

Executive Summary to Joint Review Board
Creation of Tax Increment District No. 40 (Northside Madison)
City of Madison
June 4, 2009

Background

The City of Madison has proposed the creation of Tax Increment District (TID) No. 40 located in the Northside neighborhood (see attached map). By TIF statute, a Joint Review Board, comprised of one representative from MMSD, the City, the County, MATC and a public member will meet to review and if acceptable approve the proposed TID boundary and project plan

Summary

The proposed TID boundary encompasses a wide swath of what is generally referred to as Northport Drive, Sherman Avenue, and Packers Avenue in the City of Madison. This area includes the Northgate Mall, Sherman Plaza, and Oscar Mayer. The City commissioned a blight study of the parcels within the TID boundary that found 50.9% of its area to be blighted or in need of rehabilitation or conservation work. The Common Council of the City of Madison is scheduled to consider adopting a resolution creating TID No. 40 on September 15, 2009. Under TIF Law all blighted area TIDs have a 27-year lifespan.

The project plan for TID No. 40 anticipates approximately \$6.256 million in new development. The major projects include: an estimated \$3 million of new assessed value generated by Kraft / Oscar Mayer through the installation of a \$10 million energy efficient boiler system, and \$3.2 million of ancillary development including a UW Credit Union branch to be constructed on Northport Drive and potential development at both Northgate Plaza and Sherman Plaza. Total growth in the District as a result of TIF generator projects is estimated at \$6,256,000. Total incremental value in the district resulting from these and other development projects, and economic growth or value appreciation over the life of the district is estimated to be \$95,452,000. Based on current tax rates and conservative financial market assumptions, the anticipated economic growth of tax incremental revenues over the 27-year life of the District should total approximately \$16,822,000. The present value of

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this increment is approximately \$5,577,000. This amount can be used to pay for an estimated \$5,564,000 eligible TID project costs.

City of Madison TIF Policy states that no more than 50% of the amount of TIF generated by a private development project may be provided to that project as direct financial assistance. Any determination of TIF assistance is subject to a thorough staff analysis that must determine, according to TIF Law, that “but for” TIF assistance, the project could not be developed. Any recommendation of assistance to any project is subject to consideration and funding authorization by the Common Council.

TIF statute sets forth that the base value of the proposed TID and all existing TIDs may not exceed 12% of the equalized assessed value of the City. The base value within the proposed TID No. 40 (\$120,726,300) does not negatively impact the statutory 12% value cap. Including TID No. 40, the City of Madison would demonstrate that 2.41% of its citywide equalized value is included in TIDs.

Conclusion

The Northside redevelopment projects have a large amount of community and neighborhood support and will continue the revitalization of the Northport / Sherman Ave. / Packers Ave. corridor. The creation of TID No. 40 (Northside) will assist in the elimination of blighting conditions and promote tax base growth. The City of Madison looks forward to continuing a successful partnership with MMSD, MATC, and Dane County to continue to revitalize the Northside of Madison.

