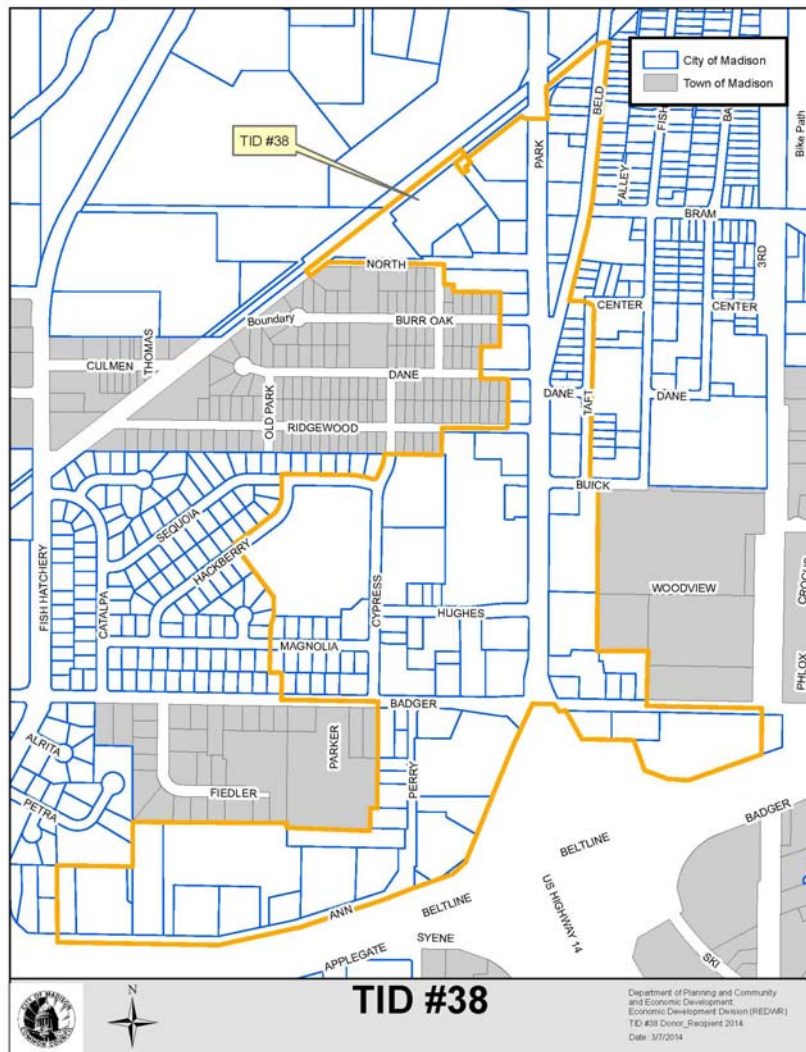


# MEMORANDUM

TO: Joint Review Board  
FROM: Dan Rolfs & Joe Gromacki  
DATE: 22 April 2014  
SUBJECT: TID #38 (Badger Ann Park) Status

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Staff has received several questions regarding the status of TID #38. Staff has prepared this memo in order to address these questions and provide clarity to the Joint Review Board (JRB). TID #38 was created in 2008 and is shown on the map below.



**Question #1** – What is the status of PCED Capital Budget Project #30 in TID #35?

NOTE: This project is described in the budget as follows:

“Provide funding to encourage new investment in three existing multi-family projects at 260, 2609 and 2617 McDivitt Court and potentially future investment in 2720 McDivitt Court and 2814 and 2822 Ashford Lane. The investment would focus on redeveloping the housing units to attract more work force housing to respond to an interest among employees that work in the Arbor Gate project.

Funding of \$500,000, derived from excess in the increment generated by TID#35, will support a loan/grant program similar to the existing Rental Rehab and Small Cap TIF programs that are administered by CDA.”

**Answer #1** – This project has been halted. However, a portion of the \$500,000 has been reauthorized by Legistar File #33581 to provide a supplemental loan to Arbor Gate Development, LLC for renovation of the vacant long-term care facility into a Heat Start child care program site.

**Question #2** – Can the CDA (as the developer) in any manner be made financially responsible for the lack of incremental returns on investments with the Villager and Burr Oaks Senior Housing?

**Answer #2** – No. The CDA is not financially or contractually responsible for the lack of incremental returns. The two CDA projects in question were not intended to generate large incremental returns, but rather were intended to eliminate blight and help stabilize the South Park Street neighborhood.

Villager Mall – The CDA acquired this property in 2006, before TID #38 was created in 2008. As such, the Mall had a value of \$0 when TID #38 was created. The CDA acquired two gas stations at the NE and SE corners of the Villager Mall in 2008. These properties were valued at a total of \$494,500. This value was included in the original base value of TID #38, but was subsequently removed from the tax rolls and the TID #38 value in 2009.

Burr Oaks – The CDA’s goal of the Burr Oaks Senior Housing project was blight elimination and redevelopment. When the Burr Oaks Senior Housing properties were purchased in 2009, they had an assessed value of \$2,282,000. The 2014 assessed value of these properties was \$2,024,000. The TID project plan estimated that this project would create \$4 million of incremental value. (NOTE: There is still one vacant CDA property that will be redeveloped in the future). The table below shows the Burr Oaks project’s assessed value from City acquisition through final construction.

Burr Oaks Valuation			
Year	Assessed Value	Absolute Change	Percent Change
2009*	\$ 2,282,000		
2010**	\$ -	\$ (2,282,000)	(1.00)
2011	\$ 520,800	\$ (1,761,200)	(0.77)
2012	\$ 1,840,000	\$ (442,000)	(0.19)
2013	\$ 2,024,000	\$ (258,000)	(0.11)
2014	\$ 2,024,000	\$ (258,000)	(0.11)

\* - Property acquired by CDA

\*\* - Property owned by CDA (i.e. no assessed value)

The TID #38 project plan identified three potential projects as generators of incremental value. One was the Burr Oaks senior housing project. The other two are listed below.

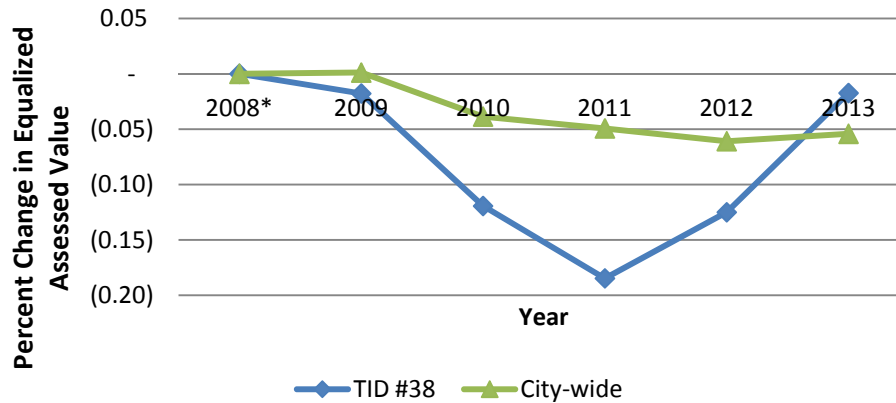
Ann Street Development – This project was identified as potential three-phase commercial development, west of Park Street, with an estimated \$43.2 million of incremental value completed by 2012, and an additional \$10 million of incremental value created by 2014. This project was sidelined when the project investor passed away. Subsequently, the national economic recession caused a de-valuation in much of the property within the TID.

Park Street Corridor – This project was identified as redevelopment at the entrance to the Park Street Corridor with an estimated incremental value of \$4 million. This redevelopment has not occurred due to the recession.

## TID #38 Status

Staff has reviewed the performance of TID #38 to date. The chart below shows the percent change in equalized assessed value from 2008 – 2013 for both the City and TID #38.

### Percent Change in Equalized Assessed Value



As a result of the national economic downturn of 2007-2008, both the City and TID #38 suffered losses in equalized value. The tables below show the losses in value that the City and TID #38 suffered as a result of this downturn.

TID #38 (Badger Ann Park)			TID #38 (Badger Ann Park)	
Year	Assessed Value	Absolute Change	Percent Change	
2008	\$ 54,203,700	0	-	
2009	\$ 53,239,300	\$ (964,400)	(0.02)	
2010	\$ 47,732,800	\$ (6,470,900)	(0.12)	
2011	\$ 44,188,200	\$ (10,015,500)	(0.18)	
2012	\$ 47,425,500	\$ (6,778,200)	(0.13)	
2013	\$ 53,262,100	\$ (941,600)	(0.02)	

<u>City of Madison</u>			
Year	Equalized Value	Absolute Decrease	Percent Change
2008	\$ 23,105,474,700	\$ -	0
2009	\$ 23,131,428,500	\$ 25,953,800	0.00
2010	\$ 22,212,095,800	\$ (893,378,900)	(0.04)
2011	\$ 21,965,221,700	\$ (1,140,253,000)	(0.05)
2012	\$ 21,697,080,900	\$ (1,408,393,800)	(0.06)
2013	\$ 21,853,251,100	\$ (1,252,223,600)	(0.05)