input, including public input at an early stage in the process rather than waiting until the formal required public hearing is held after the TIF District plan has been finalized. Staff should hold an informal public information meeting with affected property owners within the proposed district after the blight study has been finalized and the blight determination letters have been sent out. The Commission believes that it is important for property owners to have an opportunity to informally discuss the blight findings and proposed TIF District plan recommendations prior to the formal public hearing.

Link Between Land Use Approvals and TIF. The Plan Commission recognizes the link between the TIF application approval and the land use application approval. The draft flowchart should be revised to clearly indicate the relationship between the land use approval and the TIF approval. The Commission discussed the difference between projects which are approved in phases such as a Planned Unit Development zoning which could involve a General Development Plan (GDP) approval initially, followed by several Specific Implementation Plans (SIPs) later as the phased implementation of the GDP occurs. Both the GDP and the SIP are approved by the Common Council, but it is not until the SIP stage or sometime between the approval of the GDP and the SIP that the City will obtain all of the information it needs to fully consider TIF financing for the project. It is possible to approve the General Development Plan for projects in the absence of a TIF request and to have the Board of Estimates and Common Council later consider a TIF request at the time the Specific Implementation Plan is reviewed and approved. If the developer is going to submit a request to waive any portion of the inclusionary zoning requirement, the data to support such a request will most likely only be available at the SIP stage.

The Plan Commission recommends that the application requirements for developers be expanded to require any developer seeking TIF assistance to identify their request on their land use applications and to simultaneously apply for TIF at the time of the land use application. The Plan Commission notes that for Planned Unit Developments, the application process already requires the submittal of financial feasibility information as part of the application. The Plan Commission recommends that where an applicant has requested TIF assistance for a project, that the land use application be considered simultaneously with the TIF request by the Common Council.

Inclusionary Zoning Waivers. The Plan Commission discussed the role of the Board of Estimates and Plan Commission in reviewing the inclusionary zoning waiver request. The Plan Commission did not come to a conclusion, however, did discuss the possibility of a joint role for both the Plan Commission and the Board of Estimates for certain waiver requests.