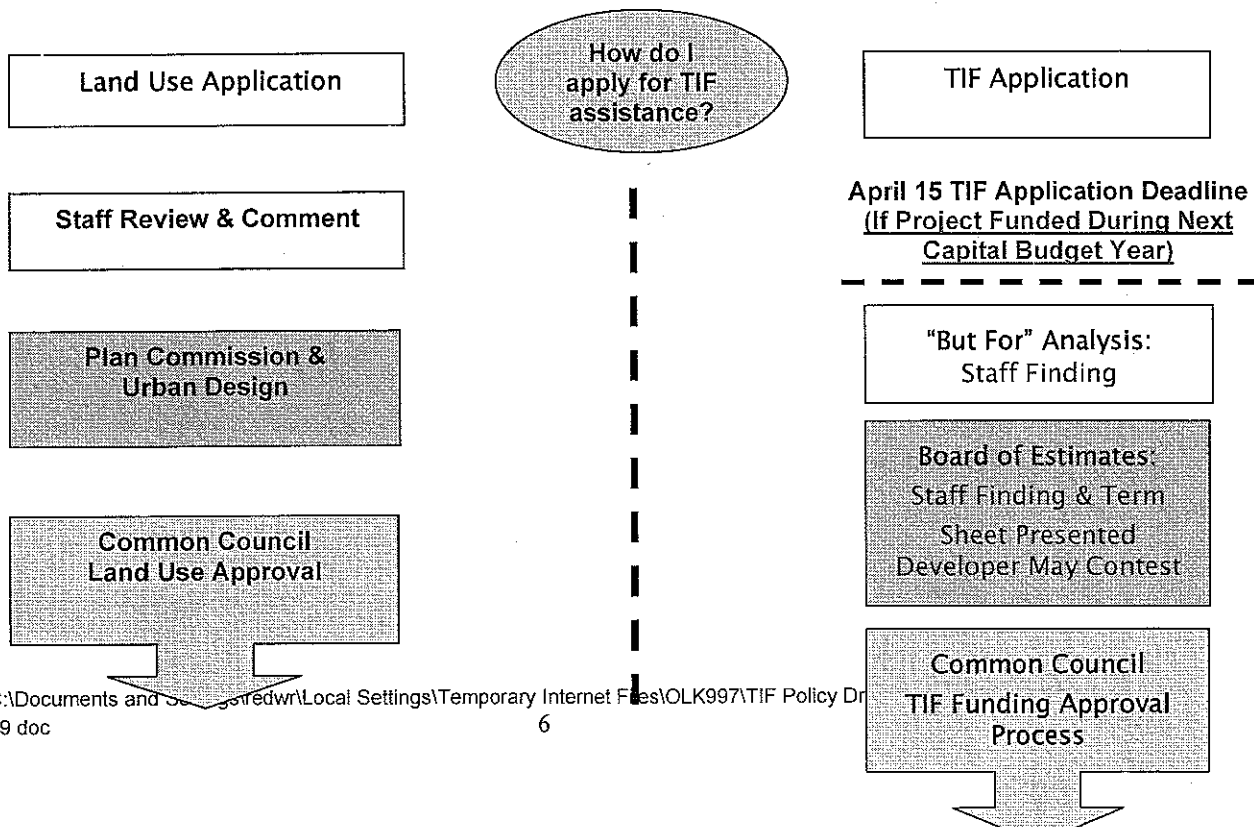


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TIF assistance recommendation or conclude negotiations in the event that information has not been presented to its satisfaction or the proposed project lacks feasibility. The application must demonstrate gap and the project's potential eligibility for TIF consideration including completion of due diligence concerning market feasibility, site conditions and satisfactory meetings with the district alder and planning staff concerning building height, density and other land use issues.

- (3) **TIF Application Without A TID (Figure 2b).** The City of Madison requires approximately five (5) months to create or amend a TID. TIF Law requires that all districts be either created or amended by September 30 of each year in order to be certified for that year. Developers seeking TIF assistance for development on a parcel or parcels that is not located in a TID boundary, and requires either the amendment or the creation of a TID as part of their request for TIF assistance shall apply for and receive TIF and land use approvals by the Common Council no later than April 15.
- (4) **Application Fee.** Developers shall pay a TIF Application Fee in the amount of ~~5%~~ ^{1/2} of one percent of the amount requested, non-refundable, upon submission of the initial TIF Application or initial spreadsheet(s) representing a request for TIF assistance.
- (5) **Term Sheet.** *and alder of the district* Prior to closed session consideration by the Board of Estimates, staff shall provide developer with a term sheet indicating the loan terms, conditions and applicable ordinances required by the City of Madison for providing TIF assistance. Staff shall draft a funding resolution upon Board of Estimates closed session approval and receipt of a term sheet that incorporates the terms and conditions found therein. *and district alder*
- (6) **Board of Estimates Presentations: Staff & Developer.** The staff finding is presented to the Board of Estimates in closed session. Prior to the closed session meeting, the TIF Team shall provide the developer with a written report of its recommendation including: 1) the amount of the TIF request 2) the amount of TIF (if any) recommended and 3) a general statement of comments or issues concerning the project and its conformance to TIF Objectives and Policy. Said report shall be made available to the public, attached to the Board of Estimates agenda, as an electronic document. The Developer may comment on the staff analysis and recommendation at the open session of the meeting.

Figure 2a. – Simultaneous TIF, Land Use Review and Approval



- (d) When feasible, provide assistance to businesses that create a significant number of living wage jobs. TIF Loan policies in Section 4, paragraphs (1) through (8), (11) through (13) and (16) and the job creation guaranty in Section 3.1(3), (4) and (5) shall apply
- (e) Provide transportation linkages and other urban amenities.
- (f) Increase the supply and variety of high-quality, home ownership opportunities.
- (g) Increase (or decrease, when appropriate), residential densities at selected locations as identified in the adopted ~~neighborhood plans or the downtown master~~ City of Madison comprehensive plan.
- (h) Encourage the development of higher concentrations and mixes of commercial, retail, business and professional office uses, with parking and Transportation Demand Management (TDM), within mixed-use projects.

SECTION 2: ~~ELIGIBLE~~ & INELIGIBLE DEVELOPMENT

2.1 Luxury Housing or 100% Market Rate Housing, unless it complies with Section 1, Goal 2 (6) "Affordable or Workforce Housing".

2.2 Speculative Office Development—Defined as projects that have not secured anchor tenants.

2.3 Tenant-Shifting Office Development—Office development that consists solely of moving a downtown office or business to another downtown location for purposes other than to retain or substantially expand the business.

2.4 Student Housing—Student housing, defined as multi-unit residential structures, whether publicly or privately owned, that are leased whole or in part to students attending post-secondary educational institutions, shall not be funded with TIF.

SECTION ~~(4)~~ 3: TIF PROCESS

3.1 TIF Application Process (See Figure 2a)

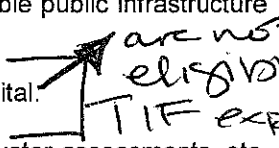
(1) Simultaneous Land Use, TIF Application.

- (a) Prior to or simultaneous with the initiation of the land use approval process, developers that seek TIF assistance must meet with ~~Community & Economic Development~~ Division staff and other city staff as appropriate.
- (b) All development projects seeking TIF assistance must receive project land use approvals simultaneous to the review for TIF assistance. In the case where land use process is completed before the TIF process, the land use resolution will be referred by the Plan Commission until the TIF Application process is completed and the Board of Estimates recommends approval of a TIF resolution to the Common Council. Land use approval does not constitute or otherwise influence TIF approval.
- (c) Developers shall identify on the land use application that they are seeking TIF assistance

- (2) **Capital Budget TIF Application Deadline.** Businesses or developers seeking TIF assistance to be funded in the current or next year's capital budget should first consult with the TIF Coordinator to determine if funds are available in the current year or should and then submit a TIF Application form prior to April 15 with a TIF Application fee of ½ of a-one percent of the amount of TIF requested. Inclusion for consideration in the capital budget cannot be guaranteed. to allow sufficient time for staff analysis and discussion, toward producing a staff recommendation for TIF assistance prior to June 15. After the June 15 threshold, inclusion in the capital budget process cannot be guaranteed. The later that TIF approval occurs in the capital budget process (concluding in approximately October) the less likely that the project may be included in the capital budget. The City is not obligated to make a

SECTION 5 4: TIF LOAN UNDERWRITING

4.1 TIF Loan Policies – All Development

- (1) **Land Cost Due Diligence, Excessive Land Costs**—The City may consider write-downs from the value of the current land use to the market value of the proposed use provided that Developers shall demonstrate proper due diligence in the purchase of land, including but not limited to studies of soil conditions, comparable land prices, environmental issues. Prior to purchase, developers seeking TIF shall provide the City with documented market evidence that the purchase price negotiated is within an acceptable range of values for the property's current land use and condition. Developers shall conduct initial meetings with the district alder and planning staff concerning building height, land use and other issues and shall provide such findings to the City. Developers are encouraged to option land while such studies are performed. The City shall not assist write-downs for land purchases that greatly exceed the assessed value of the current land use(s), as determined by the City. The City of Madison is not obligated to provide TIF assistance for land costs, whether purchased or optioned. Developer shall provide all such studies or reports to the City at the time of application.
- (2) **Environmental Remediation**—where The City may consider the cost to remediate environmentally contaminated property when it exceeds the reasonable cost experienced on typical redevelopment projects. However, the City shall not provide TIF write-downs that eliminate a responsible party's obligation to remediate contaminated property.
- (3) **Assessable Infrastructure Costs.** TIF may not be used to pay for public infrastructure expenditures that are paid for by special assessments or other City charges. Non-assessable public infrastructure expenditures may be funded with TIF.
- (4) **Operating Costs.** Including, but not limited to, lease-up reserves, working capital. 
- (5) **City Fees.** ~~Inclusionary Zoning waiver fees and p-Parks dedication, sewer, water assessments, etc.~~ are not TIF-eligible.
- (6) **"But for" Standard.** Each project must demonstrate sufficient need for the City's financial assistance, so that without that assistance, the proposed project would not occur. Every other financial alternative is to be exhausted prior to the use of TIF, including equity participation, other federal and state funds, bonds, tax credits, loans, etc. TIF assistance will be utilized as gap financing. Each project must demonstrate probability of economic success.
- (7) **Equity Greater, Equal to TIF.** TIF assistance shall not exceed the amount of equity provided by the Developer. Equity is defined as cash or un-leveraged value in land or prepaid costs attributable to the project. Donated Developer or Construction Management fees shall not be constituted as equity investment (See 3.2 Non-profit developers).
- (8) **50% Rule.** No more than 50% of the net present value of the tax increment generated by a private development project shall be made available to that project as gap financing. The City may make exceptions to TIF Policy.
- (9) **No Rent or Sales Price Write-Downs.** TIF assistance will be limited to the amount necessary to make a project competitive with other similar projects in the Madison metropolitan market area. The intent is not to provide below-market sales prices or rent subsidies to assisted projects, except as applied to assist affordable housing.
- (10) **Self-Supporting Projects.**
 - (a) Each for-profit project demonstrating a need for TIF assistance must generate sufficient tax increment to cover or repay both the TIF contribution to the project and a portion of the planned public infrastructure costs within the tax incremental district.