



City of Madison TIF Goals, Objectives, and Process

TIF Policy Committee:

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INTRODUCTION

Tax Increment Financing (TIF) is a governmental finance tool that the City of Madison uses to provide funds to construct public infrastructure, promote development opportunities and expand the future tax base. The City of Madison seeks to use TIF to enhance the built environment in concert with adopted plans and to strengthen the City's economic foundation in an inclusive manner. The City seeks a policy that is both competitive and flexible.

SECTION 1: TIF GOALS

Madison's goals for the use of TIF include:

1. Growing the property tax base
2. Fostering the creation and retention of family-supporting jobs and jobs that offer career ladders toward family-supporting jobs
3. Encouraging adaptive re-use of obsolete or deteriorating property
4. Encouraging urban in-fill projects that increase (or decrease where appropriate) density consistent with the City comprehensive plan
5. Assisting in the revitalization of historic or architecturally significant or deteriorated buildings
6. Creating a range of housing options and specifically encouraging the development of workforce and affordable housing
7. Enhancing transportation options by making it easier to walk, bike, use mass-transit, or employ other shared transit options
8. Promoting superior design, building materials, and sustainability features in the built environment

SECTION 2: INELIGIBLE DEVELOPMENT

2.1 Luxury Housing

Luxury housing is ineligible for TIF assistance. Market rate housing projects will be evaluated on a case-by-case basis and may be considered for assistance to the degree they demonstrate a financial gap and promote the City's TIF goals articulated above.

2.2 Student Housing

Student housing, defined as multi-unit residential structures, whether publicly or privately owned, that are leased whole or in part to students attending post-secondary educational institutions, shall not be funded with TIF except if it has a significant affordable component.

2.3 Speculative Office Development

Commercial projects will be expected to secure one or more anchor tenants consistent with commercial lending standards.

2.4 Tenant-Shifting Office Development

The City may consider providing TIF to retain an employer within the City or to accommodate an employer's expansion. The City will seek to avoid providing TIF to relocate an employer within the City.

SECTION 3: TIF PROCESS

3.1 TIF Application Process (See Figure 2a)

(1) Capital Budget TIF Application Deadline.

(a) To the extent that Economic Development Division staff is able to anticipate projects expected in the upcoming calendar year that require city funds, staff will request Capital Budget allocations for pipeline projects. Developers are encouraged to make staff aware of upcoming projects prior to key Capital Budget deadlines. Typically these deadlines are:

Agency Requests - mid-June
Executive Budget - early September

(b) Developers should be aware that other City TIF funding not included in the Capital Budget will require an extra-majority vote to adopt a budget amendment.

(2) TIF Application Without A TID (Figure 2b).

(a) Projects located outside of an existing TID could receive TIF support through the creation of a new TID, or by amending the boundary of a nearby TID to bring the project into that TID. The City of Madison requires approximately five (5) months to create or amend a TID. TIF law requires that all districts be either created or amended by September 30 of each year in order to be certified for that year. Developers seeking TIF assistance for development on a parcel or parcels that is not located in a TID boundary, and requires either amendment or creation of a TID as part of their request for TIF assistance should ideally apply for TIF and land use approvals by April 15. Applications for TIF after April 15 will be considered, but may bear additional risk for the developer *because a TID may not be created in time.*

(1) **Application Fee.** Developers shall pay a TIF Application Fee in the amount of 1/2 of one percent of the amount required to **Move to Ordinance** of the initial TIF Application or initial spreadsheet(s) representing a request for the assistance.

(2) **Term Sheet.** Staff shall provide developer and the district alder with a term sheet indicating the loan terms, conditions and applicable ordinances required by the City of Madison for providing TIF assistance. Staff shall draft a funding resolution upon Board of Estimates closed session approval and receipt of a term sheet that incorporates the terms and conditions found therein.

(3) **Board of Estimates Presentations: Staff & Developer.** Staff shall draft a written report of its recommendation. This report shall include the following:

- (a) The amount of TIF requested
- (b) The type of project: Redevelopment, Affordable Housing or Jobs Project
- (c) Whether or not a gap has been identified by TIF staff through gap analysis (if not, indicate that Jobs Project gap analysis waiver is requested).
- (d) The estimated value and projected increment created by the project
- (e) The financial health and age of the TID
- (f) Comparison of gap to 50% Rule or Jobs Project Rules
- (g) If applicable:
 - i. Quantity of living-wage jobs created and/or retained
 - ii. Quantity of affordable housing units and level of affordability
- (h) The amount of TIF (if any) recommended
- (i) A general statement of comments or issues concerning the project
- (j) Identify any requested exceptions to TIF policy

Staff shall provide updates to the district alder during the drafting of said report. Said report shall be made available to the public and attached to the Authorizing Resolution as an electronic document.

April 15 Deadline to Create a TID

3.2 Creation or Amendment of TIDs (Figure 2c)

The City will consider creation or amendment of a TIF district according to the following guidelines:

- (1) **TIF Generators.** The proposed TIF district has economic “generators”, i.e., at least one private development project that generates increment to finance TIF district costs, including a sufficient amount of public infrastructure improvements. The economic generators project must have an incremental value at completion of at least \$3 million to cover the typical costs of establishing a TIF district.

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