

Executive Summary to the City of Madison Joint Review Board

Tax Incremental District (TID) No. 51 (South Madison) 2026 Project Plan Amendment City of Madison

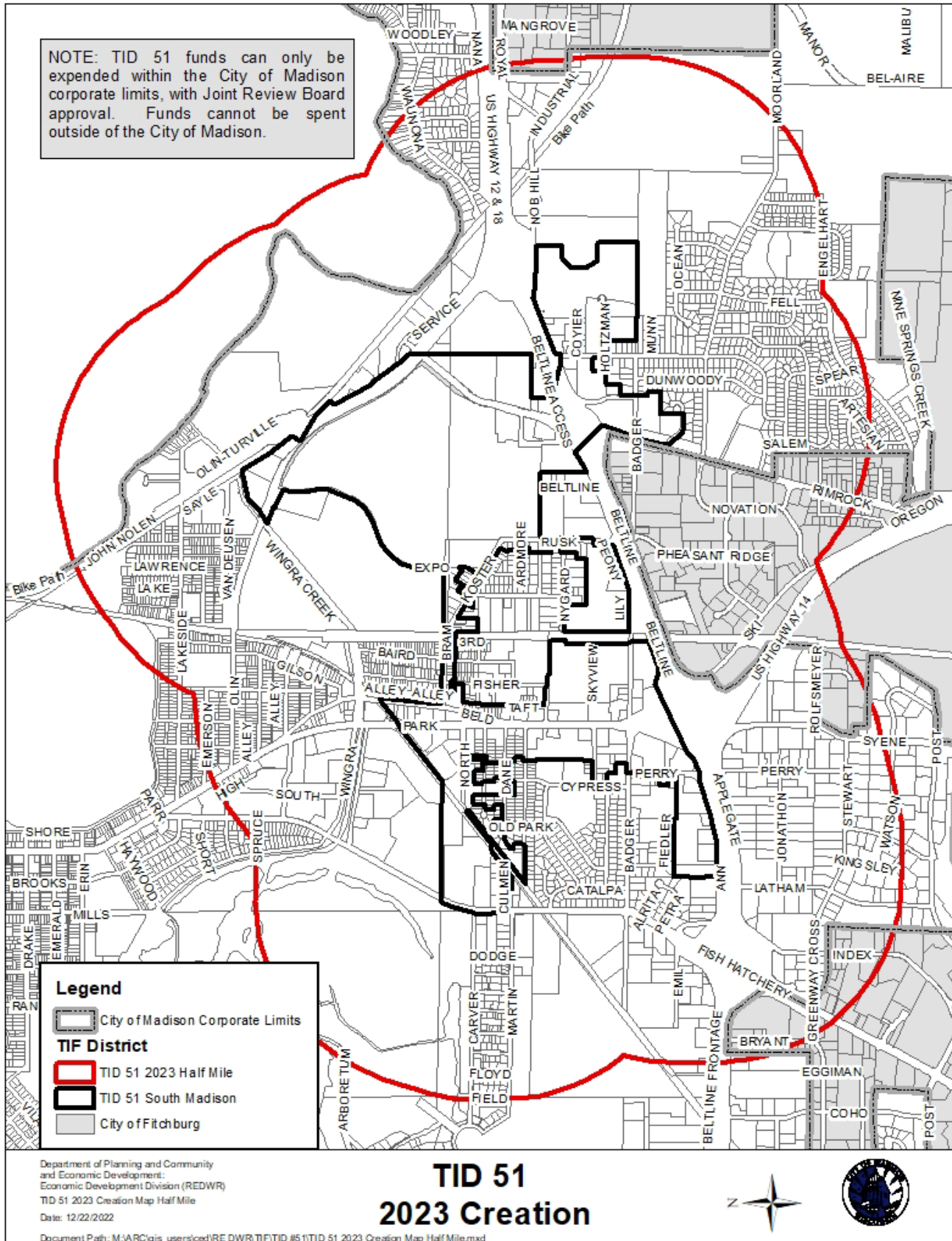
May 13, 2026

Background

By statute, a TIF Joint Review Board, comprised of one representative each from the Madison Metropolitan School District (MMSD), the City of Madison, Dane County, Madison College (MATC) and one public member, meets to review, and if acceptable, approve a proposed amendment to a Tax Incremental District (TID) Project Plan. The Joint Review Board will meet at a future date to take action upon the proposed amendment to the project plan to TID 51 (South Madison).

Summary of the TID #51 Project Plan

The map on the next page depicts the boundaries of TID 51 in the South Madison area of the City of Madison:



TIF Law Required Information for TID Amendment Approval

1) Estimates of project costs and tax increments, including:

a) Specific items that constitute project costs; (See Chart Below)

Type TID / Major Project	Project/Program Name	Year / Time Frame	Proposed TIF Funded Non-Assessable Costs	Assessable / Non-TIF Project Costs	Total
Land Banking	All Metals Acquisition (Estimate)	2023	4,000,000		4,000,000
Environmental	All Metals - Clean Up (Estimate)	2024	500,000		500,000
Land Banking	Demo, remediation, and holding costs	2023-2028	1,200,000		1,200,000
Land Banking	South Madison Acquisitions	2024-2027	5,000,000		5,000,000
Small Business	Small Cap TIF Program	2023-2028	1,500,000		1,500,000
COA	Commercial Ownership Assistance Program	2023-2028	1,500,000		1,500,000
Small Business	Façade Grants	2023-2028	300,000		300,000
Small Business	Building Improvement Grant Program	2023-2028	1,200,000		1,200,000
Census to Census Study	Census to Census Study	2023-2028	1,200,000		1,200,000
Development Loans	Development Loans to Private Projects	2025-2027	3,500,000		3,500,000
Development Loans	South Transfer Point	2024	4,000,000 9,000,000 0		4,000,000 9,000,000 0
Land Banking	Property Acquisition	2024-2028	5,000,000 0		5,000,000 0
Development Loans	Village on Park Improvements	2023-2025	6,000,000 0		6,000,000 0
Housing Development in the South Park Street Corridor	Funding to assist housing development in the South Park Street Corridor, including grants and loans to projects	2026 – 2045	25,000,000		25,000,000
Development Loans	Financial Assistance to Rental Development	2024-2027	10,500,000 7,750,000 2,750,000		10,500,000 7,750,000 2,750,000

Development Loans	Parks Place Apts Loan	2025	2,750,000		2,750,000
New Small Cap Homeownership Program / Development Loans (for owner occupied)	Financial Assistance to Affordable Owner Occupied Units	2025-2027	7,500,000 2,500,000		7,500,000 2,500,000
Affordable Housing-Purchase of Service	Single Family Rehab Program	2023-2027	1,400,000		1,400,000
Consumer Lending	Rental Rehabilitation Loan Expansion	2023-2025	1,250,000		1,250,000
Affordable Housing-Purchase of Service	Home Buyer's Assistance/Rehab Program (\$50k forgivable loan)	2023-2026	1,463,000		1,463,000
Badger Park	Misc. improvements; GaGa Ball Pit; shred to school trail, other improvements	2023	55,000		55,000
Cypress Spray Park	Reconstruction and expansion	2024	1,000,000		1,000,000
Penn Park	Basketball courts, remove tennis, add Futsal court, Football field improvements, spectator seating, lights, land acquisition, park feature improvements	2025	4,050,000 2,150,000		4,050,000 2,150,000
Bowman Park	Parking lot, bike improvements, Softball / baseball field improvements	2025	1,000,000 1,600,000		1,000,000 1,600,000
Heifitz Park	Remodel park shelter; new playground equipment, community gardens improvements, new rec. opportunity, improvements following All Metals relocation	2023-25	485,000 1,785,000		485,000 1,785,000
Schmidt Park	Replace park features; install vegetation suited to site; improve walking path, replace culverts	2023	350,000		350,000
John Nolen Dr	Olin to Rimrock	2027	1,728,000	1,920,000	3,648,000
John Nolen Dr	Lakeside to Olin	2027	1,890,000	2,100,000	3,990,000
John Nolen Dr	Rimrock to USH 12	2027	1,125,000	1,250,000	2,375,000
Rimrock Rd	John Nolen to Burdette USH 12	2025	2,160,000	2,400,000	4,560,000

Rimrock Rd	USH 12 - Burdette	2025	900,000	1,000,000	1,900,000
Park St (RR-USH12)	RR - USH 12	2026	2,362,500 6,262,500	2,625,000	4,987,500 8,887,500
Local Streets (district	Local Streets (district wide)	2027	2,250,000	250,000	2,500,000
Badger Rd	Fish Hatchery - Park	2029-2044	2,340,000	260,000	2,600,000
Badger Rd / Frontage Rd / E Rusk (Park	Park - Rimrock	2025	4,770,000 1,770,000	530,000	5,300,000 2,300,000
Badger Rd	Rimrock - Badger Ln	2029-2044	1,125,000	125,000	1,250,000
N Rusk Ave	Nygard - Frontage Rd	2029-2044	506,250	56,250	562,500
Badger Ln	Nob Hill - Badger Rd	2029-2044	776,250	86,250	862,500
Nob Hill Rd	Badger Rd to 700 E of RR	2029-2044	2,430,000	270,000	2,700,000
Wingra Dr	Fish Hatchery - Park	2029-2044	1,485,000	165,000	1,650,000
Perry St Overpass	Perry St Overpass / Underpass (assume 1/2 Federal Funds)	2029-2044	1,250,000	-	1,250,000
Perry St Overpass	Perry St Overpass / Underpass (assume 1/2 Federal Funds)	2029-2044	1,250,000	1,250,000	2,500,000
BRT stations	Fish Hatchery, Park / Badger, Park / Burr Oak	2025	3,750,000	1,250,000	5,000,000
BRT Station	Olin / Park	2025	1,250,000	-	1,250,000
Priority Bike Network Improvements	Buick to Fischer	2024	100,000	-	100,000
Priority Bike Network Improvements	Koster & N Rusk	2024	75,000	-	75,000
Priority Bike Network Improvements	Cypress Way to Dane	2024	75,000	-	75,000
Priority Bike Network Improvements	Beld St	2024	50,000	-	50,000
Pedestrian Improvements	W Badger Rd	2026	250,000	-	250,000
Pedestrian Improvements	Lincoln Elementary Area	2026	200,000	-	200,000
Storm Sewer Improvements	John Nolen Dr Service Rd	2026	650,000	-	650,000

Admin / Prof. Costs	Admin	2022- 2044	779,000		779,000
			99,480,000	15,537,500 14,437,500	115,017,500 114,017,500

NOTE: These project costs and non-project costs conform with State Statute 66.1105(4)(GM).

b) The total dollar amount of these project costs to be paid with tax increments;

Per the above chart, tax increments will pay for a total of **\$99,480,000** of project costs.

c) The amount of tax increments to be generated over the life of the tax incremental district.

Through the end of 2025, TID 51 generated an estimated \$550,000 of incremental revenues. 2025 was the first year that TID 51 generated incremental revenue, based upon it being created in 2023. Based upon the City's TIF run, TID 51 will generate an additional \$99 million of incremental revenue through its expiration date of 2050. The net present value of these incremental revenues is \$34 million. **This would lead to a total forecasted incremental revenue over the entire life of TID 51 of \$35.1 million.**

TID 51 is also a recipient TID and will receive a total of \$65.2 million of donated incremental revenue from TIDs 36 and 37, as outlined in the original (2023) approved project plan.

2. The amount of value increment when the project costs are paid in full and the district is closed.

To date, no significant development projects have occurred in TID 51. There are multiple projects underway, but they have yet to reach the point where they are generating significant incremental value and thus, generating revenue.

Based upon development projects that are projected to occur, the anticipated incremental value of property within the district at the end of its 27-year life is estimated at **\$422,000,000**. This value will be returned to overlying tax jurisdictions for general tax levy purposes upon closure of the district at the end of its statutory life. Based upon conservative estimates, the district will generate sufficient incremental revenues, including donated incremental revenues from TID 36 and 37, to repay all anticipated project costs by 2037.

Without any additional projects generating new incremental value, the estimated incremental value in 2037 is \$290 million. The 2025 incremental value is approximately \$28 million. However, the City may propose future amendments to the TID 51 project plan to fund additional development or infrastructure projects, or to continue to invest in South Madison.

3. The reasons why the project costs may not or should not be paid by the owners of property that benefit by improvements within the district.

The budget for the proposed project plan amendment is estimated at \$114,017,500 .

The total amount of assessable costs not to be paid for with TIF funds is \$14,437,500 .

The total amount of costs to be paid for with TIF funds is \$99,480,000 .

4. The share of the projected tax increments estimated to be paid by the owners of taxable property in each of the taxing jurisdictions overlying the district.

The certified base value of TID 51 is **\$185,365,300**. Overlying jurisdictions will continue to collect their portion of the levy upon the base value over time. The box below indicates the share of the estimated first tax increment invested by overlying tax jurisdictions based upon the 2026 mill rate.

<u>Tax Jurisdiction</u>	<u>2026 Mill Rate</u>	<u>Share of Tax Levy</u>
City	7.00	35%
County	2.36	12%
MMSD	10.41	51%
MATC	0.64	3%
State of WI	<u>0.0</u>	<u>0%</u>
Totals*	20.38**	100%**

Source: City of Madison 2026 Adopted Operating Budget
 *NOTE: Total Mill Rate is the Gross Mill, prior to any State Tax Credits being applied to this rate.
 **NOTE: Total may not add due to rounding

5. The benefits that the owners of taxable property in the overlying taxing jurisdictions will receive to compensate them for their share of the projected tax increments.

A conservative estimate of the total incremental value resulting from potential development projects, and economic growth or value appreciation of the life of the TID is estimated to be \$422 million. The benefits of these potential projects are: sharing new equalized value growth, blight elimination, housing development, infrastructure improvements, and job creation / retention to benefit those in the district and throughout the City of Madison.

TID 51's base value of \$185,365,300 is anticipated to grow by \$422 million at the end of the 27-year life of the TID. Assuming that the City incurs all of the \$99 million of projected costs identified in the TID Project Plan, that there are no changes in tax increment estimates, no further project plan amendments and no changes to TIF Law, the City of Madison forecasts that TID 51 may close in 2037. The average life of a TID in the City of Madison is 12 years. The estimated incremental value of the TID in 2037 when the TID

is forecasted to be closed is estimated to be \$290 million (*Note: variations are due to rounding*).

TID 51 is a “blighted area” TID, as defined by State Statute 66.1105.

Criteria for TID Approval

Per TIF Law, the Joint Review Board will cast a vote based upon the following three criteria:

1. Whether the development expected in the tax incremental district would occur without the use of tax incremental financing.

Only \$14,437,500 of the proposed \$114,017,500 project costs are assessable. Without tax increment revenue, including donated tax increments from TIDs 36 and 37, such improvements are not likely to occur when compared to areas in the City where special assessment revenues may be more readily available to fund greater portions of project costs.

2. Whether the economic benefits of the tax incremental district, as measured by increased employment, business and personal income and property value, is insufficient to compensate for the cost of improvements.

If the District closes in 2037 as projected, it is estimated that approximately \$290 million of incremental value would return to the overlying taxing jurisdictions. At 27 years, the District would return approximately \$422 million of incremental value to the overlying taxing jurisdictions. Without TIF, the infrastructure and other investments described in the project plan document in and adjacent to TID 51 would not occur. The infrastructure and other improvements will continue to boost values within and adjacent to TID 51.

3. Whether the benefits of the proposal outweigh the anticipated tax increments to be paid by owners of property in the overlying tax districts.

Property and infrastructure improvements, blight elimination, tax base growth and job creation / retention are the most significant and quantifiable benefit to overlying tax jurisdictions from the investment of TIF funds.

Without TIF, overlying tax jurisdictions would share approximately \$3.6 million of tax revenues for the tax parcels included in TID 51, based on the base value of \$185,365,300. As stated earlier, the incremental value in 2037 at the end of the projected life of the TID is estimated at \$290 million. Theoretically, if the City invested all \$99 million of project costs in the district, which investment would leverage over \$290 million; or \$1 of TIF leverages approximately \$2.92 of value growth. If the TID were to be closed at that time, this value growth would be returned to overlying tax jurisdictions that would now share in a levy of approximately \$5.6 million, or a net gain of approximately \$2 million because of TIF.

The ratio of value growth to TIF investment for TID 51 is lower than most City of Madison TIDs. This is due to the donated tax increments from TIDs 36 and 37 that are providing additional funds to TID 51, along with the significant investment that the City is making in South Madison. This reasons for this investment are described in the project plan and the original Joint Review Board report. The City proposed, and the Joint Review Board previously approved, the use of these donated tax increments to ensure that TID 51 would not have to rely upon borrowed funds.

The anticipated tax increments over the life of the district, including the previously approved donations from TID 36 and TID 37, are estimated to support \$99 million of public investment. This investment will further enhance the area, eliminate blight, build new options for housing, increase values in and around the District, and in South Madison, and help create new, family supporting jobs.