

MEMORANDUM

TO: Common Council
FR: Terrell Nash, Real Estate Development Specialist
DATE: March 26, 2026

SUBJECT: TIF REPORT – 5555 Odana Rd & 5534 Medical Circle (Odana Apartments, LLC)

Project Description

Wash Franklin, LLC, (“Developer”) proposes to construct a mixed-use project consisting of 222 affordable apartment units and 68 parking stalls (the “Project”). The Project is located at 5559 Odana Road & 5542, located adjacent to the boundary of the proposed TID 57 (**Figure 1**).

The Project demonstrated a gap of approximately \$2,000,000. Approximately \$2,000,000 of TIF loan assistance is feasible, representing 55% of TIF generated by the Project’s estimated \$28,510,000 incremental value.

TIF Report

The following TIF Report is provided in compliance with Section 3.1 (8) of TIF Goals, Objectives and Process and Section 1 (9) of TIF Loan Underwriting Policy, adopted by the Common Council on February 25, 2014:

(a) **Amount Requested:** **\$2,000,000** (55% of TIF)

(b) **Type of Project:** Redevelopment, Affordable Housing

(c) **Analysis Method:** Gap Analysis

(d) **Tax Credits:** \$30,886,356

(e) **Est. Value and Tax Increments:**

Approximate Project Cost \$80,923,000

Estimated Assessed Value \$30,347,000

Total Estimated Tax Increments \$7,906,000

Average Annual Tax Increment \$500,000

TIF Supportable at 55% \$2,000,000

(f) TID Condition

The Project will be located within Tax Incremental District (TID) 57 which the City will create in 2026. A part of the TID 57 boundary is along Whitney Way, the West Beltline Highway, Tokay Blvd, and Medical Circle as shown in **Figure 1**.

There is limited value growth from other private development in the initial years of a newly created TID such as TID 57. TIF generators proposed in the TID 57 Project Plan will take time to reach full assessed value and much of the tax in increment they might generate has been budgeted for significant public works projects within the TID.

Affordable housing projects such as the proposed Project, which suppress rents for long periods of time for the purposes of affordability, are assessed lower (anywhere between 30% and 45% of market value) than market rate projects.

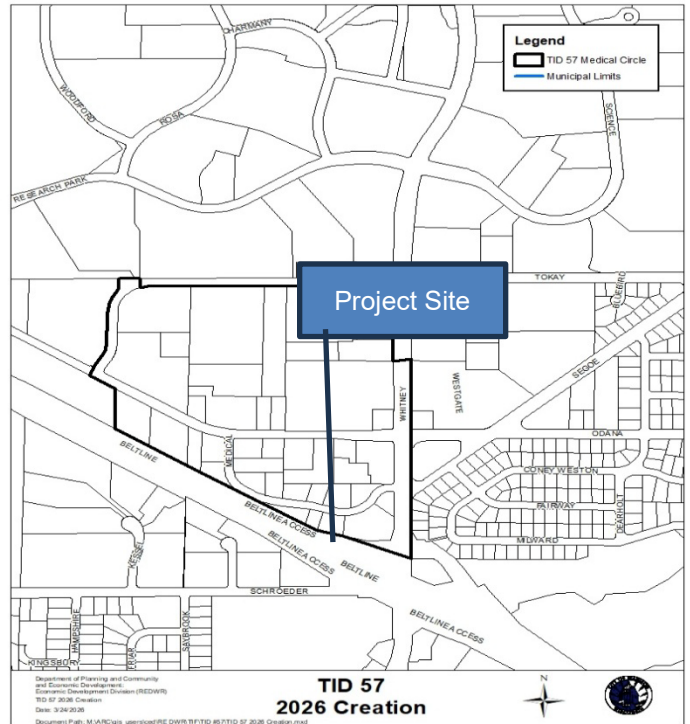


Figure 1

As such, the TID will need a significant amount of time to accumulate tax increments. Therefore, it is financially prudent to limit TIF assistance to no more than the maximum amount allowable under TIF Policy (55% Gateway), thus providing financial cushion for market uncertainty and funds for public works improvements, if necessary and feasible, in the future.

(g) TIF Policy Compliance

Developer Equity—Developer equity is approximately \$9,471,000 of deferred developer fee, and \$30,347,000 of Low-Income Housing Tax Credit (LIHTC) equity from investors. Developer is providing a corporate guaranty for the Project. This amount exceeds TIF Policy that developer equity must be equal to or greater than the amount of TIF assistance and is therefore in compliance.

(h) Other Applicable

- 1) Quantity of living wage jobs created and/or retained. **See TIF Goal Statement (Figure 3.)**
- 2) Quantity of affordable housing units and level of affordability. **See TIF Goal Statement (Figure 3.)**

(i) Amount of TIF to Be Considered

TIF Eligible	\$2,000,000	55% of TIF
TIF Recommended	\$2,000,000	55% of TIF

(j) Developer’s TIF Goals Statement— TIF Policy requires that Developer provide a statement (See **Figure 2**) as to how the project addresses the following TIF Policy Goals:

- 1) Per Sections 1 and 3.4 of “TIF Goals, Objectives and Process”, how does the Project meet City and TID’s goals?
 - A) Grows the City’s property tax base

- B) Fosters the creation and retention of family-supporting jobs
- C) Encourages the re-use of obsolete or deteriorating property
- D) Encourages urban in-fill projects that increase density consistent with the City's Comprehensive Plan
- E) Assists in the revitalization of historic, architecturally significant, or deteriorated buildings or enhancement of historic districts.
- F) Creates a range of housing types, specifically encouraging affordable housing
- G) Funds public improvements that enhance development potential and improve City's infrastructure
- H) Promotes superior design, building materials and sustainability features
- I) Reserves sufficient increment for public infrastructure in both TID Project Plan and TIF underwriting

(k) **TIF Policy Exceptions:** **None.**

(l) **Known Labor Agreement, Law Violations:** None indicated.

Staff Recommendation: TIF assistance in the amount of \$2,000,000 or 55% of TIF generated by the project. A 40-year land use restriction agreement (LURA) shall be recorded, requiring the Project to remain affordable for that period.

Figure 2: Applicant's TIF Policy Goal Statement



March 31, 2026

Dan Rolfs
Real Estate Development Manager
215 Martin Luther King, Jr. Blvd (Third Floor) Madison,
WI 53701-2983

Dear Mr. Rolfs,

Bear Development, LLC ("Bear") is proposing to acquire and develop the property located at 5555 Odana Road & 5534 Medical Circle into a mixed-use development containing 227-units of workforce housing and first floor commercial space. The 2.39-acre site is currently underutilized and occupied by two commercial buildings that will be demolished prior to construction of the proposed development. All dwelling units will be rent and income-restricted, with the weighted average household AMI not to exceed 60% for the entire development. The currently anticipated unit mix is approximately 186 one-bedroom units and 41 two-bedroom units and the project will be funded primarily with 4% Low-Income Housing Tax Credits (LIHTC), Tax-Exempt Bonds, for which Bear has been allocated from WHEDA, and Tax Incremental Financing (TIF), for which Bear is requesting \$2,000,000 in assistance from the City of Madison. In addition to the sources listed prior, the project will include a deferred developer fee in excess of the TIF assistance and Bear will continue to source additional gap financing sources.

Regarding the City of Madison TIF Goals, Objectives, and Process, we believe the development meets the proposed policies as outlined in the Policy Statement below:

- **Growing the property tax base:** The property is currently assessed at \$1,725,000. The estimated assessed value of the site at completion of the project, pending feedback from the city assessor, is approximately \$29 million.
- **Fostering the creation and retention of family-supporting jobs:** The development is estimated to generate 273 temporary jobs during construction. Once stabilized, approximately four permanent jobs will be retained to manage the property.
- **Encouraging adaptive reuse of obsolete or deteriorating property:** NA- The development will replace the existing aging commercial buildings and maximize the use of the parcels.
- **Encouraging urban in-fill projects that increase density consistent with the City's Comprehensive Plan:** The Madison Generalized Future Land Use map lists the project site as a CMU- Community Mixed-Use & Employment area with a density limit up to 130 du/acre for multifamily units. Mixed-use buildings are consistent with future land use per discussion with City Staff. Both parcels are zoned CCT- Commercial Corridor-Transitional, which has no limit on density for multifamily units within a mixed-use development. The proposed development is a conditional use under the City's zoning ordinance.
- **Assisting the revitalization of historic, architecturally significant or deteriorated buildings:** NA- The development will replace the existing aging commercial buildings and maximize the use of the parcel. We do not anticipate that any historic value will be found for the existing structure

and an application for review by the City Landmark's Commission will be submitted to confirm this assumption.

- **Creating a range of housing options and specifically encouraging the development of workforce and affordable housing:** All of the units at the development are proposed to be rent and income-restricted with the weighted average AMI not to exceed 60% for the entire development.
- **Funding public improvements that enhance development potential, improve the City's infrastructure, enhance transportation options, and improve the quality and livability of neighborhoods:** The project site is currently underutilized, and the proposed development will create a high-quality housing option along multiple bus lines on Odana Road & Whitney Way.
- **Promoting superior design, building materials, and sustainability features in the built environments:** The development will be designed to achieve an aesthetic consistent with other high-quality projects throughout the City of Madison and with Urban Design District #3. High quality materials will be used for the construction of the building and the dwelling units will have a fit and finish that is attractive to prospective residents. Certain units will contain WHEDA Universal Design elements and the project as a whole will meet sustainability goals outlined in WHEDA's QAP, which requires LEED Silver Certification (or another similar certification) at minimum.
- **Reserving sufficient increment for public infrastructure in both TIF project plans and TIF underwriting:** Our team's understanding is that the project should generate increment in excess of the TIF assistance requested and the underwriting follows the City's TIF policy.

We look forward to bringing another successful development to the City of Madison and appreciate the opportunity to pursue TIF assistance which is needed to make the project feasible. Should there be any questions, please feel free to contact me at any time.

Sincerely,



Nick Orthmann Project
Manager
Bear Development, LLC