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Second Amendment

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Third Amendment

Date Adopted: May 4, 2022

Legistar #: 70881 (RES-22-00393)

Project Plan for
TAX INCREMENTAL FINANCE DISTRICT #42
(WINGRA)
FIRST PROJECT PLAN AMENDMENT

City of Madison

Prepared by:
Department of Planning and Community and Economic Development
Economic Development Division
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2023

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TAX INCREMENTAL FINANCE DISTRICT # 42 (WINGRA)

NOTE: Amendments, including additions and deletions, to the Project Plan from the First Amendment are highlighted in green.

NOTE: Amendments, including additions and deletions, to the Project Plan from the Second Amendment are highlighted in yellow.

NOTE: Amendments, including additions and deletions, to the Project Plan from the Third Amendment (2022) are highlighted in blue.

NOTE: Amendments, including additions and deletions, to the Project Plan from the Fourth Amendment (2023) are highlighted in gray.

INTENT AND PURPOSE

The City of Madison (the “City”) has established that the health of the Madison economy and its neighborhoods is vital. The City intends to continue to expand, stabilize and diversify its economic base while continuing to revitalize neighborhoods. To that end, the City may utilize its various implementation tools, such as the City and Community Development Authority’s (CDA) development revenue bonds, tax incremental financing (TIF), and other State or federal tools that may be available.

In particular, the City of Madison is proposing to create Tax Incremental District (TID) #42–(Wingra) as a blighted area TID, for the purposes of:

- 1) Elimination of blighting conditions
- 2) Financing public works improvements
- 3) Stimulating commercial redevelopment and the retention or creation of jobs
- 4) Retention, expansion and attraction of business
- 5) Revitalizing the Wingra Neighborhood as vibrant commercial area in the City of Madison

As part of the Second Project Plan Amendment (2021) to TID #42, the City proposes to provide funding to the Community Development Authority (CDA) of Madison to:

1. To construct a parking structure at the Village on Park to assist with further redevelopment,
2. To aid the Urban League of Greater Madison’s (ULGM) effort to build a Black Business Hub, and;
3. To commence design work for a pilot project to construct owner occupied affordable housing within South Madison.

The City will request the Joint Review Board authorize the use of these funds within the half mile area surrounding TID 42.

As part of the Third Project Plan Amendment (2022) to TID #42, the City proposes to provide funding for the following projects:

1. To the Community Development Authority (CDA) of the City of Madison to fund additional costs associated with the redevelopment of the Village on Park including:
 - a. Stormwater management
 - b. Village on Park (VOP) North Building demolition and reconstruction
 - c. Parking structure
 - d. Public Art
2. Funding for the construction of the Cannonball bike trail

As part of the Fourth Project Plan Amendment (2023) to TID 42, the City proposes to provide funding to the following projects:

1. To the CDA of the City of Madison to fund additional costs associated with the redevelopment of the Village on Park including:
 - a. Stormwater costs
 - b. Parking Structure construction

PROPOSED CHANGES IN ORDINANCES, CODES OR PLANS

The project elements proposed in this Project Plan conform to the objectives and conceptual recommendations contained in the Objectives and Policies, A Part of The Master Plan For The City of Madison (the "Master Plan") as approved by the City Plan Commission. No changes in the Official Map, Building Codes or other City Ordinances appear to be necessary to implement the Project Plan. Zoning changes may be necessary as commercial or residential projects are proposed for the area, although none are proposed at this time. The Plan Commission reviews such proposals.

This TID is presently zoned, M1, C2, C3, R2, R4, PUDGDP and PUDSIP.

TID 42 is presently zoned a combination of PD, TSS, CCT, TR-C2, TR-V1, TR-C1, TR-U1, TR-C4, and TE.

Consistency With the City of Madison Comprehensive Plan

The project elements in this amendment Project Plan conform to the objectives and recommendations contained in the City of Madison Comprehensive Plan which can be found at:

<https://www.cityofmadison.com/dpced/planning/comprehensive-plan/1607>

Volume II, Chapter 2 of the Comprehensive Plan, entitled "Objectives and Policies for Established Neighborhoods on pages 2-16 through 2-37, stipulates goals and objectives that are consistent with the activities planned for the proposed TID #41, including but not limited to the following:

Objective 11: Seek to reduce the demand for vacant development land on the periphery of the City by encouraging urban infill, redevelopment, and higher development densities in areas recommended in City plans as appropriate locations for more intense development.

Objective 23: Promote the assessment, clean up and reuse of polluted ("brownfield") sites.

Objective 29: Provide a range of affordable, quality housing choices in all neighborhoods to meet the needs of households of different sizes, lifestyles, incomes and tastes.

Objective 35: Maintain and enhance economically viable business centers as a source of local employment, a focal point for neighborhood activities and a centralized convenience shopping and service center for area residents.

Objective 43: Provide and upgrade as necessary essential neighborhood infrastructure and services including streets, utilities, transit service, sidewalks, parks, schools, police and fire, ambulance service and code enforcement.

Objective 44: Encourage private investment and property maintenance in existing developed areas to prevent property deterioration and promote renovation and rehabilitation.

Also in Volume II, Chapter 2, pages 2-48 through 2-55:

Objective 54: Primary entry routes into the City and to important destinations within the City should provide a welcoming and attractive gateway to the community.

Objective 59: Identify sites within the City and its planned urban expansion areas that are appropriate locations for mixed-use employment and commercial activity centers.

Objective 61: Develop and implement strategies to strengthen and diversify the local economy, expand the local tax base, cultivate an entrepreneurial culture, and stimulate job creation, while preserving and enhancing the high quality of life currently enjoyed by City residents and businesses.

Objective 65: Transform, over time, existing conventional suburban-style commercial developments into more compact, mixed-use, pedestrian, bicycle and transit-oriented destinations that have a greater variety of activities including retail, office, entertainment, civic, open space and residential uses.

Volume II, Chapter 5, Page 5-9 through 5-11 of the Comprehensive Plan, entitled "Economic Development, The Plan: Goals, Objectives, Policies and Implementation Recommendations" stipulate goals and objectives that are consistent with the activities planned for the proposed TID #42, including but not limited to the following:

Objective 7: Support Madison's diversified economic base by providing adequate land and infrastructure to make locations in the City attractive to business.

Objective 9: Redevelop appropriate underutilized, obsolete, abandoned or contaminated sites for commercial and industrial uses.

Objective 10: Enhance neighborhood commerce and retail capacity, especially in older neighborhoods.

Consistency With TIF Policy

The Project Plan is also consistent with City of Madison Tax Incremental Finance Objectives and Policies (the "TIF Policy") adopted by the City's Common Council on April 17, 2001 and amended on March 31, 2009 and on February 25, 2014. The Project Plan conforms to the following TIF Policy objectives Goals, as adopted by the Common Council on the February 25, 2014 TIF Goals, Objectives, and Process:

Section 1: TIF Goals

- A) Growing the property tax base
- B) Fostering the creation and retention of family supporting jobs
- C) Encouraging the adaptive re-use of obsolete or deteriorating property
- D) Encouraging urban in-fill projects that increase (or decrease where appropriate) density consistent with the City's Comprehensive Plan
- F) Creating a range of housing types and specifically encouraging the development of workforce and affordable housing, especially housing that is for those earning much less than the area median income
- G) Funding public improvements that enhance development potential, improve the City's infrastructure, enhance transportation options, and improve the quality and livability of neighborhoods.

Goal 1: Support Economic Development

(1) **Job Creation in High Need Areas.** Job creation in "high need" areas located within blighted area TIDs that demonstrate a **significant and substantial** combination of the following economic factors:

- i. Deteriorating or obsolete building stock;
- iii. Commercial and / or industrial vacancy

(2) **Job Creation through New Business Development.** New business development in high need areas or industrial TIDs to create living wage jobs.

(3) **Job Creation through Attraction, Retention, Expansion of Existing Business.** Attraction, retention or expansion of existing business in high need areas or industrial TIDs that create and retain jobs with a preference.

Goal 2: Support Neighborhood Revitalization, Including Downtown

(1) **High-Need TIDs.** Improved conditions in blighted area TIDs in "high need" areas that demonstrate a **significant and substantial** combination of the following examples of physical deterioration:

- (a) Deteriorating or obsolete building stock
- (b) Stagnation or decline in property values
- (c) High density or overcrowding
- (d) Existence of conditions which endanger life or property by fire or other causes
- (e) Any combination of factors that are conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and is detrimental to the public health, safety or welfare.
- (f) Land upon which buildings or structures have been demolished and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise substantially impairs or arrests the sound growth of the community.

PROPOSED PROJECT COSTS

The following represent total estimated costs. By TIF Law, TIF may only pay for the non-assessable portion of these costs. More detail is provided in the section entitled "Detailed Estimate of Timing and Project Costs" that estimates the amount of cost paid with TIF.

Public Works Improvements (See Detailed Estimate on Page 6)

Storm Sewer Repair			\$434,000
New Street Construction			
Extension of South Street from Midland to Park	\$1,910,000		
Extension of Cedar Street from South Street to Park Street	<u>\$1,360,000</u>		
Subtotal New Streets			\$3,270,000
Street Repair, Rehabilitation			
Street Repair includes resurfacing, reconstruction or other such repairs.			\$3,302,000
Bike Paths			
Resurface Wingra Creek Bike Path			\$19,000
Bike / Ped improvements			\$20,000
Cannonball Bike Path construction			\$1,000,000
Streetscape			<u>\$450,000</u>
Subtotal Public Works Improvements	\$7,475,000	\$7,495,000	\$8,495,000

Community Development Authority Revitalization Activities

In accordance with Section 66.1333 of the State Statutes (Redevelopment Law), the CDA may undertake a variety of revitalization activities in the TIF District if that area corresponds to the boundary of a Redevelopment District.

In 2021, as part of the Second Project Plan Amendment to TID 42, the City proposes to provide funding to the CDA for the following purposes:

Village on Park Parking Structure <i>(and associated costs such as stormwater, site work, etc.)</i>	\$9,100,000
Urban League of Greater Madison Black Business Hub <i>(Remediation, geo-tech, asbestos abatement, pre-development costs)</i>	\$800,000
Owner Occupied Affordable Housing	\$200,000
Demo Village on Park North Building and Construct New Parking Lot	<u>\$1,100,000</u>
Subtotal	\$11,200,000

The City will request the Joint Review Board authorize the use of these funds within the half mile area surrounding TID 42.

In 2022, as part of the Third Project Plan Amendment to TID 42, the City proposes to provide funding to the CDA for the following purposes:

Village on Park Stormwater	\$2,400,000
Village on Park Parking Structure Cost Overrun	\$1,400,000
Village on Park North Building demolition and rebuild	\$1,000,000
Village on Park Public Art ¹	<u>\$200,000</u>
Subtotal	\$5,000,000

In 2023, as part of the Fourth Project Plan Amendment to TID 42, the City proposes provide funding to the CDA for the following purposes:

Village on Park Stormwater	\$1,400,000
Village on Park Parking Structure Cost Overrun	<u>\$1,400,000</u>
Subtotal	\$2,800,000

¹ As required by City Ordinances concerning construction of City structures.

CDA Revitalization Activities Estimated Cost:	\$11,200,000	\$16,200,000	\$19,000,000
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Economic Development Assistance

Economic Development Loans

Where necessary or convenient to the implementation of the Project Plan, TIF assistance in the form of loans may be provided to private development projects, including those affordable housing projects that conform to land use density recommendations of the Wingra Plan and TIF Policy, that demonstrate that “but for” such TIF assistance, the project would not occur. TIF Law allows such funds to be used to reduce the cost of site acquisition or site improvements including the construction or razing of buildings, parking facility construction, site preparation, environmental remediation, landscaping and similar types of related activities.

Estimated Cost	\$5,000,000
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Land Acquisition and Environmental Remediation Reserve

The City intends to purchase additional property as part of the implementation of the South Madison Plan. As the cost acquisition cost is yet undetermined and some properties may have environmental remediation costs, the Project Plan is reserving \$4M to pay for these eventual costs. It is anticipated that the City may borrow for either all or a portion of this cost and use donated tax increment from TIDs 36 and 39. Approximately \$4M of the \$7M of donated tax increment from these aforementioned TIDs will only be utilized if these expenditures are incurred prior to the creation of a new South Madison TID that includes the acquired properties.

Cost:	\$4,000,000
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Land Acquisition

In order to construct the public improvements and for the revitalization and development of private property, the acquisition of property and relocation of occupants may be necessary in this TIF District. The acquisitions could vary from rights-of-way and air space to entire parcels. Currently, the City of Madison intends to purchase the Truman-Olson Army Reserve Center property to stimulate further development within the District.

Estimated Cost:	\$1,385,000
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The City of Madison will acquire multiple properties as a part of this First Project Plan Amendment. It intends to acquire several properties associated with the reconstruction and extension of Cedar St as a part of the Truman Olson redevelopment project. The City will also begin land-banking activities in the South Madison area in and adjacent to TID 42. The City intends to request the Joint Review Board approve expenditures within a half mile of TID 42 at the same time as it requests approval of this First Project Plan Amendment. These land-banking activities are intended to provide the City and community with opportunities to shape redevelopment as it moves down South Park Street. \$2,000,000 of funds are provided for land acquisition with this First Project Plan Amendment (2020).

As part of the 2021 Project Plan Amendment, the City of Madison intends to continue property acquisition in the South Madison area. The 2021 project plan amendment provides an additional \$680,000 of funding to continue land acquisition within South Madison.

As part of the 2022 Project Plan Amendment, the City of Madison intends to continue property acquisition in South Madison. The 2022 Project Plan Amendment provides an additional \$500,000 of funding to continue land acquisition in South Madison.

Estimated Cost:	\$1,385,000	\$3,385,000
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Estimated Cost:	\$4,065,000	\$4,565,000
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Home Ownership Program

The City of Madison will fund a homeownership program through the Urban League of Greater Madison (ULGM). The goal of this program will be to increase homeownership rates among Black families and individuals in South Madison. This program is further described in ULGM Home Ownership Program Appendix.

Estimated Cost: \$200,000

Organizational, Administrative and Professional Costs

This category of project costs includes estimates for administrative, professional, organizational and legal costs. Project costs may include salaries, including benefits, of City employees engaged in the planning, engineering, implementing and administering activities in connection with TID #42, supplies and materials, contract and consultant services, and those costs of City departments such as the Finance Department, City Attorney, City Engineer, Parks Division, Planning & Development and the Office of the Mayor.

Estimated Cost: \$300,000 \$715,000 \$1,215,000

Total Cost: \$17,626,000 \$42,475,000

Financing Costs

The total TIF-eligible cost authorized in the Detailed Estimate of Project Cost and Timing represents the total TIF Capital Budget for which TIF funds may be used. Finance costs represent the estimated amount of interest incurred if the City were to borrow funds to pay for the entire TIF-eligible costs. Staff estimates that in the event the City of Madison borrows funds to pay for the capital costs authorized herein that tax increments estimated to be generated by the district over its life may be sufficient to repay \$13,658,000 of the \$16,575,000 of estimated project costs and an estimated \$4,096,000 financing cost (\$3,927,000 [original project cost financing] + \$169,000 [2020 First Project Plan Amendment financing]). The First Project Plan Amendment to TID 42 anticipates \$1,700,000 of donated incremental revenue from TID 39 to flow into TID 42, which will require \$0 finance costs for these expenditures, as all funds from TID 39 are incremental revenue (i.e. TIF cash). TID 42 will pay for the additional \$715,000 of expenditures through capital borrowing.

2021 Project Plan Amendment:

As part of the 2021 Project Plan Amendment, the City of Madison proposes to increase the total allowable TIF project costs by \$12,100,000 in the TID 42 Project Plan. This \$12,100,000 of additional project costs includes \$9,100,000 of borrowing, and \$3,000,000 of donated incremental revenue from TID 39. City Staff estimate that if the City of Madison borrows \$9,100,000 of funds, this will require an additional \$2,500,000 of financing costs. This additional \$2,500,000 of financing costs will raise the total financing costs of the TID 42 project plan to \$6,596,000 as shown in the chart below.

2022 Project Plan Amendment:

As part of the 2022 Project Plan Amendment, the City of Madison proposes to increase the total allowable TIF project costs by \$11,000,000 in the TID 42 Project Plan. This \$11,000,000 of additional project costs may be paid for by \$3,000,000 of donated incremental revenue from TID 39, and \$4,000,000 of donated incremental revenue from TID 36 and approximately \$4,000,000 of capital borrowing. Because \$7,000,000 of the \$11,000,000 of expenditures are funded through donated incremental revenue, TID 42 will incur less financing costs on capital borrowing, estimated at \$576,000.

2023 Project Plan Amendment:

As part of the 2023 Project Plan Amendment, the City of Madison proposes to increase the total allowable TIF project costs by \$2,800,000 in the TID 42 Project Plan. This \$2,800,000 of additional project costs will be paid for by \$2,800,000 of donated incremental revenue from TID 36. Because all \$2,800,000 of additional expenditures are funded through donated incremental revenue, TID 42 will not incur any additional financing costs.

DETAILED ESTIMATE OF TIMING AND PROJECT COSTS

The following are the eligible project costs as provided for under Section 66.1105 (2)(f), Wisconsin Statutes and the timing in which certain project costs will be incurred. TIF Law requires that all project plan expenditures be made within a blighted area TID within 22 years of its creation. Certain project costs will be subject to the anticipated long-term development expectations as described elsewhere in this Plan. **The actual eligible project costs herein (shown below) may vary or may be adjusted without a project plan amendment, so long as the total amount of eligible costs does not exceed the amount adopted in the Project Plan.**

PROJECT	DESCRIPTION	TOTAL COST	ASSESSED	TIF COST	TIMING
<u>Storm Water Improvements</u>					
Storm Sewer Replacement	165' replace and re-size culverts crossing Park St north and south of old RR tracks	\$58,000	\$0	\$58,000	2012-24
Storm Sewer Replacement	1265' replace failing corrugated metal arch pipe from Wingra Creek South through Thorstads to old RR track	\$285,000	\$0	\$285,000	2012-24
Storm Water Treatment Devices	1 st installation prior to discharge to Wingra Creek of above arch pipe, 2 nd one undistributed likely on Park Street	\$25,000	\$0	\$25,000	2012-24
Storm Water Cleaning	Clean/regrade 950' RR drainage ditch along RR tracks (w/ RR permission)	\$66,000	\$0	\$66,000	2012-24
SUBTOTAL – Storm Water		\$434,000	\$0	\$434,000	2012-24
<u>New Street Construction</u>					
Cedar Street Extension	New street from South Street to Park Street	\$1,360,000	\$130,000	\$1,230,000	2013-15
South Street Extension	New street from Midland to Park St	\$1,910,000	\$40,000	\$1,870,000	2013-15
Subtotal New Streets		\$3,270,000	\$170,000	\$3,100,000	2013-15
<u>Street Rehab / Reconstruct</u>					
Park Street	Joint repair 2200' Delaplaine to Olin	\$910,000	\$0	\$910,000	2012-20
Park Street	Reconstruction 2500' Olin to RR tracks	\$700,000	\$70,000	\$630,000	2012-20
Fish Hatchery Rd	Resurface Park St. to 300' north of Wingra Drive	\$376,000	\$38,000	\$339,000	2012-20
Wingra Drive	Resurface 1400' South St to Beld St	\$201,000	\$20,000	\$181,000	2012-20
South Street	Resurface 1600' Midland to Wingra	\$184,000	\$18,000	\$166,000	2012-20
High Street	Reconstruct 1050' from Fish Hatchery to south end	\$368,000	\$92,000	\$276,000	2012-20
Midland Street	Resurface 550' from Fish Hatchery to Park St	\$43,000	\$4,000	\$39,000	2012-20
Garden Street	Reconstruct 385' from Midland to south end	\$135,000	\$34,000	\$101,000	2012-20

Appleton Rd	Resurface 300' from Fish Hatchery to South St	\$34,000	\$3,000	\$31,000	2012-20
Beld Street	Resurface 1400' from Park St to railroad	\$181,000	\$18,000	\$163,000	2012-20
Gilson Street	Resurface 1100' from Beld to Cedar St	\$126,000	\$13,000	\$113,000	2012-20
Lowell Street Alley	Reconstruct 180' from Emerson south	\$22,000	\$11,000	\$11,000	2012-20
Lowell Street Alley	Reconstruct 180' from Lakeside south	\$22,000	\$11,000	\$11,000	2012-20
SUBTOTAL - Street Resurface / Reconstruct		\$3,302,000	\$332,000	\$2,297,000	
Bike Paths, Pedestrian Accommodations, Traffic Calming					
Wingra Creek Bike Path	Refurface 550'	\$19,000	\$0	\$19,000	2013-15
Streetscape		\$450,000	\$0	\$450,000	2013-20
Subtotal Bike Paths, Pedestrian		\$469,000		\$469,000	
Economic Development Assistance					
Development Loans		\$5,000,000	\$0	\$5,000,000	2012-22
Land Acquisition – Truman Olson		\$1,385,000	\$0	\$1,385,000	2013
Subtotal Economic Development		\$6,385,000	\$0	\$6,385,000	
Administrative and Professional		\$300,000	\$0	\$300,000	2012-34
TOTAL PROJECT COSTS		\$14,160,000	\$ 502,000	\$13,658,000	

2020 Project Plan Amendment					
Land Acquisition		\$2,000,000	\$0	\$2,000,000	2020-34
Home Ownership Program		\$200,000	\$0	\$200,000	2020-34
Organizational, Administrative, and Professional		\$215,000	\$0	\$215,000	2020-34
Total 2020 Project Plan Amendment Costs		\$2,415,000	\$0	\$2,415,000	2020-34
Total Project Costs TID 42 (Original Project Plan and 2020 Amendment)		\$16,575,000	\$502,000	\$16,073,000	2020-34
Finance Costs*		\$3,927,000		\$3,927,000	
		\$4,096,000	\$0	\$4,096,000	2020-34

2021 Project Plan Amendment Additional Project Costs		TOTAL COST	ASSESSED	TIF COST	TIMING
Bike / Ped improvements		\$20,000	\$0	\$20,000	2021-34
Donation to CDA					
Village on Park Parking Structure		\$9,100,000	\$0	\$9,100,000	2021-34
Estimated Environmental Remediation / Geo-Tech / Pre-Development for ULGM Black Business Hub		\$800,000	\$0	\$800,000	2021-34
Owner Occupied Affordable Housing		\$200,000	\$0	\$200,000	2021-34
Demo Village on Park North Building and Construct New Parking Lot		\$1,100,000	\$0	\$1,100,000	2021-34
Land Acquisition		\$680,000	\$0	\$680,000	2020-34
Organizational, Administrative, and Professional		\$200,000	\$0	\$200,000	2021-34
Total 2021 Project Plan Amendment Costs		\$12,100,000	\$0	\$12,100,000	2020-34
Total Project Costs TID 42 (Original Project Plan and 2020 Amendment)		\$28,675,000	\$502,000	\$28,173,000	2020-34

2022 Project Plan Amendment Additional Project Costs		TOTAL COST	ASSESSED	TIF COST	TIMING
Cannonball Bike Path Construction		\$1,000,000	\$0	\$1,000,000	2022-28
Donation to CDA					
Village on Park Stormwater		\$2,400,000	\$0	\$2,400,000	2022-28
Village on Park Parking Structure Cost Overruns		\$1,400,000	\$0	\$1,400,000	2022-28
Village on Park North Building Demolition and Rebuild		\$1,000,000	\$0	\$1,000,000	2022-28
Village on Park Public Art		\$200,000	\$0	\$200,000	2022-28
Subtotal CDA Costs		\$5,000,000	\$0	\$5,000,000	2022-28
Land Acquisition		\$500,000	\$0	\$500,000	2022-28
Land Acquisition - Environmental Remediation Reserve		\$4,000,000	\$0	\$4,000,000 ²	2022-28
Organizational, Administrative, and Professional		\$500,000	\$0	\$500,000	2022-28
Subtotal – 2022 Project Plan Amendment		\$11,000,000		\$11,000,000	
Total Project Costs TID 42 (Original Project Plan and 2020, 2021, and 2022 Amendments)		\$39,675,000	\$502,000	\$39,173,000	2022-28

² NOTE: The Land Acquisition – Environmental Remediation Reserve Funds will only be spent if these costs are incurred prior to the creation of a new South Madison TID.

2023 Project Plan Amendment Additional Project Costs		TOTAL COST	ASSESSED	TIF COST	TIMING
Donation to CDA					
Village on Park Stormwater		\$1,400,000	\$0	\$1,400,000	2023-28
Village on Park Parking Structure Cost Overruns		\$1,400,000	\$0	\$1,400,000	2023-28
Total – 2023 Project Plan Amendment		\$2,800,000	\$0	\$2,800,000	2023-28
Total Project Costs TID 42 (Original Project Plan and 2020, 2021, 2022, and 2023 Amendments)		\$42,475,000	\$502,000	\$41,973,000	2022-28
		\$3,927,000		\$3,927,000	
		\$4,096,000		\$4,096,000	
		\$6,596,000		\$6,596,000	
Finance Costs*			\$0		2020-34
Finance Costs**		\$7,172,000	\$	\$7,172,000	2022-23

*NOTE: Finance Costs in the 2021 Project Plan Amendment reflect the cost to borrow \$9,100,000 in TID 42. The remaining \$3,000,000 of additional expenditures in 2021 are paid for with donated excess incremental revenue from TID 39.

NOTE: **There will be finance costs on approximately \$4,000,000 of general obligation borrowing in the 2022. Assuming the proposed borrowing of \$4,000,000 occurs, it will incur an additional \$576,000 of borrowing costs. This will result in an estimated financing cost total of \$7,172,000.

SUMMARY OF TOTAL PROJECT COSTS AND ECONOMIC FEASIBILITY

The project costs include the estimated costs of planning, engineering, construction or reconstruction of public works and improvements and financing costs. **The actual eligible project costs may vary or may be adjusted without a project plan amendment, so long as the total amount of eligible costs does not exceed the amount adopted in the Project Plan.**

How Tax Increments Are Generated, Used

Under the Wisconsin TIF Law, the property taxes paid each year on the increase in equalized value of the Tax Incremental District may be used by the City to pay for eligible project costs within the TID. Taking the TID's current value as a result of growth and deducting the value in the District that existed when the District was created determines the increase in value. All taxes levied upon this incremental (or increased) value by the City, Madison Metropolitan School District, Dane County, and the Madison Area Technical College District are allocated to the City for direct payment of project costs and payment of debt service on bonds used to finance project costs.

Per TIF Law, the maximum life of a blighted area TID is 27 years and all project expenditures must be made five (5) years prior to the termination of the TID. Therefore, all project expenditures must be made by December 31, 2034. Tax increments may be received until project costs are recovered, at which time the TID must close.

TIF-Eligible Capital Budget

The cost of public improvements and other project costs is approximately ~~\$42,475,000~~ ~~\$39,675,000~~ ~~\$28,675,000~~ ~~16,575,000~~ ~~14,160,000~~. It is anticipated that approximately \$502,000 of the project costs will be assessable to property owners. These assessments have been determined in accordance with the City and Board of Public Works standard special assessment policies. The ~~\$41,973,000~~ ~~\$39,173,000~~ ~~\$28,173,000~~ ~~16,073,000~~ ~~13,658,000~~ balance of the TIF-eligible project

costs (i.e. net of assessable costs) represents the authorized TIF Capital Budget for this Project Plan and will require financial support by incremental taxes from the District, as well as donated increment from TID 39 and TID 36.

Estimate of Economic Feasibility, TIF Generator(s)

TIF Policy requires a proposed TID have an economic “generator” i.e. at least one private development project that generates increment to finance TID costs. The determination of economic feasibility herein, including such TIF generators, is based on anticipated, near-term development, as well as projected development through 2039. The anticipated development for TID #42 includes:

Area A: Development of 73,000 SF Wingra Clinic at an estimated \$19 M of value.

Estimated Timing: Completion by 2014

Estimated Incremental Value: \$19,000,000

Area B: A 33,000 SF site. Development of medium-density, 60-65 units of market rate multi-family housing at an estimated value of \$6 million. Two similar multi-family projects have been proposed at this site but did not secure financing.

Estimated Timing: 2014 construction

Estimated Incremental Value: \$6,000,000

Area C: This 82,413 SF site has potential as a mid-rise, flatiron-shaped residential or specialized lodging/conference use. Using a floor-to-area ratio (“FAR”) of .75, staff estimates that the site could facilitate 61,810 SF of mixed-use construction.

Timing: Estimated 2015 construction

Estimated Incremental Value: \$6,181,000

Area D: The 3.49 acre (151,875 SF) former Truman-Olson US Army Reserve Center, acquired by the City of Madison. Using a FAR of .75, the site could facilitate 113,906 SF of mixed-use development.

Estimated Timing: 2017 construction

Estimated Incremental Value: \$11,391,000

Area E: The 4.17 acre (181,834 SF) Bunbury surface parking lot. Using a FAR of .75, staff estimates the site could facilitate construction of 136,375 SF for 190 apartment units.

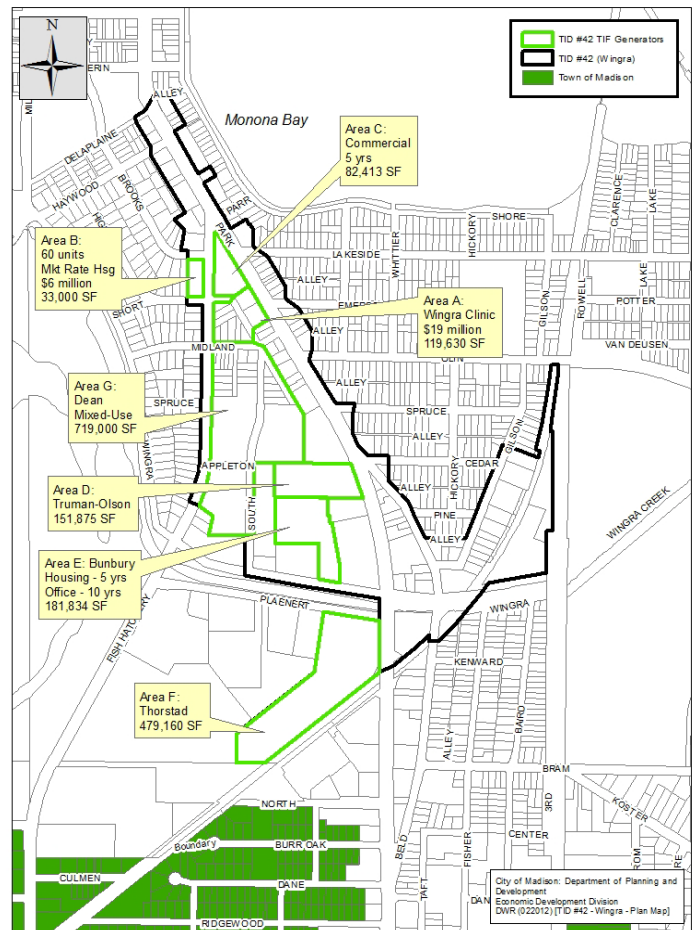
Estimated Timing: 2019 construction

Estimated Incremental Value: \$19,000,000

Area F: The 11 acre (479,160 SF) former Thorstad Chevrolet lot. Using a FAR of .75, staff estimates the site could facilitate construction of 359,370 SF of mixed uses.

Estimated Timing: 2022 construction

Estimated Incremental Value: \$37,937,000



Area G: The 719,000 SF (16.5 AC) of assembled parcels owned by Dean Clinic for a potential 150,000 SF facility that has been suggested for construction in approximately 15 years, although Dean Clinic has made no definitive plans or estimates. Staff has provided a rough estimate herein, using conservative timing and value assumptions.

Estimated Timing: 2025 construction, 2027 completion
Estimated Incremental Value: \$37,750,000

Total Estimated Value of All TIF Generators: \$137,259,000

As demonstrated in the section entitled Expectations for Development, a conservative estimate of total incremental value resulting from these and other development projects, and economic growth or value appreciation over the life of the TID is estimated to be ~~\$263,216,000~~ ~~217,622,000~~ **\$169,000,000**. ~~This value is projected to produce incremental revenues sufficient to support the project costs stated above.~~ This incremental value, along with the donated incremental revenue from TID 36 and 39, is projected to produce sufficient funds to support the project costs outlined above.

~~As of January 1, 2020, TID 42 has an estimated incremental value of \$28M. This value is generating approximately \$700,000 of incremental revenue annually. City Staff estimate that if no additional expenditures are made in TID 42, that the TID would recover all of its outstanding debt and close in approximately three years.~~

However, the City is facing the dissolution of the Town of Madison in 2022, generally located in the South Madison area. The City intends to invest in this historically overlooked and underinvested part of the City. To do this, the City will propose to donate excess TID cash from TID 39 to TID 42 (Wingra) beginning in 2020. As a part of this process, the City is proposing this amendment to the TID 42 Project Plan. The donation of excess TID cash from TID 39 to TID 42 will allow the City to begin investing in and around TID 42, which is located in South Madison but does not include Town of Madison parcels. As a part of this investment into South Madison, the City will request that the Joint Review Board authorize the use of the so called, "Half Mile Rule" to allow funds from TID 42 to be invested within a half mile of TID 42.

Additionally, the City reserves the right to propose future project plan amendments to TID 42. Future project plan amendments may include the donation of additional future excess incremental revenue from TID 42 to a new South Madison TID.

As of January 1, 2021, TID 42 has an estimated incremental value of \$57M. This value is generating approximately \$1.4M of incremental revenue annually. City Staff estimate that if no additional expenditures are made in TID 42, that the TID would recover all of its outstanding debt and close in approximately two years.

The City faces the dissolution of the Town of Madison in 2022, generally located in the South Madison area, south of / adjacent to TID 42. The City continues to invest in this area. To do this, the City is proposing to invest \$12.1M of TIF funds through two separate methods as part of the 2021 Project Plan Amendment:

- TID 42 - Borrow \$9.1M through TID 42 to invest in South Madison, as outlined in this 2021 Project Plan Amendment, and;
- TID 39 (and TID 42) – Donate \$3M of excess incremental revenue from TID 39 to TID 42 to invest in South Madison, as outlined in this 2021 Project Plan Amendment.

As part of the 2021 Project Plan Amendment, the City of Madison will again request the Joint Review Board to authorize the use of the so called "Half Mile Rule" to allow funds from TID 42 to be invested within a half mile of TID 42.

As of January 1, 2022, TID 42 has an estimated incremental value of \$71M. This value is generating approximately \$1.6M of incremental revenue annually. City Staff estimate that if no additional expenditures are made in TID 42, the TID would recover all of its outstanding debt and close in approximately three (3) years.

The City will see the Town of Madison dissolve on Oct 31, 2022, much of which is located south of / adjacent to TID 42. The City continues to fund projects in this area, proposing to invest through two separate donations as part of the 2022 Project Plan Amendment:

- TID 39 – Donate \$3M of excess incremental revenue from TID 39 to TID 42 to invest in South Madison, as outlined in the 2022 Project Plan Amendment.
- TID 36 - Donate \$4M of excess incremental revenue from TID 36 to TID 42 to invest in South Madison, as outlined in the 2022 Project Plan Amendment.

As of January 1, 2022, TID 42 has an estimated incremental value of \$117,000,000. This value is generating approximately \$2,700,000 of incremental revenue annually. City Staff estimate that if no additional expenditures are made in TID 42, the TID would recover all of its outstanding debt and close in approximately two (2) years.

On Oct 31, 2022, the Town of Madison dissolved, much of which is located south of / adjacent to TID 42. The City continues to fund projects in this area, proposing to invest through one additional donation as part of the 2023 Project Plan Amendment:

- TID 36 - Donate \$2,800,000 of excess incremental revenue from TID 36 to TID 42 to invest in South Madison, as outlined in the 2023 Project Plan Amendment.

Project expenditures will be contingent upon development actually occurring or committed to occur, and upon donated incremental revenue from TID 39 and TID 36. Since the majority of the project cost is financed with either long-term debt or donated incremental revenue from TID 39 or TID 36, borrowing would be undertaken only when sufficient development actually occurs to support each borrowing segment and the expenditure of such funds.

~~Based on the current tax rates and conservative financial market assumptions, the anticipated economic growth of tax incremental revenues over the life (i.e. the total amount of tax increments over 27 years) of the TID should total approximately \$47,089,000. The present value of the total incremental revenues that are anticipated to be generated is \$14,280,000.~~

~~Based upon the current tax rates and conservative financial market assumptions, the anticipated economic growth of tax incremental revenues over the remaining life (i.e. the total of tax increments generated through the TID expiration in 2039) of the TID should total approximately \$26,000,000. The present value of these total tax incremental revenues that are anticipated to be generated in approximately \$14,000,000.~~

~~Based upon the current tax rates and conservative financial market assumptions, the anticipated economic growth of tax incremental revenues over the remaining life (i.e. the total of tax increments generated through the TID expiration in 2039) of the TID should total approximately \$29,000,000. The present value of these total tax incremental revenues that are anticipated to be generated in approximately \$14,000,000.~~

Based upon the current tax rates and conservative financial market assumptions, the anticipated economic growth of tax incremental revenues over the remaining life of the TID (i.e. the total tax increments generated through the TID expiration in 2039) should total approximately \$44,000,000. The present value of these total tax incremental revenues that are anticipated to be generated is approximately \$26,000,000.

As previously indicated, each segment of the project (i.e., every individual cost element) will require subsequent approval by the Common Council and/or the CDA. The method of financing and the individual debt issues will also require Common Council approval. It is the City's intent to closely monitor all planned and actual development within the TID. The actual City investment in TID #42 may, therefore, be less than the amount shown in the Project Plan.

Finance Cost

Staff estimates that TID increment could support interest payments on capital borrowing. The estimated interest and finance cost of to borrow the entire estimated capital cost is ~~\$3,927,000 \$4,096,000~~ **\$6,596,000**. The revised finance costs in the 2020 Project Plan Amendment reflect that the majority of expenditures in this amendment will be paid for through donated incremental revenue from TID 39.

The 2021 Project Plan Amendment includes an additional \$2.5M of borrowing costs associated with the \$9.1M of borrowing proposed in this Project Plan Amendment.

The 2022 Project Plan Amendment includes approximately \$576,000 of additional borrowing costs. All additional project plan expenditures in the 2022 Project Plan Amendment are funded through donated incremental revenue from TID 36 and TID 39.

The 2023 Project Plan Amendment does not include any additional borrowing costs. All additional project plan expenditures in the 2023 Project Plan Amendment are funded through donated incremental revenues from TID 36.

PROMOTION OF ORDERLY LAND DEVELOPMENT

The project elements in this amendment Project Plan conform to the objectives and recommendations contained in the City of Madison Comprehensive Plan which can be found at:

<https://www.cityofmadison.com/dpced/planning/comprehensive-plan/1607>

The City of Madison Comprehensive Plan outlines land use and design guidelines specific to the Wingra area. In particular, the plan notes a preference for “community mixed-use” (CMU), “medium density residential” (MDR), and “Low-density residential” (LDR), as noted in the following excerpts from Volume II, Chapter 2, pages 2-79 through 2-89 of the Comprehensive Plan:

Low Density Residential (LDR)

- Low-Density Residential districts are characterized by relatively low densities and a predominance of single-family and two-unit housing types. Some Low-Density Residential areas, particularly in the older neighborhoods, may include many “house-like” structures that were built as, or that have been converted to multi-unit dwellings. Smaller two, three and four unit apartment buildings may be compatible with the Low-Density Residential designation at locations specified in an adopted neighborhood or special area plan, but large apartment buildings or apartment complexes are not.
- In general, Low-Density Residential areas should be protected from encroachments of higher density or higher intensity uses than presently exist in the neighborhood and future conversions of housing in older mixed-housing type neighborhoods from single family to multi-unit should be discouraged. Infill or redevelopment projects should be compatible with established neighborhood character and be consistent with an adopted neighborhood or special area plan.

Housing Types in Low Density Residential Districts

- Single-family detached houses on individual lots.
- Townhouses or row houses.
- Duplexes and two-flat buildings.
- Three-flat buildings (stacked units in a three-story buildings similar in character to the single-family buildings in the area.)
- Apartment buildings (multi-unit dwellings with units accessed via shared entrances and hallways) compatible with neighborhood character.) Generally limited to no more than four-unit buildings if interlaced with other housing types. Small-scale apartment complexes may include buildings with more than four units.
- Accessory dwelling units.

Other Uses within the District

- Parks and recreational facilities.
- Community gardens.
- Elementary schools.
- Day care centers.
- Small civic facilities, such as libraries or community centers.
- Places of assembly and worship, if at a scale compatible with other existing or planned development in the area.

Commercial uses

- Neighborhood-serving retail and service uses, especially in mixed-use buildings.
- Small offices, especially in mixed-use buildings.

Medium Density Residential (MDR)

Medium Density Residential districts are locations recommended primarily for relatively dense multi-family housing types, such as larger apartment buildings and apartment complexes. The Medium Density designation is also applied to portions of some established neighborhoods that are composed primarily of “house-like” residential buildings, although there may also be a scattering of apartment buildings. In these areas, the medium-density designation reflects the large number of houses that were originally built as multi-unit, duplex, two-flat, or three-flat structures, or have subsequently been converted to contain several dwelling units.

Net Density Range

An average of 16 to 40 dwelling units per net acre for the Medium Density Residential area as a whole. Most developments within the area should fall within or below this range, although small areas of higher density development may be included, either due to the historical development pattern or based on a specific recommendation in an adopted neighborhood or special area plan.

Location and Design Characteristics

Medium Density Residential areas typically are relatively compact areas within a larger neighborhood and generally should be located around and near more-intensively developed areas, such as Mixed-Use, General Commercial, or Employment districts in order to provide convenient access to these activity centers for the greatest number of residents.

Types in Medium Density Residential Districts

- Single-family detached houses on individual lots.
- Townhouses or row houses.
- Duplexes and two-flat buildings.
- Three-flat buildings (stacked units in a three-story building similar in character to the single family buildings in the area.)
- Apartment buildings (multi-unit dwellings with units accessed via shared entrances and hallways) with no specific size limitation if compatible in scale and character with other neighborhood buildings.
- Accessory dwelling units.
- Live-work units if consistent with the recommendations of an adopted neighborhood or special area plan.

Other Uses within the District

- Parks and recreational facilities.
- Community gardens.
- Elementary schools.
- Day care centers.
- Small civic facilities, such as libraries or community centers.
- Places of assembly and worship, if at a scale compatible with other existing or planned development in the area.

Commercial uses

- Neighborhood-serving retail and service uses, especially in mixed-use buildings.
- Offices, especially in mixed-use buildings.

Community Mixed-Use (CMU)

- Buildings more than one story in height, with maximum building height compatible with the size of the district, surrounding structures and land uses. Specific height standards may be recommended in an adopted neighborhood or special area plan.
- Pedestrian friendly design amenities, such as decorative paving and lighting along sidewalks and paths, plazas, benches, landscaping. Whenever possible, Community Mixed Use districts should be designed to incorporate some of the Transit Oriented Development standards outlined in the Comprehensive Plan.

Recommended Land Uses

- Commercial buildings, employment, retail and service uses serving both adjacent neighborhoods and wider community markets. Detailed neighborhood or special area plans may provide specific recommendations on allowed types of non-residential uses.
- Housing types generally similar to Medium Density Residential districts, provided the building scale is appropriate to the district and the adjacent neighborhood.
- Mixed-use buildings.
- Non-commercial residential support uses similar to Medium Density Residential districts.

Recommended Development Intensity

- Generally, buildings should be at least two stories in height. Specific height standards should be established in neighborhood or special area plans and should be compatible with the scale and intensity of the district as a whole and the context of the surrounding neighborhood.
- The maximum development intensity (floor area ratio) for commercial uses should be established in a detailed neighborhood or special area plan.
- No fixed limits on the gross square footage of commercial buildings or establishments, but the types and sizes of commercial uses appropriate in the district may be defined in an adopted neighborhood or special area plan.
- Net residential densities within a Community Mixed Use district generally should not exceed 60 dwelling units per acre, but a neighborhood or special area plan may recommend small areas within the district for a higher maximum density if the development is compatible with the scale and character of the neighborhood.

Wingra Market Study and Conceptual Redevelopment Plan Summary Report

The Wingra Market Study and Conceptual Redevelopment Plan Summary Report ("Wingra Report"), adopted by the Common Council in March 2006, identifies opportunities for the Wingra area, bounded by Wingra Creek, Fish Hatchery Road and South Park Street. The following excerpts from the Wingra Report identify more specifically the opportunities and recommendations (Section IV, Pages 12-13):

- There is market potential for 30,000 to 50,000 square feet of additional commercial space in the project area.
- The major opportunities for urban reinvestment and job creation are in health care and bio-medical services in cooperation with the major health care institutions and the University of Wisconsin. There is the potential to expand facilities for such uses by 400,000 to 600,000 square feet.
- Dean Health System's long-range expansion plans at this site are unknown at this time. However, Dean would like to reserve sufficient area for potential expansion for up to 150,000 square feet of additional clinic space and associated parking for up to 1,000 vehicles.
- The former Dean / Morningstar Dairy site would be a suitable site for mid-rise residential development or a specialized lodging / conferencing facility of high quality urban design character and architecture. The buildings are currently vacant. Any new building at this site should be a "flat iron" building corresponding to the geometry of the site. A flat iron building will maximize the unique triangular shape of the site.

EXPECTATIONS FOR DEVELOPMENT

The expectations for development in TID #42 have been developed from and predicated on the Comprehensive Plan for the City of Madison, as adopted by the Common Council. These adopted plans include a land use schedule that indicates a preference for commercial uses in the area designated as TID #42 (See TID #42 Map - Proposed Land Uses).

Potential Areas for Development

The Potential Areas for Development are identified on the map in the section entitled Summary of Total Project Costs and Economic Feasibility. They lie generally within an area bounded by South Park Street, Fish Hatchery Road, and Wingra Creek, with one additional area for development located south of Wingra Creek along South Park Street.

Annual Value Increment Estimates

Definition of Value Increment: The increase in value is determined by deducting the value in the TIF district that existed when it was created (i.e. the “base value”) from the TIF district’s increased value as a result of new development. Appreciation of the base value and the new development over the full 27-year life of the TIF district is also included in this estimate.

Timeframe for Development: For the purposes of this project plan’s economic expectations new development projects, the TIF generator projects indicated herein are expected to occur within the first 10 years of the district’s life. It is the City’s practice to anticipate development, repayment of costs and closure of the district within a shorter timeframe than the full 27-year period allowed by TIF Law. TID expenditures may be made for a period of 22 years from the date of TID creation. On average, a City TIF district is closed within about 12 years. To the extent that the District meets or exceeds economic expectations, it is then able to repay its project costs and return the value increment to the overlying taxing jurisdictions in a shorter period of time.

Anticipated Development: The actual timing and value of new growth within the District depends upon variables that are unpredictable at this time. The estimated \$19 million Wingra Clinic project is anticipated to be completed in 2014. The remaining development projects in Areas A-G are as yet undefined but are estimated to create an additional \$118,259,000 of value by 2027 at the latest. The total value increment (including estimated TIF generators and appreciation of property value within the district) generated over the 27-year life of the district is estimated at approximately \$263,216,000. This growth is estimated to generate approximately \$47,089,000 of tax increment over the life of the district.

Since the adoption of the original TID 42 project plan, development has begun to move down South Park St and through the areas in and adjacent to TID 42. The former Dean / Morningstar Dairy has redeveloped into a mix of clinic / office building and market rate housing. The City has also been in the process of redeveloping the former Truman Olson site located at 1402 South Park St, which will be a mix of affordable housing, structured parking, and ground floor grocery store.

The estimated percentage of territory in the TID devoted to retail business is below 35%.

METHODS FOR THE RELOCATION OF DISPLACED PERSONS AND BUSINESSES

Where the relocation of individuals and business operations would take place as a result of the City’s acquisition activities occurring within the District, relocation will be carried out in accordance with the relocation requirements set forth in Chapter 32 of the Wisconsin Statutes and the Federal Uniform Relocation Assistance and Real Property Acquisitions Policy Act of 1970 (P.L. 91-646) as applicable.

LEGAL DESCRIPTION

Part of the Northeast 1/4, the Southeast 1/4, the Southwest 1/4, and the Northwest 1/4 of Section 26, Township 07 North, Range 09 East of the 4th Principal Meridian, City of Madison, Dane County, Wisconsin, described as follows:

Beginning at the northeasterly corner of Lot 1, Block 4, Fiore Plat³, also being the southerly right of way of High Street and the westerly right of way of Fish Hatchery Rd; thence westerly along said southerly right of way of High Street, 120.00 feet, more or less, to the intersection with the southerly extension of the westerly line of Lot 5; thence northerly, 60.00 feet, more or less, to the southwesterly corner of Lot 5, Block 2 of said Fiore Plat; thence northerly

³ Fiore Plat, recorded in Vol. 10 of Plats, page 22, as Doc. No. 649933

along the westerly line of Lots 1-5, said Block 2, 275.00 feet, more or less, to the southerly right of way of S. Brooks Street; thence continuing northerly, 66.00 feet, more or less, to the southeasterly corner of Lot 4, Block 1 of said Fiore Plat; thence westerly along the northerly right of way of said Brooks Street, 54.65 feet, more or less, to the southwesterly corner of said Lot 4; thence northeasterly 152.75 feet, more or less, to the northwesterly corner of said Lot 4, also being on the southwesterly line of Lot 1, Block 1 of said Fiore Plat; thence northwesterly along said southwesterly lot line, 110.1 feet, more or less, to the westerly corner of said Lot 1; thence northeasterly along the northwesterly line of said Lot 1, also being the southeasterly line of Lot 9, Block 1, Vogel's Addition to the City of Madison⁴, 73.6 feet, more or less, to the southeast corner of said Lot 9; thence continue northeasterly along said northwesterly line of said Lot 1, 24.0 feet, more or less, to the northeasterly line of a private right of way; thence northwesterly parallel with and 24 feet northeasterly of and perpendicular measure to the northeasterly line of said Vogel's Addition Plat line, and along the northeasterly line of said private right of way, 492.8 feet, more or less, to the northerly corner of said private right of way, also being the southeasterly right of way of Haywood Drive (platted as Ridgewood Avenue); thence northerly, 72.75 feet, more or less, to the southerly corner of Lot 1, Block 2, Back Bay Subdivision⁵ and the northerly right of way of said Haywood Drive, also being the southeasterly corner of Lot 6, said Block 2; thence northwesterly along the southwesterly line of Lots 1-5, of said Block 2, 204.3 feet, more or less, to the northwesterly corner of Lot 5, said Block 2, and the southeasterly right of way of Delaplaine Court (platted as Wingra Court); thence northwesterly, 37 feet, more or less, to the southeasterly line of Lot 2, Certified Survey Map No. 11314⁶, and the northwesterly right of way of said Delaplaine Court; thence northeasterly along said northwesterly right of way, 100.0 feet, more or less, to the southeasterly corner of said Lot 2, and the southwesterly right of way of S. Park Street (U.S.H. 151); thence northeasterly 149 feet, more or less, to the northwesterly corner of Lot 1, Certified Survey Map No. 12999⁷ and the northeasterly right of way of S. Park Street (U.S.H. 151); thence easterly along the northerly line of said Lot 1, 92.42 feet, more or less, to the northeasterly corner of said Lot 1, also being the northwest corner of Lot 1, Plat of Addition to West Bay⁸; thence southeasterly along the northeast line of said C.S.M. 12999 and along the northeast line of Lots 6-8, Plat of West Bay⁹, 261.60 feet, more or less, to the easterly corner of Lot 8, said Plat of West Bay; thence southwesterly along the southeasterly line of said Lot 8, 99.4 feet, more or less, to the northeasterly right of way of S. Park Street (U.S.H. 151); thence southeasterly along the northeasterly line of S. Park Street (U.S.H. 151), 360.0 feet, more or less, to the northwesterly line of Lot 18, said Plat of West Bay; thence northeasterly along the northwesterly line of said Lot 18, 100.0 feet, more or less, to the northerly corner of said Lot 18; thence southeasterly along the northeasterly line of said Lot 18, 26.6 feet, more or less, to the easterly corner thereof, said point also being on a line 100.0 feet perpendicular measure to and parallel with the easterly right of way of S. Park Street (U.S.H. 151); thence southeasterly along said parallel line, 54.75 feet, more or less, to a point 34 feet, more or less, northeasterly from the easterly corner of Lot 19 of said Plat of West Bay and perpendicular measure to the right of way of said S. Park Street (U.S.H. 151); thence southwesterly, perpendicular to said S. Park Street, 34 feet, more or less, to the southeasterly corner of said Lot 19; thence southwesterly along the southeasterly line of said Lot 19, 65.8 feet, more or less, to the northeasterly right of way of S. Park Street (U.S.H. 151); thence

⁴ Vogel's Addition to the City of Madison, recorded in Vol. 13 of Plats, page 41, as Doc. No. 796988

⁵ Back Bay Subdivision, recorded in Vol. 2 of Plats, page 52, as Doc. No. 248744

⁶ Certified Survey Map No. 11314, recorded in Vol. 68 of Certified Survey Maps, page 229-232, as Doc. No. 4017355

⁷ Certified Survey Map No. 12999, recorded in Vol. 83 of Certified Survey Maps, page 74-78, as Doc. No. 4701287

⁸ Plat of Addition to West Bay, recorded in Vol. 4 of Plats, page 17A, as Doc. No. 322235

⁹ Plat of West Bay, recorded in Vol. 4 of Plats, Page 16, as Doc. No. 287140

southeasterly along the northeasterly right of way of S. Park Street (U.S.H. 151), 388.5 feet, more or less, to the northwest line of the southeast 8 inches of Lot 22, Block 10, South Madison¹⁰; thence northeasterly along said northwest line, 100.00 feet, more or less to the northeast line of the southwest 120 feet of said Lot 22; thence southeasterly along said northeast line, 8 inches, more or less to the southeast line of said Lot 22; thence northeasterly along said southeast line of Lot 22, 30 feet, more or less to the northeast line of the southwest 150 feet of Lot 21, Block 10, of said South Madison; thence southeasterly along said northeast line, 50.0 feet, more or less to the south line of said Lot 21; thence northeasterly along said south line of Lot 21, 9.75 feet, more or less, to the northeast line of the southwest 159.75 feet of Lot 20, Block 10, South Madison; thence southeasterly along said northeast line, 50.00 feet, more or less, to the northwesterly line of Lot 13, Block 10, Richmond Replat¹¹; thence southwesterly along said northwesterly line, 0.58 feet, more or less, to the northeasterly corner of Lot 19, Block 10, South Madison; thence southerly along the westerly line of aforementioned Lot 13, also being the easterly line of Lots 18 and 19, said Block 10, 127 feet, more or less, to the northerly right of way of W. Lakeside Street and the southeast corner of said Lot 18; thence southeasterly, 127.1 feet, more or less, to the northeasterly corner of Lot 15, Block 6, of said South Madison, and the southerly right of way of said W. Lakeside Street and the southwesterly right of way of an alley; thence southeasterly along said southwesterly line, 264.67 feet, more or less, to the northeasterly corner of Lot 10 said Block 6, also being on the westerly line of Lot 8 of said Block 6; thence southerly along said westerly line, 87.85 feet, more or less, to the southwesterly corner of said Lot 8, and the northerly right of way of Emerson Street; thence southeasterly, 116.6 feet, more or less, to the northeasterly corner of Lot 10, Block 3 of said South Madison, and being the southerly right of way of said Emerson Street and being the southwesterly right of way of an alley; thence southeasterly along said southwesterly line of an alley, 191.15 feet, more or less, to the southwesterly corner of the alley and to an easterly corner of Lot 6, of said Block 3; thence easterly along the northeasterly line of said Lot 6, 2.85 feet, more or less, to the northeast corner of Lot 6, said point also being the northwesterly corner of Lot 4 of said Block 3; thence southerly along the westerly line of said Lot 4, 150 feet, more or less, to the southwesterly corner of said Lot 4, and the northerly right of way of W. Olin Avenue (platted as Pond Street); thence southwesterly, 68 feet, more or less, to the intersection of the northeasterly right of way of S. Park Street (U.S.H. 151) with the south right of way of said W. Olin Avenue, and the north line of Woodlawn Addition to South Madison¹²; thence southeasterly along said northeasterly right of way, to the intersection with the northerly right of way of Spruce Street; thence easterly along said northerly right of way of Spruce Street, 143.2 feet, more or less, to the southwesterly corner of Lot 16, Block 1, Woodlawn Addition to South Madison¹³; thence southwesterly, 66.25 feet, more or less, to the intersection of the southerly right of way of said Spruce Street with the easterly line of that parcel of land described in Warranty Deed¹⁴; thence southerly along said easterly line, 150 feet, more or less, to the southeasterly corner thereof, said point also being on the northerly right of way of an alley; thence southerly, 18 feet, more or less, to the intersection of the northeasterly right of way of S. Park Street (U.S.H. 151) with the southerly line of said alley; thence southeasterly along the northeasterly right of way of said S. Park Street (U.S.H. 151), 80.96 feet, more or less, to a bend point in said right of way; thence southeasterly along said northeasterly right of way, 106.93 feet, more

¹⁰ South Madison, recorded in Vol. A of Plats, page 20, as Doc. No. 180760

¹¹ Richmond Replat, recorded in Vol. 2 of Plats, page 6A, as Doc. No. 438487

¹² Woodlawn Addition to South Madison, recorded in Vol. 2 of Plats, page 6, as Doc. No. 223816

¹³ Woodlawn Addition to South Madison, recorded in Vol. 2 of Plats, page 6, as Doc. No. 223816

¹⁴ Warranty Deed, recorded in Volume 9230, page 28, as Doc. No. 1984057.

or less, to northerly right of way of Cedar Street; thence easterly along the northerly line of said Cedar Street, 150.00 feet, more or less, to the southeasterly corner of Lot 26, of said Block 2; thence southerly, 66 feet, more or less, to the southerly right of way of said Cedar Street, also being the intersection of the east line of the westerly 10 feet of Lot 2, Block 6, said Woodlawn Addition to South Madison with said right of way; thence southerly along said east line, 110.00 feet, more or less, to the northeasterly right of way of Beld Street (platted as Oregon Street), said point being on the southwesterly line of said Block 6; thence southeasterly along said northeasterly right of way, 222.6 feet, more or less, to a bend point of said Block 6; thence southeasterly along said northeasterly right of way, 45.2 feet, more or less, to the intersection thereof with the northerly right of way of Pine Street; thence southeasterly along said northeasterly right of way of Beld Street to the northwesterly corner of Lot 1, Block 7, Block Seven Woodlawn¹⁵; thence southeasterly along said northeasterly right of way, 168.33 feet, more or less, to the northerly right of way of an alley and the southwest corner of Lot 2, Block 7, of said Block Seven Woodlawn; thence easterly along said northerly right of way, 303.05 feet, more or less, to the southeasterly corner of Lot 8, said Block 7, and the northwesterly right of way of Gilson Street (platted as Maple Street); thence northeasterly along said northwesterly right of way to a point 76.08 feet southwesterly of the northeasterly corner of Lot 9, Block 3, Woodlawn Addition to Madison, also being the southeasterly corner of Warranty Deed¹⁶; thence easterly, 70 feet, more or less, to the southwesterly corner of Lot 6, Block 4, said Woodlawn Addition to South Madison; thence southeasterly along the south line of said Lot 6, 181.75 feet (179.8 feet per Woodlawn Addn to South Madison), more or less, to the southeast corner of said Lot 6; thence southeasterly along the southeasterly extension of the south line of said Lot 6 to a line parallel with and distant 15 feet westerly, measured radially, from the centerline of the main track of the Chicago and Tomah railroad company (now the Union Pacific Railway Company); thence northeasterly, along said parallel line, to the southeasterly extension of the north line of said Lot 6; thence northwesterly along said southeasterly extension to the northeast corner of said Lot 6 said Woodlawn Addition to South Madison, and to the southeast corner of Lot 5, also being the westerly right of way of aforementioned railroad; thence northerly along said westerly right of way, and along a curve to the left, also being the easterly line of Block 4 of said Woodlawn Addition to South Madison, 300.5 feet, more or less, to the southeasterly corner of Block 2, of Maple Court¹⁷; thence northerly along the easterly line of said Block 2, also being said railroad westerly right of way, 336.5 feet, more or less, to the northeasterly corner of said Block 2, and the south right of way of W. Olin Avenue; thence easterly along said south right of way to a point 100 feet, more or less, westerly of the intersection of the northerly extension of Warranty Deed¹⁸ with the south right of way line of W. Olin Avenue; thence southerly, 496.50 feet, more or less, to the northwesterly corner of Lot 1, Certified Survey Map 5781¹⁹; thence easterly along northerly line of said Lot 1, 20.19 feet, more or less, to the northeasterly corner of said Lot 1; thence southerly along the easterly line of said Lot 1, 731.35 feet, more or less, to a southeasterly corner of said C.S.M.; thence westerly along a southerly line of said C.S.M., 37.12 feet, more or less, to an easterly corner of said C.S.M.; thence southerly along an easterly line of said C.S.M. and an easterly line of Lot 2, said Certified Survey Map Number 5781, 308.57 feet, more or less, to the southeasterly corner of Lot 2 of said

¹⁵ Block Seven Woodlawn, recorded in Vol. 2 of Plats, page 25, as Doc. No. 237891A.

¹⁶ Warranty Deed, Doc. No. 3184391

¹⁷ Maple Court, recorded in Vol. 1 of Plats, page 33, as Doc. No. 213378

¹⁸ Warranty Deed recorded in Volume 246 of Deeds, page 17, Doc. No. 341754a

¹⁹ Certified Survey Map No. 5781, recorded in Vol. 27 of Certified Survey Maps, page 158-159, as Doc. No. 2129172, and corrected by Affidavit of Correction, recorded in Vol. 12837, page 36, as Doc. No. 2141048, and corrected by Affidavit of Correction, recorded in Vol. 12943, page 58, as Doc. No. 2145714.

Certified Survey Map No. 5781; thence westerly along the southerly line of said Lot 2, 452 feet, more or less, to the southwesterly corner of said Lot 2, also being on the easterly right of way of Union Pacific Railroad, also being a point of curvature; thence southwesterly along said easterly right of way, and along a curve to the right, 568.5 feet, more or less, to the northwest corner of Lot 12, Block 2 of Fair View Addition to South Madison²⁰ and to the easterly right of way of Beld Street; thence southwesterly 76.75 feet, more or less, to the intersection of the southeasterly right of way of Union Pacific Railroad with the westerly right of way of Beld Street as presently located per surplus railroad disposal deed Document No. 1603243; thence southwesterly along the northwesterly line of said disposal deed Document no. 1603243, 259.1 feet, more or less, to the point of intersection with a straight line drawn between the most easterly corners of S Park Street right-of-way acquisition Document Nos. 761131 and 763144 representing the easterly right of way of S. Park Street (U.S.H. 151); thence westerly in a straight line, 167 feet, more or less, to the most easterly corner of that parcel of land described in Trustee Deed²¹, and the northwesterly right of way of Union Pacific Railroad, and to the west right of way of S. Park Street (U.S.H. 151); thence southwesterly along the southeasterly line of said Trustee Deed, and along the northwesterly right of way of said Union Pacific Railroad, 1089.75 feet, more or less, to the southeasterly corner of said Trustee Deed, and to the South line of the Southwest Quarter of Section 26, Township 07 North, Range 09 East; thence westerly along said South line, 206.6 feet, more or less, to the southwesterly corner of said Trustee Deed, also being the east line of Certified Survey Map Number (CSM#) 8380²²; thence northerly along the westerly line of said parcel, and along the east line of said C.S.M., 218.00 feet, more or less, to a westerly corner of said Trustee Deed; thence northeasterly along the northwesterly line of said Trustee Deed, and the east line of said C.S.M., also being the southeast line of C.S.M.#4420²³, 732.4 feet (734.8 ft per the platted distance from CSM 4420), more or less, to a westerly corner said Trustee Deed; thence northerly along the westerly line of said parcel, and along the east line of said C.S.M. #4420, 447.6 feet (447.48 ft per the platted distance from CSM 4420), more or less, to the northwest corner of said Trustee Deed, and to the south right of way of Plaenert Drive; thence easterly along said south right of way of Plaenert Drive, 424.0 feet, more or less, to the intersection thereof with the westerly right of way of S. Park Street (U.S.H. 151), also being the northeast corner of said Trustee Deed; thence northerly along the westerly right of way of S. Park Street (U.S.H. 151), 166.0 feet, more or less, to the intersection thereof with the south right of way of Wingra Drive; thence westerly along said south right of way of Wingra Drive, 1019.5 feet, more or less, to the intersection with the southerly extension of the westerly right of way of South Street; thence northerly along said extended west right of way of South Street and along the west right of way of South Street, 294 feet, more or less, to the southeast corner of that parcel described in DEED²⁴; thence westerly along southerly line of said parcel and along a line parallel with and 60 feet northerly of and perpendicular measure to the south line of Lot 4, Block 2, Haen Subdivision No. 1²⁵, 276.4 feet, more or less, to the southwesterly corner of said DEED and the west line of said Lot 4; thence northerly along the westerly line of said DEED and of said Lot 4, 143.89 feet, more or less, to the northwesterly corner of said Lot 4; thence northwesterly along the southwesterly line of Lot 7, Haen Subdivision No. 1, 131.18 feet (129.65 ft per Haen Subdivision No. 1), more or less, to the western corner of said Lot 7, and to the easterly right of way of Fish Hatchery Road (platted as

²⁰ Fair View Addition to South Madison, recorded in Vol. 4 of Plats, page 7, as Doc. No. 281472A

²¹ Trustee Deed recorded as Doc. No. 3485185

²² Certified Survey Map Number 8380, recorded in Vol. 45, pages 234-237, Doc. No. 2805197.

²³ C.S.M.#4420, recorded in Vol. 19, pages 88-89, Doc. No. 1842428

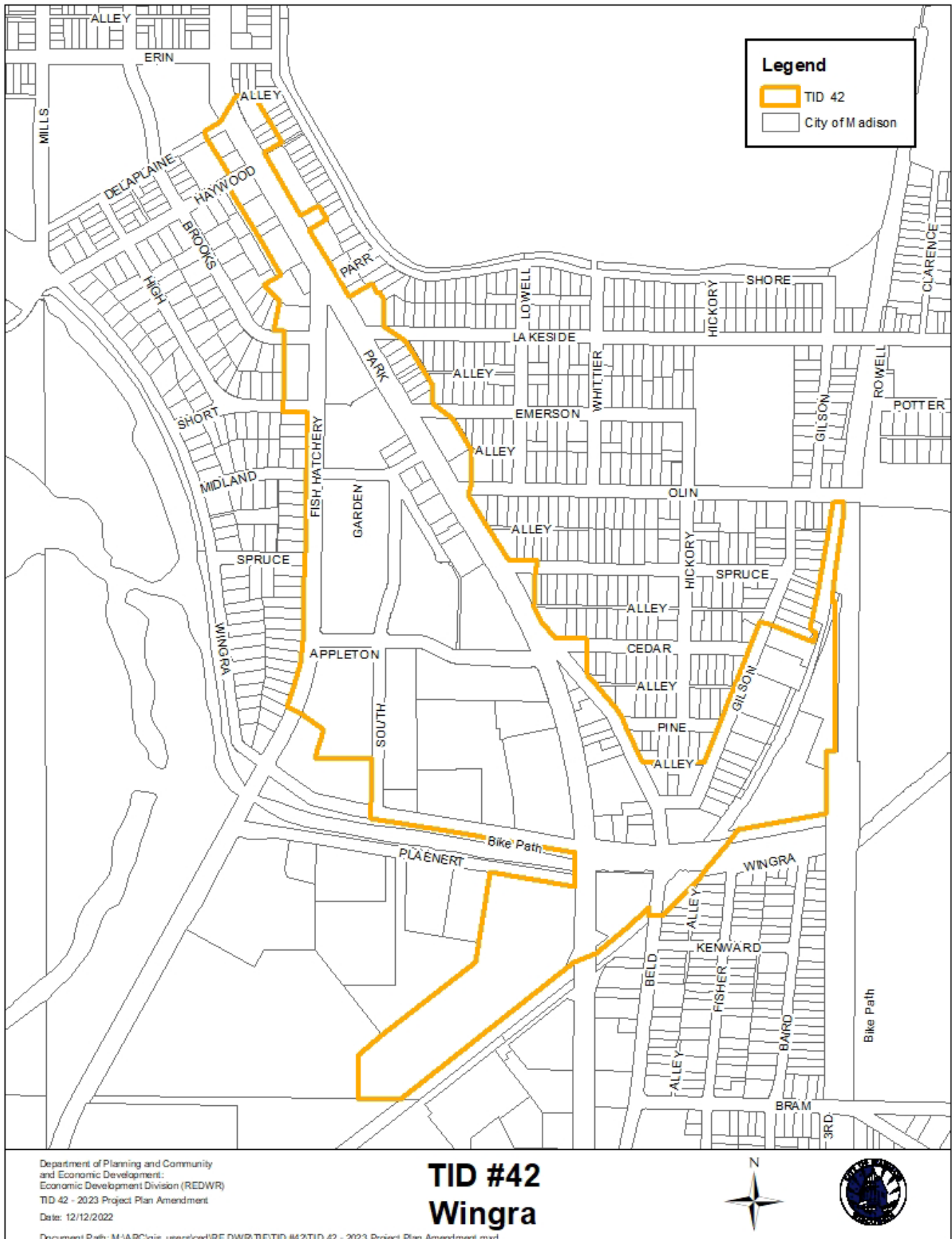
²⁴ DEED, recorded in Vol. 14527, page 97, Doc. No. 2214469

²⁵ Haen Subdivision No. 1, recorded in Vol. 23 of Plats, on pages 38-39, Doc. No. 998984

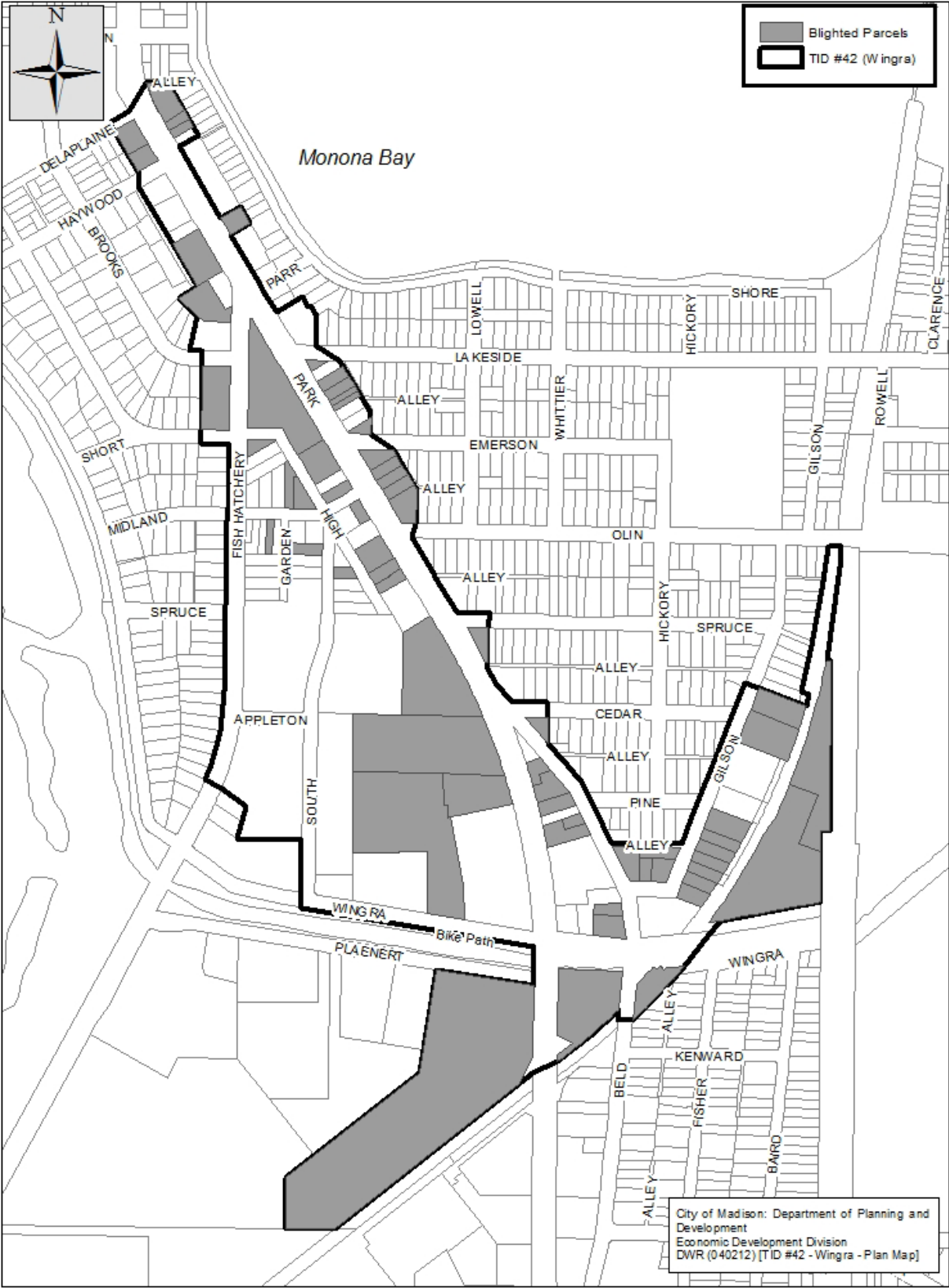
Fitchburg Street); thence northwesterly, 80.54 feet, more or less, to the southeast corner of Lot 20, Wingra Drive Addition²⁶, also being the westerly right of way of Fish Hatchery Road; thence northeasterly and northerly along said westerly right of way of Fish Hatchery Road to the **Point of Beginning**.

²⁶ Wingra Drive Addition, recorded in Vol. 12 of Plats, page 27, recorded as Doc. No. 754548
1/24/2023

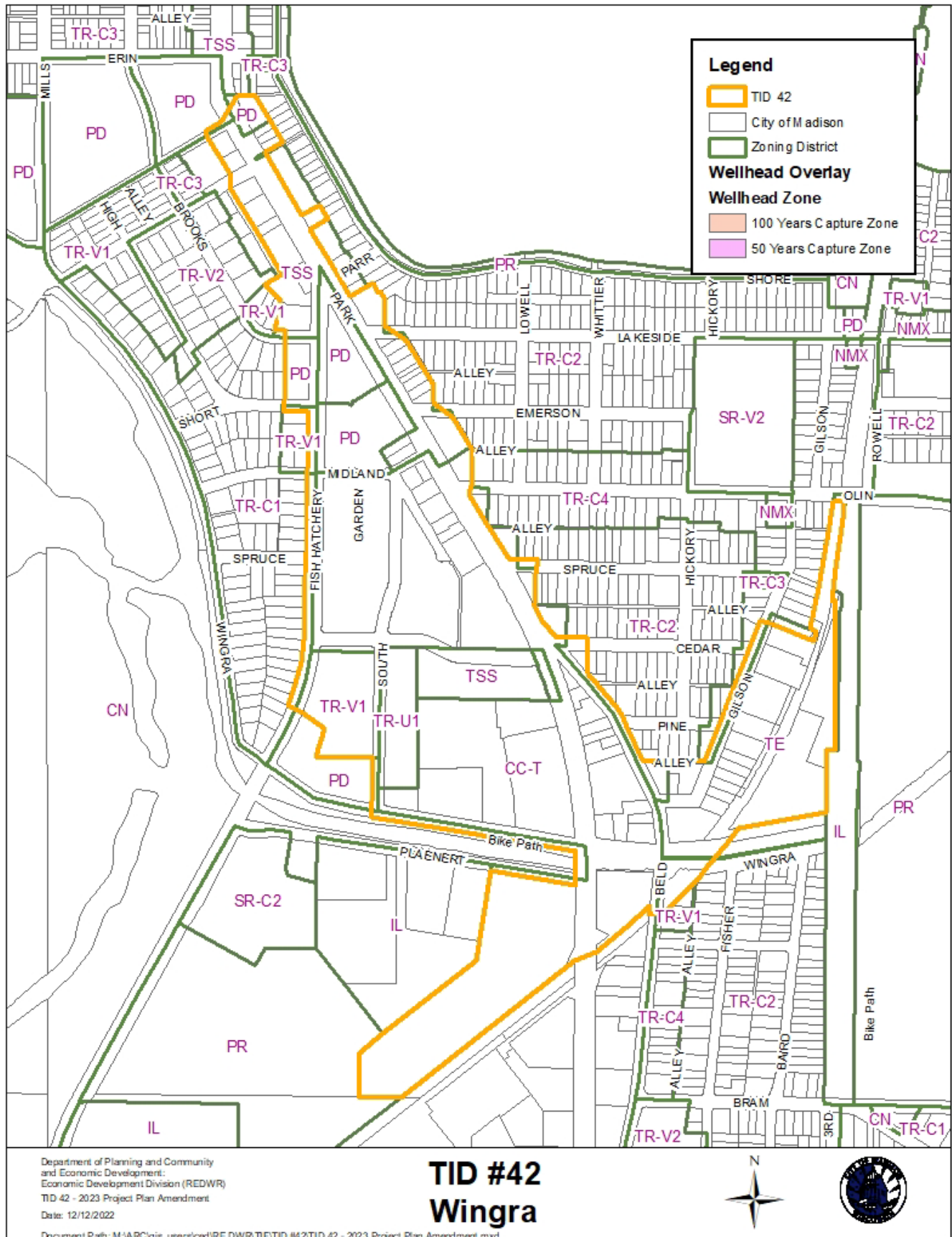
District Boundary



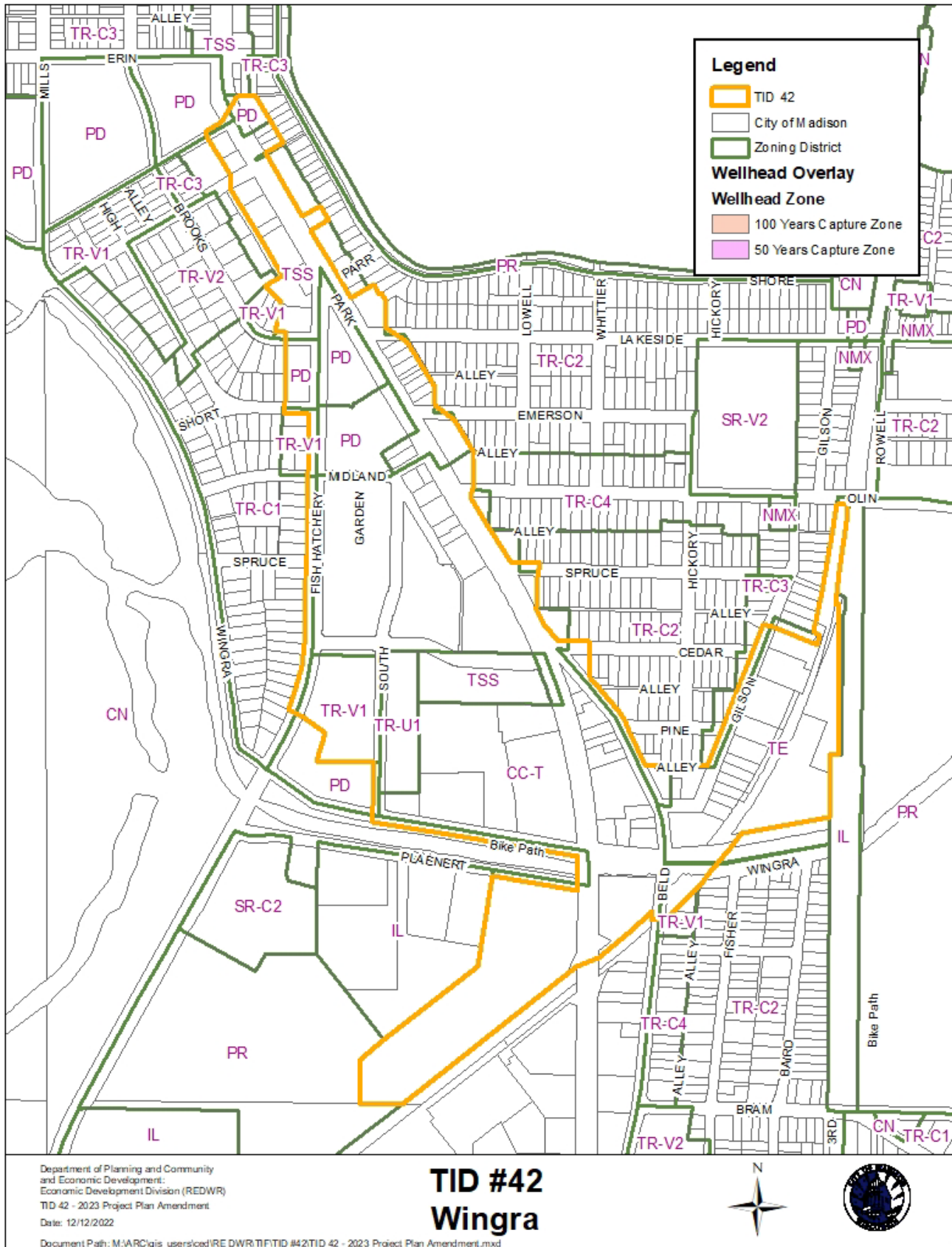
Existing Conditions (Blight Map)



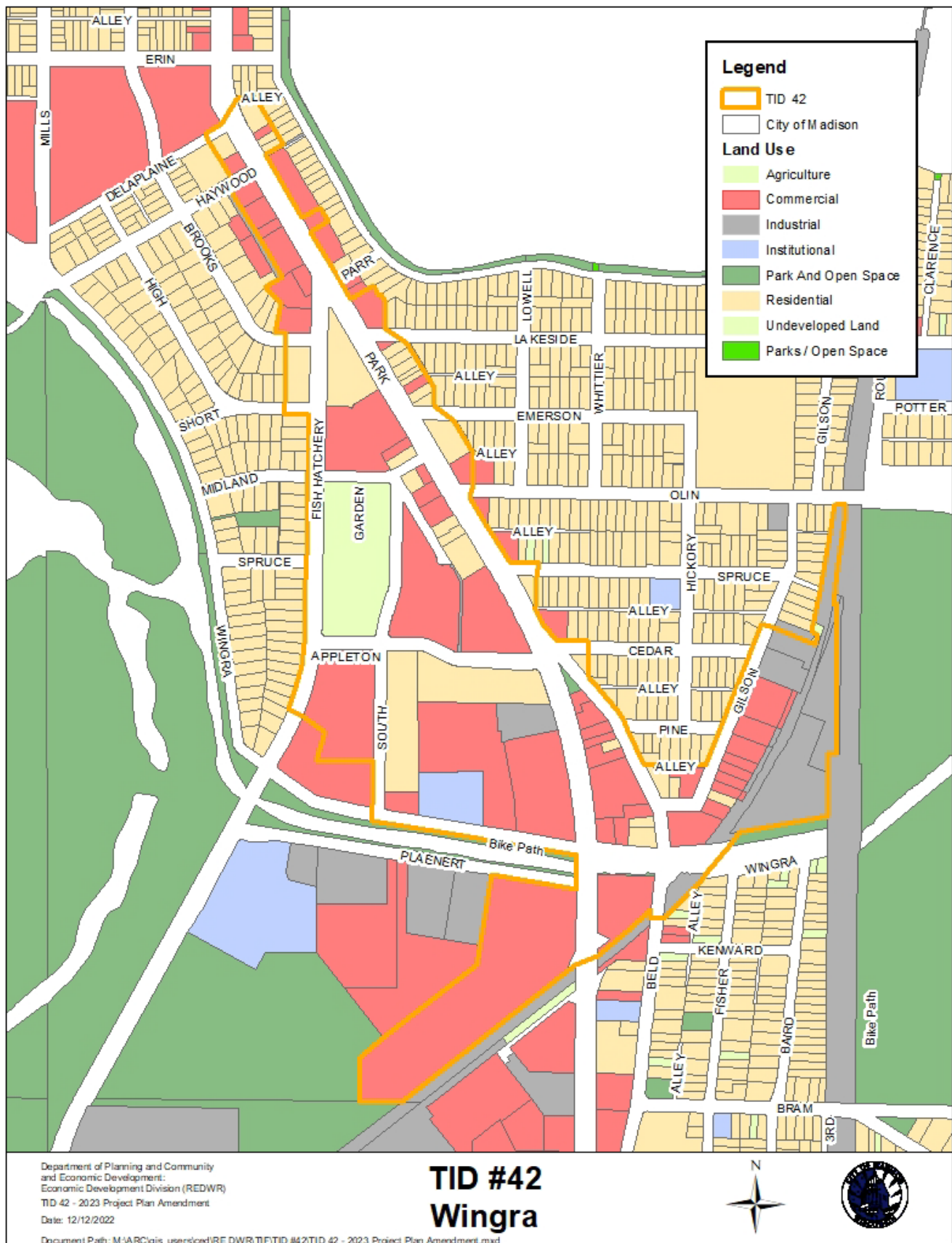
Existing Zoning



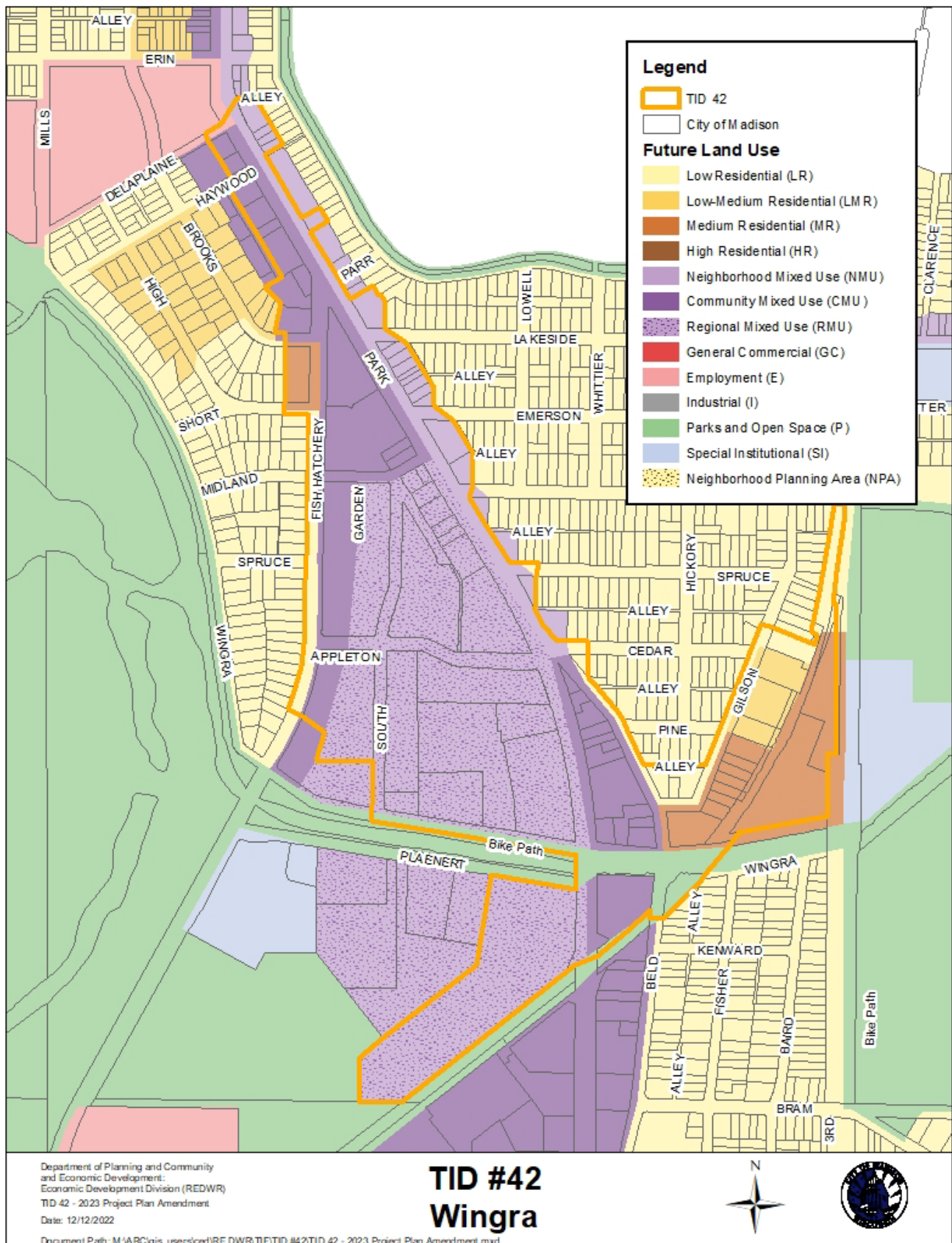
Proposed Zoning



Existing Land Use



Proposed Land Use



City Attorney Opinion Letter



Office of the City Attorney

Michael R. Haas, City Attorney

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PARALEGAL
Ryan M. Riley

January 12, 2023

TO: Joseph E. Gromacki, TIF Coordinator
FROM: Matthew Robles, Assistant City Attorney
SUBJECT: Project Plan Amendment for TIF District No. 42 - City of Madison (Wingra)

Dear Mr. Gromacki:

In my capacity as Assistant City Attorney for the City of Madison, Wisconsin, I have examined the Amendment to the Project Plan for Tax Incremental Finance District No. 42, City of Madison, Wisconsin, dated July 3, 2012 and proposed for amendment in 2023. Based on this examination, I am of the opinion that the amended Project Plan is complete and complies with the provisions of Secs. 66.1105(4)(f) and (h), Wis. Stats.

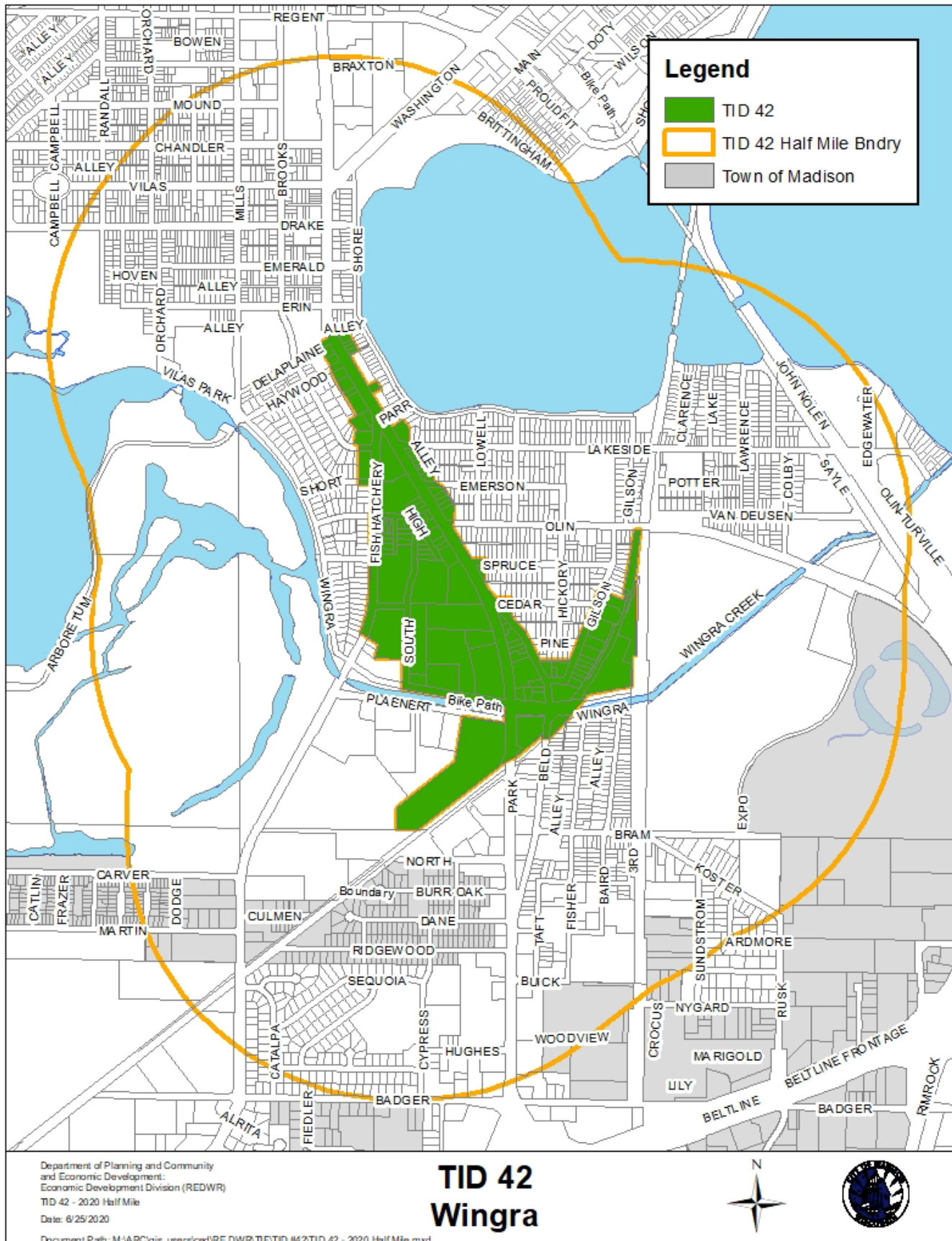
I render no opinion with respect to the accuracy or validity of any statement and/or finding contained in the Project Plan, but direct City officials to review the reports of City staff as regards to the Plan.

Sincerely,

A handwritten signature in blue ink, appearing to read "Matthew D. Robles".

Matthew D. Robles
Assistant City Attorney

Half Mile Boundary



Donor Plan Appendix

Background

TIF Law allows excess tax increment funds to be transferred between certain TIF districts if the TIF Joint Review Board approves such allocations and if the TIDs have the same overlying taxing jurisdictions. TIF Law refers to this relationship as “donor-recipient.” According to TIF Law, positive increments may be transferred from a “donor” TID to a recipient district as part of a “donor-recipient plan.”

TIF Law requires that the project plans be amended for donor TIF districts and recipient districts in the event that new project expenditures are incurred that were not outlined in the original project plan.

The Common Council is considering adoption of a resolution approving an amendment to the Project Plan for TID 39 (Stoughton Rd). The resolution would establish TID 39 as a donor TID. The resolution and one-year donor-recipient allocation plan anticipate a transfer of positive increments to TID 42 (Wingra). Assuming the project plan amendment is completed for TID 39, this project plan amendment for TID 42 will be completed that would establish TID 42 as a recipient TID.

Current Status:

TID 39 (Stoughton Rd)

TID 39 was created on September 2, 2008. To date, the City has provided a loan to Dane County Data Exchange. In addition, The City has provided funds for the reconstruction of Femrite Drive. Through the end of 2019, the City had authorized approximately \$3.5 million of expenditures in TID 39. Total capital costs identified in the Project Plan are \$7,762,000. The City estimates that TID 39 had an estimated incremental value of \$104 million in 2019. The City estimates that TID 39 will receive approximately \$2.5 million in incremental revenue in 2020. The expenditure deadline for TID 39 is Sept 2, 2023. As of December 31, 2019, the City estimates that TID 39 will have \$1M of unrecovered costs.

Given the amount of outstanding debt in TID 39, the level of incremental revenue that TID 39 is generating, the planned costs in TID 42, and the City's desire to invest in South Madison, TID 39 is a potential donor to TID 42.

2021 Project Plan Amendment

The City estimates that TID 39 has an estimated incremental value of \$114 million in 2020. The City estimates that TID 39 will receive approximately \$3.5 million in incremental revenue in 2021. The expenditure deadline for TID 39 is Sept 2, 2023. As of December 31, 2020, the City estimates that TID 39 will have \$868,000 of excess incremental revenue.

Given the amount of outstanding debt in TID 39, the level of incremental revenue that TID 39 is generating, the planned costs in and adjacent to TID 42, and the City's desire to invest in South Madison, TID 39 continues to be a potential donor to TID 42.

2022 Project Plan Amendment

The City estimates that TID 36 has an estimated incremental value of \$451 million and TID 39 has an estimated incremental value of \$121 million in 2021. The City estimates that TID 36 will receive approximately \$10 million in incremental revenue and TID 39 will receive approximately \$2.7 million in incremental revenue in 2022. The expenditure deadline for TID 39 is Sept 2, 2023, and the expenditure deadline for TID 36 is September 6, 2027. As of December 31, 2021, the City estimates that TID 36 will have \$12.7 million of outstanding debt, while TID 39 will have \$2.9 million of excess incremental revenue.

Given the amount of outstanding debt in TID 36, coupled with its anticipated incremental revenues, and the excess incremental revenue in TID 39, the planned costs in and adjacent to TID 42, and the City's desire to continue to invest in South Madison, TIDs 36 and 39 continue to be potential donors to TID 42.

2023 Project Plan Amendment

The City estimates that TID 36 has an estimated incremental value of \$489 million in 2022. The City estimates that TID 36 will receive approximately \$11.2 million in incremental revenue in 2023. The expenditure deadline for TID 36 is September 6, 2027. As of December 31, 2021, the City estimates that TID 36 will have \$4.9 million of excess tax incremental revenue.

Given the amount of excess incremental revenue in TID 36, coupled with its anticipated incremental revenues, and the planned expenditures and donations, TID 36 has been identified as a potential donor to TID 42.

TID 42 (Wingra)

TID 42 was created on July 3, 2012. The City has spent TID funds to assist with the Wingra Clinic development (\$1.8 million) and with the purchase of 1402 South Park Street from the Federal Government (the former Truman Olson Army Reserve Center). As of December 31, 2019, the City has spent approximately \$3,825,000 in TID 42, with an additional \$1,630,500 budgeted for expenditure in 2020 (total of \$5,456,300). In 2019, TID 42 had an estimated incremental value of \$28 million, which generates approximate \$677,000 of incremental revenue per year.

On Oct 31, 2022, the Town of Madison will dissolve and the City of Madison will take be faced with major infrastructure challenges, decades of neglect, a struggling local small business landscape, and the challenge of the potential for large scale displacement due to redevelopment and rapidly approaching gentrification. To begin to address these issues, the City is separately proposing to amend the TID 42 project plan to expand the City's investments in infrastructure, provide assistance to small businesses, begin land-banking activities, and other investments designed specifically to support the residents of South Madison.

Following the dissolution of the Town of Madison in 2022, the City will create a new South Madison TID in 2023. However, the City wishes to begin investing in South Madison immediately to begin addressing these issues. Establishing a donor-recipient plan between TIDs 39 and 42 begins that process.

Recommendation

It is the City's general practice to create a TID, wait for it to generate incremental revenue, and then begin investing in public projects. Because of the combined factors facing South Madison, including, but not limited to:

- Historic neglect;
- Rapidly approaching redevelopment and gentrification;
- The potential for large scale displacement of existing residents;
- A diverse population with a high number of low-income residents;
- A need to assist local businesses;

The City proposes to take action in advance by amending the TID 42 project plan to:

- Expand infrastructure investments;
- Provide assistance to small businesses;
- Begin land-banking activities;
- Other actions that will directly address the challenges facing the residents of South Madison.

As TID 42 is not yet generating sufficient increment to pay for the proposed amended project costs in and adjacent to TID 42, the City proposes to amend TID 39 to donate excess incremental revenues to TID 42. It is the City's general practice to retire TIF districts within 10-12 years rather than extend their life to the full 20- or 27-year period (depending on their creation date) so that overlying taxing jurisdictions may receive the tax benefits of new growth sooner, rather than later. This practice also secures the City's flexibility to create future TIDs while complying with the 12% equalized value test required in TIF Law.

However, the requirements for investing in South Madison are such that the City is proposing a different approach. Previous TIDs in revitalization areas, such as TID 38 (Badger Ann Park) and TID 40 (Northside), borrowed funds to invest in infrastructure, awaiting value growth that did not occur. The City resorted to donor TIDs to repay the TID borrowing. If such donor TIDs were not available, the City would have had to repay such borrowing from its General Fund. Donor TIDs only

exist for a brief period of time, in that they have recovered their cost and have excess tax increment available. By TIF Law, they must be used as donors or must close.

Given these previous experiences, and the fact that TID 39 is forecasted to generate excess tax increment in 2020, the City is proposing to preemptively donate excess incremental revenues from successful TIDs, such as TID 39, into an area of South Madison located in TID 42 in the City of Madison corporate limit to ensure that any TID that is created there in the near future is ultimately successful. Since the City cannot create a South Madison TID that will incorporate parcels that are currently in the Town of Madison until after the Town dissolves in 2022, the City is proposing to begin investing TID funds to improve the northern section of South Madison starting in 2020 through donated increment from TID 39 to TID 42.

In accordance with this intention and recognizing that the expenditure period for TID 39 ends in 2023, **and owing specifically to the economic concern caused by the COVID-19 pandemic**, Staff recommends that the TID 39 Project Plan be amended to provide for an initial one-year donor allocation period. TID 39 will thereby extend its forecasted lifespan one additional year to aide in covering these project costs. **As the economy recovers from the COVID-19 pandemic, and economic conditions allow**, the City intends to return to the Joint Review Board, economic conditions permitting, in subsequent years to request that the JRB consider a proposal to amend the donor recipient plan based upon current figures to allow additional incremental revenue to be donated from TID 39 to TID 42. The total amount of incremental revenue from TID 39 to be allocated to TID 42 is \$1,700,000 in 2020. This initial donor plan does not include any future donations from TID 39 to TID 42. The allocation over the next four years is shown in the schedule below.

2022 Project Plan Amendment

To continue investing in South Madison, the City of Madison is proposing to invest another \$7,000,000 of donated incremental revenue from TID 36 and TID 39 to TID 42. The updated donor plan and allocation is shown in the schedule below.

2023 Project Plan Amendment

To continue investing in South Madison following the dissolution of the Town of Madison, the City of Madison is proposing to invest an additional \$2,800,000 of donated incremental revenue from TID 36 to TID 42. The updated donor plan and allocation is shown in the schedule below.

Donor District	2020	2021	2022	2023	2024	2025	2026	Total
TID 39	\$1,700,000	\$0	\$0	\$0	\$0	\$0	\$0	\$1,700,000
TID 39 (2021 Donation)		\$3,000,000						\$3,000,000
TID 39 (2022 Donation)		\$	\$3,000,000	\$0	\$0	\$0	\$0	\$3,000,000
TID 36 (2022 Donation)			\$4,000,000	\$0	\$0	\$0	\$0	\$4,000,000
TID 36 (2023 Donation)				\$2,800,000	\$0	\$0	\$0	\$2,800,000
Total Donation								\$14,500,000
Recipient District								
TID 42	\$1,700,000	\$0	\$0	\$0	\$0	\$0	\$0	\$1,700,000
TID 42 (2021 Received)	\$0	\$3,000,000	\$0	\$0	\$0	\$0	\$0	\$3,000,000
TID 42 (2022 Received)			\$7,000,000	\$0	\$0	\$0	\$0	\$7,000,000
TID 42 (2023 Received)				\$2,800,000	\$0	\$0	\$0	\$2,800,000
Total Received								\$14,500,000

The 2021 Project Plan Amendment and Donation do not alter any of the other terms of the previously adopted Project Plan, other than donating an additional \$3,000,000 of incremental revenue to TID 42 and the other previously described costs herein.

Urban League of Greater Madison Homeownership & Wealth Building Program

THE CRISIS

The National Association of Realtors released a report on February 25, 2020 which found that minority homeownership rates continue to lag behind the national average. The report found Wisconsin to have the 3rd lowest Black homeownership rate nation – 23% compared with a national average of 45%. Here in Dane County, the rate is even worse at 10.1%.

Owning a home represents the stability, safety, and independence of the American dream. Homeownership has also been key to generational wealth accumulation and transfer, and accounts for a critical reason why Black families are less able to weather an economic crisis (think COVID-19), less able to start their own businesses, and so much more. It's a huge reason why the net worth of a typical white family is nearly ten times greater than that of a Black family.

While government and philanthropic efforts have invested significantly in affordable rental housing over the last decade, little attention has been given to closing this homeownership and wealth gap.

THE OPPORTUNITY

The Urban League of Greater Madison has a successful track record of helping families become homeowners. This includes a longstanding partnership with the City of Madison. Over the years, our Single Family Homeownership Program has acquired and renovated 57 homes. Using a lease-to-purchase model, 51 homes have been sold to families with just 6 more left to sell (in 2021). Over \$2,500,000 in equity has been passed along to these families. Moreover, these families have shown significant growth in income, savings, and other assets as a result of having quality, stable housing.

Since the fall of 2019, the Urban League has been working to design the next iteration of its homeownership program. In April of this year, we inked the terms of an innovative new homeownership program with a national CDFI, Wisconsin Housing and Economic Development Agency (WHEDA), and Wells Fargo Bank. The Urban League will utilize approximately \$4,000,000 in New Markets Tax Credit (NMTC) financing to purchase, renovate, and sell 15 to 20 homes to low and moderate income families. All homes will be located in NMTC Qualified Low Income Census Tracts and at least 70% will be located in Census Tracts that are severely distressed.

It is also important to note that this project will have a much longer and larger impact on the ULGM's housing and economic development strategy. As we build out this program, ULGM will be adding two essential positions to its staff team – one focused on real estate development and one focused on providing HUD-approved homeownership counseling and training services. Combined with our existing leadership team, this group will also be pursuing additional single family, multi-family, and commercial development projects. Finally, ULGM and investment partners in this project are approaching this innovative use of NMTC as a prototype that can be replicated and scaled up locally and nationally.

OUR REQUEST

The COVID-19 pandemic has severely limited the availability of homes for sale in our target price range (under \$225,000) and in our target NMTC qualified geography (South Madison, particularly the Burr Oaks and Brams Addition neighborhoods). As a result home prices are increasing, which is pressuring our affordability goals. The Urban League is requesting \$200,000 from the City of Madison to support this initiative. All funds will be used to provide direct assistance to participating families. Funds will be deployed in the form of forgivable mortgages averaging \$15,000 to \$20,000 per home and/or as a 50% match to the required savings/wealth building account that will be required of each family in lieu of a principal payment.

OUR PROGRAM MODEL (DRAFT)

Program Model Overview	The program offers an alternative path to homeownership and wealth building by offering up to 7 years of financing to purchase homes that have been recently remodeled. Families will build equity and wealth while receiving the coaching and support to acquire traditional mortgage financing after the 7-year program period.
Terms & Benefits	No down payment. Interest only payments for up to 7 years plus wealth building savings program. Free pre- and post-purchase homeowner and financial empowerment training and coaching. Must maintain escrow for taxes and active homeowners insurance. Must obtain own financing at end of program.
2020 Income requirements	Household income must be no less than 50% and no more than 120% of Dane County Median income adjusted for family size.
Asset limits	Borrower cannot have more than 5% of the purchase price in cash/assets at time of closing. This does not include 401K, IRA's or other retirement accounts.
Ratios	• Housing-to-income ratio not more than 31% • Debt-to-income ratio not more than 43%
Credit	• Minimum credit score of 380. • Bankruptcies must be 2 years past discharge of full bankruptcy. • No foreclosure within 7 years. Any judgements must be paid in full. • 12 months of no late payments on loans, utilities and credit cards.
Landlord verification	12 months of no late payments on rent.
Training & Education	Must have documented completion of a homebuyer education program. Homebuyer certificate cannot be more than one year old. Must agree to participate in ongoing homeownership and financial empowerment training and counseling with ULGM throughout the duration of the program.
Other	May not own other property at time of closing. Civil or criminal judgements for property damage, drug dealing, or domestic or other crimes of violence may preclude eligibility.