

MEMORANDUM

TO: Common Council
FR: Terrell Nash, Real Estate Development Specialist
DATE: March 4, 2026

SUBJECT: TIF REPORT – 501 E. Washington Avenue (Wash Franklin, 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 the former Wisconsin Manufacturers and Commerce building at 501 E. Washington Avenue, located adjacent to the boundary of TID 53 (**Figure 1**).

The Project demonstrated a gap of approximately \$1,666,000. Approximately \$1,666,000 of TIF loan assistance is feasible, representing 55% of TIF generated by the Project’s estimated \$30,140,000 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: \$ 1,666,000 (50% 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 \$30,140,000

Total Estimated Tax Increments \$ 7,732,000

Average Annual Tax Increment \$ 491,000

TIF Supportable at 50% \$ 1,666,000

(f) TID Condition

The Project is located within Tax Incremental District (TID) 53 which the City originally created in 2023. A part of the TID 53 boundary stretches along East Wilson Street, following southwest to northeast from approximately Carroll Street to Blair Street and second part of the boundary stretches along East Washington Avenue from Webster Street to Franklin Street. The area framed in red was part of an amendment to the TID 53 boundary that includes the Project **(Figure 2)**.

There is limited value growth from other private development in the initial years of a newly created TID such as TID 53. TIF generators proposed in the original TID 53 Project Plan have yet 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.

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 \$9,290,000 of deferred developer fee, and \$30,886,000 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.)**

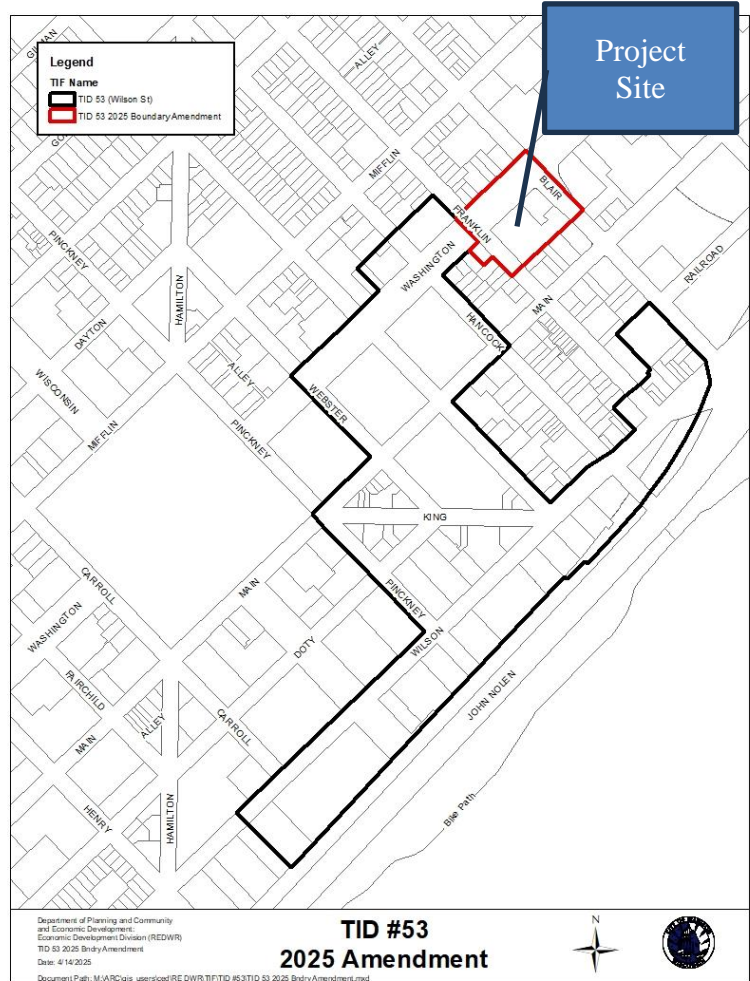


Figure 1

(i) Amount of TIF to Be Considered

TIF Eligible	\$1,666,000	55% of TIF
TIF Recommended	\$1,666,000	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 \$1,666,000 or 50% 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 25, 2026

Terrell Nash
Real Estate Development Specialist / Community Development Project Manager
215 Martin Luther King, Jr. Blvd, Third Floor
Madison, WI 53701-2983

Dear Mr. Gromacki,

Bear Development, LLC ("Bear") is proposing to acquire and develop the property located at 1 S Franklin Street (formerly 501 E Washington Avenue), which formerly housed the office of Wisconsin Manufacturing and Commerce, into 222-units of affordable housing. The 0.94-acre site has a vacant two-story office building that will be demolished prior to construction of the new building. All units will be affordable, with rents and household incomes restricted between 50-70% AMI and will consist of 196 one-bedroom units, and 26 two-bedroom units. The project will be funded primarily with 4% Low-Income Housing Tax Credits (LIHTC), Tax-Exempt Bonds, for which Bear has received a reservation from WHEDA, and Tax Incremental Financing (TIF), for which Bear is requesting \$1,666,000 in assistance. In addition to the sources listed, the project will include a deferred developer fee in excess of the TIF assistance and Bear will apply for additional gap funding 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 \$1,374,000. The estimated assessed value of the site at completion of the project per the assessor's feedback is approximately \$30,000,000.
- **Fostering the creation and retention of family-supporting jobs:** The development is estimated to generate 320 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 a vacant commercial building and parking lot. The two-story office building is approximately 19,628 square feet and it is not feasible to re-use the building while using the site to its highest and best.
- **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 UMX-Urban Mixed-Use area with no density limit and building height up to 8 stories. The development will replace a vacant office building and parking lot and will be 7 stories and have 236 dwelling units/ acre which is consistent with the City's future land use plans.
- **Assisting the revitalization of historic, architecturally significant or deteriorated buildings:** NA-The development will replace a vacant office building and parking lot. The existing building is approximately 19,628 square feet and is not the highest and best use for the site. The city Landmark's Commission reviewed the existing building in December 2024 and found no known historic value that would prohibit its demolition.

- **Creating a range of housing options and specifically encouraging the development of workforce and affordable housing:** All of the units at the development are affordable with rents and incomes restricted to 30-80% AMI. This is a prime site in the heart of the city's downtown near the capital and affordable housing in this location is an asset that will benefit the city as a whole.
- **Funding public improvements that enhance development potential, improve the City's infrastructure, enhance transportation options, and improve the quality and livability of neighborhoods:** The development will replace an unused commercial building and parking lot and directly adjacent to a new BRT stop.
- **Promoting superior design, building materials, and sustainability features in the built environments:** The development will undergo final approval from the City's Urban Design Committee who will extensively review its design, and the project will also be designed to achieve sustainability goals in line with WHEDA's programmatic requirements which may include LEED or a similar certification.
- **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 is in compliance with 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
Director- Development
Bear Development, LLC