

## DRAFT

To: Mayor Soglin  
From: Sustainable Madison Committee  
Re: Incentivizing Sustainable Practices through Use of TIF Financing

The Sustainable Madison Committee (SMC) has prepared this report at the request of the Mayor's Office for guidance on how to better use the City's TIF authority to promote sustainable building practices and infrastructure. Use of TIF financing to promote such practices is consistent with the City's Sustainability Plan, as well as the City's newly revised policy statement on TIF "Goals, Objectives and Processes," which includes the following TIF Goals:

- G. Funding public improvements that enhance development potential, improve the City's infrastructure, enhance transportation options, and improve the quality and livability of neighborhoods.
- H. Promoting superior design, building materials, and sustainability features in the built environment.

Specific actions to improve sustainable development of our built environment are listed in The Madison Sustainability Plan's "Planning & Design Goal 3: Support Sustainable Infrastructure and Buildings":

1. Encourage sustainable private development.
2. Demonstrate sustainability on all public projects.
3. Create LEED or equivalent third-party certified construction with tiered incentives based on level of certification (e.g., Living Building challenge, Building America Challenge, International Green construction Code, 2030 challenge, Energy Star).
4. Investigate requiring minimum LEED silver or equivalent third-party certification for all construction supported by public funds (e.g., Tax Incremental Financing). ...
13. Investigate rewriting current City TIF policies to allow consideration of TIF subsidy increase above 50% based on the degree of sustainability in a project.

SMC recognizes that the City's use of TIF to enhance the built environment and the livability of its communities and neighborhoods is intended to be equitable, competitive and flexible. Application of TIF evaluation and award procedures to reward features of sustainable design and practice therefore likely will vary on a project-by-basis.

By "features of sustainable design and practice" SMC means aspects of construction and planning that function to reduce stormwater outflow and increase infiltration; enhance forms of alternative transportation; maximize energy conservation or renewable energy production; minimize water use; enhance the quality of, and access to local natural features.

Examples of sustainability features in building construction and overall plan development that can and should be rewarded through the TIF evaluation process would include such features as:

- Rain gardens, green roofing, bioswales, permeable pavement, detention ponds and other stormwater best management practices
- Street plantings composed of native vegetation; tree-friendly utilities and stormwater redirection.

- Sustainable parking features/structured parking (e.g. surface parking lot islands that allow rain gardens, or green roofs/solar canopies on top level of parking structures)
- Bike paths, lanes and infrastructure (e.g. bike stations, bike cages, B-cycle stations, lighted bike trails, safe traffic crossings)
- Pedestrian-friendly infrastructure (e.g., "Pocket parks,"<sup>1</sup> sidewalks connecting TIDs to other neighborhoods, woonerfs, bump-outs, controlled crossings, traffic gardens)
- Transit-related build-out, including bus stops and routes
- On-site renewable energy resources (e.g. solar panels) or energy efficiency facilities
- Charging stations for EV vehicles

In addition, SMC would recommend point enhancements for construction projects that can demonstrate attainment of LEEDS or other 3rd party building and/or neighborhood certification, or that incorporate energy benchmarking requirements (even for buildings less than 15,000 feet) in a manner consistent with the City's new energy benchmarking ordinance.

SMC recognizes that third party certification represents additional costs and responsibilities that may be construed as an impediment to development. Therefore, while SMC is not proposing an absolute requirement for the achievement of LEEDS certification as a condition of TIF financing, applicants should be prepared to demonstrate how their proposed construction designs incorporate green building features to achieve demonstrable energy efficiency outcomes. This may be accomplished with reference to Energy Star ratings, or other well-established energy savings metrics.

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<sup>1</sup> "Pocket parks" are small parks accessible to the general public that provide green space, a place to sit outdoors or a small playground.