



# City of Madison

City of Madison  
Madison, WI 53703  
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## Meeting Minutes TIF POLICY REVIEW AD HOC COMMITTEE

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Thursday, September 19, 2013

5:30 PM

215 Martin Luther King, Jr. Blvd.  
Room LL-110  
Madison Municipal Building

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### 1. CALL TO ORDER / ROLL CALL

Present – Clear, Ellingson, Schmidt, Bidar-Sielaff,  
Absent – Verveer  
Staff – Gromacki, Rolfs, Olver, Schmiedicke, Monks  
Meeting called to order at 5:32 PM

Present: 4 -  
Mark Clear; Sue Ellingson; Chris Schmidt and Shiva Bidar-Sielaff  
Absent: 1 -  
Michael E. Verveer

### 2. APPROVAL OF MINUTES

Motion by Bidar-Sielaff, second Clear, by to approve the minutes. Motion carried.

### 3. PUBLIC COMMENT

In support –

Gary Peterson (Madison, WI) – Peterson reminded the Committee of the responsibilities of the Joint Review Board, as defined by State Statute. Peterson noted that he would like to see Madison write “3 Dimensional” TIF Plans. He provided an example from Shullsburg where they planned things in phases, depending upon what development occurred within a TID.

Phil Salkin (Realtors Association of South Central WI) – He indicated that he was passing along the Realtor’s Association support of the EDC proposal. He said that the housing market was now down to 1.6 months of supply. He said that the condo market was now at a 6.71 month supply. He said that they would support things that would encourage additional workforce and affordable housing within the City. He noted that they supported the exclusion of luxury housing from the use of TIF, but that they would like to see a specific definition of “luxury housing”. He suggested something that could be tied to a figure like AMI. He asked for flexibility when projects were looking to acquire WHEDA funding. Clear asked if Salkin had reviewed the Staff proposal for revising underwriting and “but-for”. Salkin said that the proposed language

was reasonably satisfying to his organization.

Delora Newton (Greater Madison Chamber of Commerce) – Newton reviewed the memo that was provided to the Committee. She asked who was involved in writing the memo that was provided to the Committee. She noted that the EDC proposal was more flexible and went away from defined standards, whereas the Staff proposal was still identifying specific defined standards. She spoke against the requirement that 10% of the jobs created have a potential for career advancement given that it could be hard to match to manufacturing jobs. She noted that developers would not be interested in guarantying their anchor tenant’s incentives. She said that the Staff memo was still too rigid. Schmidt said that the Committee’s request to Gromacki was to identify specific proposals and if she had any thoughts. Newton said that she would defer to Olver in that matter.

Opposing –

Dave Carig (Madison, WI) – Carig spoke in opposition to making the TIF policy “more competitive”. Carig referenced several articles and letters on the use of TIF, corporate incentives, and other relevant points (NOTE: These articles are attached to the minutes.) One of the articles that he cited noted that very few states keep track of TIF incentives that are provided to private entities.

In Opposition, Not Wishing to Speak

Sue Pastor (Madison, WI)  
Matt Kozlowski (Progressive Dane)

#### 4. DISCLOSURES AND RECUSALS

None.

#### 5. OLD BUSINESS

[29485](#)

Accepting the revised TIF Policy approved by the Economic Development Committee on February 20, 2013 for Common Council consideration and adoption.

Attachments: [TIF Policy by EDC Feb 20 2013.pdf](#)  
[Comparison Matrix of Existing TIF Policy to EDC Proposal](#)

Motion to refer to the next meeting by Clear, second by Bidar-Sielaff.

Gromacki provided an overview of the memo that he drafted at the request of the Committee at the previous meeting. He noted that the dilemma with WHEDA projects was that these types of projects under current WHEDA formulas did not have a gap. He said that one idea was to “create a gap”, by requiring projects to have a higher percentage of units that were deemed “affordable” at a lower AMI. He noted that it was a simple fix by essentially “creating a gap”, it allowed the project to still comply with the “but-for” test. Ellingson indicated that she would still like to see some numbers. Gromacki explained that the current situation would essentially “gift” TIF funds to

projects, whereas the proposal was to create a gap that would also meet a greater public need. Olver noted that WHEDA credits were pass through credits from the Federal government and were the major option in the affordable housing game. He said that developers get one point on their application for every percentage point of outside funding for their project, up to 25%. Olver also said that the percentage of units that were identified as “affordable” in a project impacted a final WHEDA score. Bidar-Sielaff asked how the scoring was looked at within the City’s various funding options, such as CDBG and TIF. Ellingson asked if there was any developer equity in the project. Gromacki noted that there was generally no developer’s equity in these types of project. Bidar-Sielaff said that if there was any instance where the City should look at being flexible on TIF Policy and how funds were invested, it should be where affordable housing was considered.

Verveer arrived at 6:20 PM.

Discussion took place around how to calculate a percentage or value of TIF investments in a WHEDA project. Clear asked if it would make sense to include language specifically referencing WHEDA tax credits under 4.1.(7)(b) in the Staff memo discussing this item. Gromacki suggested including language that required that the proposed mix of unit counts and income targets would demonstrate a gap. Ellingson asked for some examples of projects as to how this would play out in real applications for TIF assistance. Olver suggested asking Natalie Erdman or an outside developer to come and discuss how this concept would work. Ellingson asked to have an outline of how the WHEDA policy works for the next meeting. Bidar-Sielaff asked to have Jim O’Keefe provide the Committee with information on how CDBG funds would also apply.

Gromacki reviewed the Staff proposal on competitive TIF incentives. He provided background on previous TIF loans to industrial users. He noted that many of the numbers there, including the proposed number of jobs, were starting points for discussion at the Committee level. He noted that the “funds per job” number in the memo was the same number as used by the SBA. Ellingson asked how these numbers would ultimately play out in a project.

Olver said that with the proposed standards it would still set hard lines that companies might not meet, versus eliminating a specific requirement to measure a project. He noted that gap analysis for companies that would own buildings would be challenging if they were competing against other communities for a project. Olver said that paying out incentives over time for jobs created or retained would probably work. He also put out the idea that a company might be redeveloping their existing site, versus moving to a new site. This type of project could encompass both jobs and real estate valuation. Clear said that he was still concerned about putting specifics around what projects were eligible for, but he did like the concept of giving projects that did comply with traditional gap analysis more, and projects that wanted to have gap analysis waived would be eligible for less. Bidar-Sielaff said that the fundamental question in front of the Committee was whether to have a “policy”, like the City currently had, or the EDC proposal that was a set of “guidelines”. Ellingson asked if the City could get some of the things that were identified in handout from Olver titled “Possible Reforms to the 50% Rule”. Gromacki noted that many of these items were already provided to Council on current deals. Bidar-Sielaff noted that Council already provided

exceptions when merited. Discussion took place around whether or not to include the current state of a TID in the analysis of a TIF loan. Bidar-Sielaff said she would like to have parameters for a proposal so decision makers could weigh it against the various risks that were in play.

Staff was asked to generate an example of a WHEDA project that demonstrated the affect of the proposed changes and a matrix of the proposed exceptions to the "50% rule". Staff was also asked to begin work on two separate documents that would split the TIF policy into a TIF Goals and Objectives Manual and an Underwriting Policies Manual. These two documents were to be presented at a future meeting after the Committee had completed its review of the comparison matrix between the Adopted TIF Policy and the EDC proposal.

Motion for referral carried.

Present: 5 -

Michael E. Verveer; Mark Clear; Sue Ellingson; Chris Schmidt and Shiva Bidar-Sielaff

## 6. REPORTS

### 30913

Communications and Reports of the 2013 TIF Policy Review Ad Hoc Committee

**Attachments:** [2013 TIF Ad Hoc Com presentation - 07-09.pdf](#)  
[Legistar File #29153 - EDC Recommended Policy](#)  
[Legistar File #30799 - Comparison Matrix of Existing TIF Policy to EDC Prop](#)  
[Mertz ltr - 2013 07-10.pdf](#)  
[Mertz ltr - 2013 07-31 Members of the TIF Revision Committee.pdf](#)  
[Pastor e-mail ltr 2013 08-01.pdf](#)  
[Olver TIF Ad Hoc Com presentation - 2013 08-01.pdf](#)  
[JRB TIF Presentation - OLVER 2013 08-26.pdf](#)  
[Pastor e-mail comments 2013 08-29.pdf](#)  
[Pastor e-mail\(2\) 2013 08-29.pdf](#)  
[Kozlovsky email 2013 08-29.pdf](#)  
[Mertz email - 2013 08-29.pdf](#)  
[Creation vs Capture Exvaluating the True Costs of TIF - Carig Handout 2013 2013 08-29 TIF Policy Review Ad Hoc Com - Registrations .pdf](#)  
[TIF Policy IV But for Rewrite - 9-12-13.pdf](#)  
[Alternatives to 50 Percent Rule Slide.pdf](#)  
[Memo on Business Incentive Programs.pdf](#)  
[2013 09-19 TIF Policy Review Ad Hoc Com - Registrations.pdf](#)

## 7. DISCUSSION OF FUTURE MEETING DATE(S)

An additional meeting was date set for Nov 4, 2013 at 4:30 PM.

## 8. ADJOURNMENT

Motion to adjourn by Clear, second by Ellingson. Motion carried at 8:03 PM.