

Executive Summary to the City of Madison Joint Review Board

Tax Incremental District (TID) No. 51 (South Madison) 2023 Project Plan and Boundary Creation City of Madison

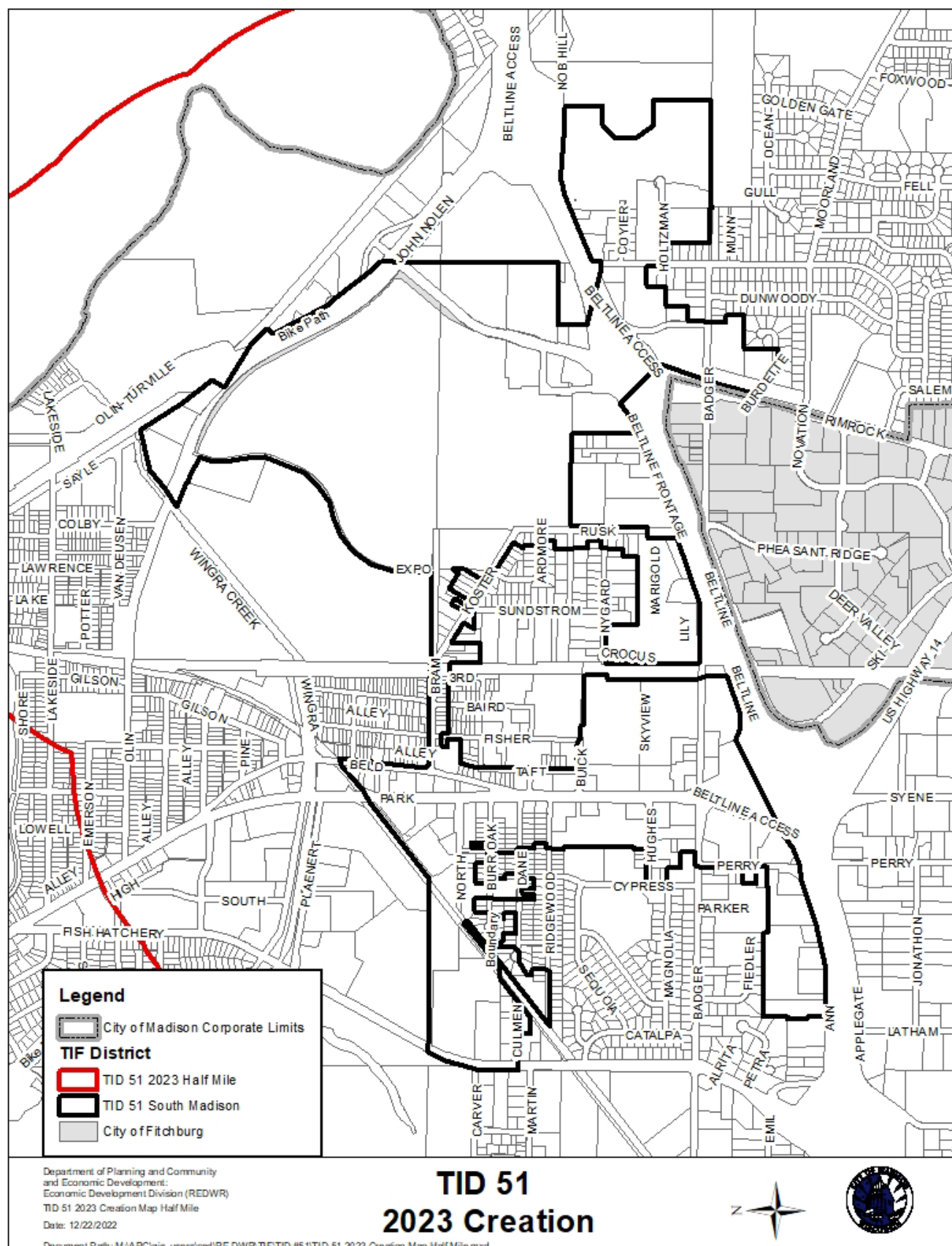
January 19, 2023

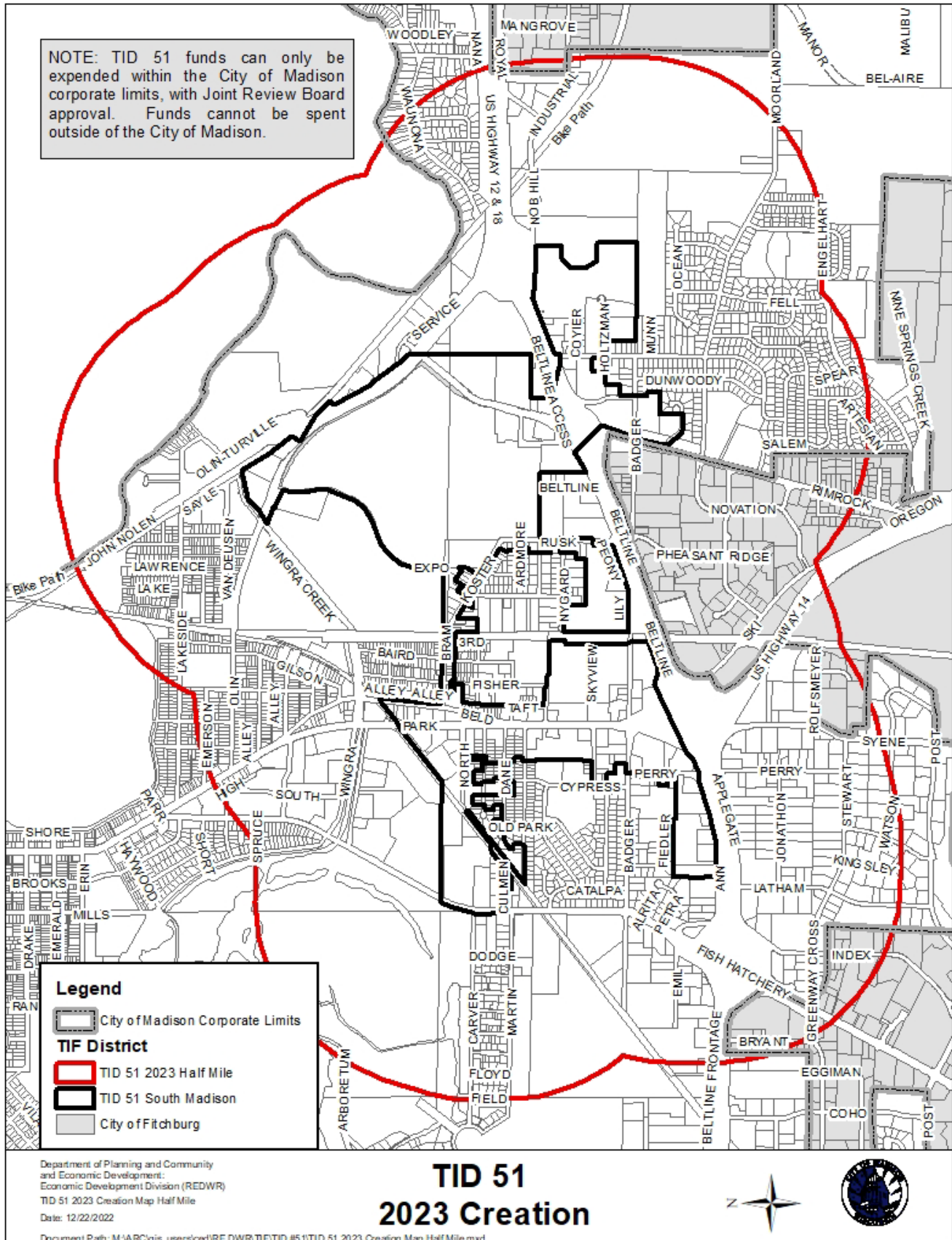
Background

By statute, a TIF Joint Review Board, comprised of one representative each from the Madison Metropolitan School District (MMSD), the City of Madison, Dane County, Madison College (MATC) and one public member, meets to review, and if acceptable, approve the proposed creation of a Tax Incremental District (TID) Project Plan. The Joint Review Board will meet at a future date to take action upon the proposed creation of the project plan and boundary of TID 51 (South Madison).

Summary of the TID #51 Project Plan

The maps on the next pages depict both the boundaries of TID 51, located in the area of Madison generally bounded by Fish Hatchery Road, the Beltline Highway, John Nolen Drive, and Wingra Creek, along with the proposed Half Mile boundary of TID 51:





TIF Law Required Information for TID Amendment Approval

1) Estimates of project costs and tax increments, including:

a) Specific items that constitute project costs; (See Chart Below)

Type TID / Major Project	Project/Program Name	Year / Time Frame	Proposed TIF Funded Non-Assessable Costs	Assessable / Non-TIF Project Costs	Total
Land Banking	All Metals Acquisition (Estimate)	2023	4,000,000		4,000,000
Environmental	All Metals - Clean Up (Estimate)	2024	500,000		500,000
Land Banking	Demo, remediation, and holding costs	2023-2028	1,200,000		1,200,000
Land Banking	South Madison Acquisitions	2024-2027	5,000,000		5,000,000
Small Business	Small Cap TIF Program	2023-2028	1,500,000		1,500,000
COA	Commercial Ownership Assistance Program	2023-2028	1,500,000		1,500,000
Small Business	Façade Grants	2023-2028	300,000		300,000
Small Business	Building Improvement	2023-2028	1,200,000		1,200,000
Census to Census Study	Census to Census Study	2023-2028	1,200,000		1,200,000
Development Loans	Development Loans to Private Projects	2025-2027	3,500,000		3,500,000
Development Loans	South Transfer Point	2024	4,000,000		4,000,000
Land Banking	Community Partnerships Property Acquisition	2024-2028	5,000,000		5,000,000
Development Loans	Village on Park Improvements	2023-2025	6,000,000		6,000,000
Development Loans	Financial Assistance to Rental Development	2024-2027	10,500,000		10,500,000
New Small Cap Homeownership Program / Development Loans (for owner occupied)	Financial Assistance to Affordable Owner Occupied Units	2025-2027	7,500,000		7,500,000
Affordable Housing-	Single Family Rehab Program	2023-2027	1,400,000		1,400,000

Purchase of Service					
Consumer Lending	Rental Rehabilitation Loan Expansion	2023-2025	1,250,000		1,250,000
Affordable Housing-Purchase of Service	Home Buyer's Assistance/Rehab Program (\$50k forgivable loan)	2023-2026	1,463,000		1,463,000
Badger Park	GaGa Ball Pit	2023	5,000		5,000
Badger Park	Shred to School Trail in Greenway and Park	2023	50,000		50,000
Cypress Spray Park	Rebuild spray park	2024	350,000		350,000
Cypress Spray Park	Buy building on west lot and place park improvements	2024	400,000		400,000
Cypress Spray Park	Demo building on west lot and place park improvements	2025	250,000		250,000
Penn Park	Rebuild basketball courts, remove tennis, add Futsal court (partial funding)	2023	50,000		50,000
Penn Park	Recondition football field, new goal posts and new spectator seating, add lights	2023	1,500,000		1,500,000
Penn Park	Buy land to south (2203 Woodview Ct) to expand park	2024	1,000,000		1,000,000
Penn Park	Improve newly purchased land with park features (Cinder Track, other park features)	2025	1,500,000		1,500,000
Bowman Park	Reconstruct parking lot	2024	750,000		750,000
Bowman Park	Single track trails in wooded areas of park	2024	50,000		50,000
Bowman Park	Recondition softball diamonds (3) and baseball diamond (1)	2024	200,000		200,000
Heifitz Park (ToM)	Remodel existing park shelter	2023	50,000		50,000
Heifitz Park (ToM)	New playground equipment	2024	125,000		125,000
Heifitz Park (ToM)	Move Community Gardens add unnamed rec. opportunity to Park	2024	60,000		60,000
Heifitz Park (ToM)	Improvements to the addition to Heifitz Park after All Metals is purchased and cleaned up	2025	250,000		250,000

Schmidt Park (ToM)	Remove ill located park features, install features and vegetation suited to site	2023	250,000		250,000
Schmidt Park (ToM)	Formalize walking path, replace existing culverts	2023	100,000		100,000
John Nolen Dr	Olin to Rimrock	2027	1,728,000	1,920,000	3,648,000
John Nolen Dr	Lakeside to Olin	2027	1,890,000	2,100,000	3,990,000
John Nolen Dr	Rimrock to USH 12	2027	1,125,000	1,250,000	2,375,000
Rimrock Rd (John	John Nolen to USH 12	2025	2,160,000	2,400,000	4,560,000
Rimrock Rd (USH 12	USH 12 - Burdette	2025	900,000	1,000,000	1,900,000
Park St (RR	RR - USH 12	2026	2,362,500	2,625,000	4,987,500
Local Streets (district	Local Streets (district wide)	2027	2,250,000	250,000	2,500,000
Badger Rd	Fish Hatchery - Park	2029-2044	2,340,000	260,000	2,600,000
Badger Rd / Frontage Rd / E Rusk (Park	Park - Rimrock	2025	4,770,000	530,000	5,300,000
Badger Rd	Rimrock - Badger Ln	2029-2044	1,125,000	125,000	1,250,000
N Rusk Ave	Nygaard - Frontage Rd	2029-2044	506,250	56,250	562,500
Badger Ln	Nob Hill - Badger Rd	2029-2044	776,250	86,250	862,500
Nob Hill Rd	Badger Rd to 700 E of RR	2029-2044	2,430,000	270,000	2,700,000
Wingra Dr	Fish Hatchery - Park	2029-2044	1,485,000	165,000	1,650,000
Perry St Overpass	Perry St Overpass / Underpass (assume 1/2 Federal Funds)	2029-2044	1,250,000	-	1,250,000
Perry St Overpass	Perry St Overpass / Underpass (assume 1/2 Federal Funds)	2029-2044	1,250,000	1,250,000	2,500,000
BRT stations	Fish Hatchery, Park / Badger, Park / Burr Oak	2025	3,750,000	1,250,000	5,000,000
BRT Station	Olin / Park	2025	1,250,000	-	1,250,000
Priority Bike Network Improvements	Buick to Fischer	2024	100,000	-	100,000
Priority Bike Network Improvements	Koster & N Rusk	2024	75,000	-	75,000

Priority Bike Network Improvements	Cypress Way to Dane	2024	75,000	-	75,000
Priority Bike Network Improvements	Beld St	2024	50,000	-	50,000
Pedestrian Improvements	W Badger Rd	2026	250,000	-	250,000
Pedestrian Improvements	Lincoln Elementary Area	2026	200,000	-	200,000
Storm Sewer Improvements	John Nolen Dr Service Rd	2026	650,000	-	650,000
Admin / Prof. Costs	Admin	2022-2044	779,000		<u>779,000</u>
			99,480,000	15,537,500	115,017,500

b) The total dollar amount of these project costs to be paid with tax increments;

Per the above chart, tax increments will pay for a total of **\$99,480,000** of project costs.

c) The amount of tax increments to be generated over the life of the tax incremental district.

Based upon the City's TIF run, TID 51 will generate approximately \$99 million of incremental revenue through its expiration date of 2050. The net present value of these incremental revenues is \$34 million. **The total forecasted incremental revenue over the entire life of TID 51 of \$99 million.** This does not include any proposed donated incremental revenue from TID 36 or TID 37.

2. The amount of value increment when the project costs are paid in full and the district is closed.

Based upon development projects that are projected to occur within the TID, the anticipated incremental value of property within the district at the end of its 27-year life is estimated at **\$422,000,000**. This value will be returned to overlying tax jurisdictions for general tax levy purposes upon closure of the district at the end of its statutory life. Based upon conservative estimates, the district will generate sufficient incremental revenues to repay all \$34 million of anticipated project costs that will be paid for by TID 51 incremental revenue by the TID by 2037. The \$34 million of project costs does not reflect the total project cost of \$99,480,000, which will be paid for by a combination of \$34,280,000 of TID 51 incremental revenues and \$65,200,000 of donated incremental revenues from TID 36 and TID 37.

Without any additional projects generating new incremental value, the estimated incremental value in 2037 is \$290 million.

3. The reasons why the project costs may not or should not be paid by the owners of property that benefit by improvements within the district.

The budget for the proposed project plan is \$115,017,500. The total amount of non-TIF costs, that would be paid for with assessments or other funds (State / Federal dollars) is costs not to be paid for with TIF funds is \$15,537,500. The total amount of costs to be paid for with TIF funds is \$99,480,000.

4. The share of the projected tax increments estimated to be paid by the owners of taxable property in each of the taxing jurisdictions overlying the district.

The estimated base value of TID 51 is **\$157,898,700**. Overlying jurisdictions will continue to collect their portion of the levy upon the base value over time. The box below indicates the share of the estimated first tax increment invested by overlying tax jurisdictions based upon the 2023 mill rate.

<u>Tax Jurisdiction</u>	<u>2023 Mill Rate</u>	<u>Share of Tax Levy</u>
City	7.69	36%
County	2.58	12%
MMSD	10.42	49%
MATC	0.75	4%
State of WI	<u>0.0</u>	<u>0%</u>
Totals*	21.46**	100%*

Source: City of Madison 2023 Adopted Operating Budget
 *NOTE: Total Mill Rate is the Gross Mill, prior to any State Tax Credits being applied to this rate.
 **NOTE: Total may not add due to rounding

5. The benefits that the owners of taxable property in the overlying taxing jurisdictions will receive to compensate them for their share of the projected tax increments.

A conservative estimate of the total incremental value resulting from potential development projects, and economic growth or value appreciation of the life of the TID is estimated to be \$422 million. The benefits of these potential projects are: sharing new equalized value growth, blight elimination, infrastructure improvements, and job creation / retention to benefit those in the district.

TID 51's estimated base value of \$157,898,700 is anticipated to grow by \$422 million at the end of the 27-year life of the TID. Assuming that the City incurs all of the \$99 million of projected costs identified in the TID Project Plan, that there are no changes in tax increment estimates, no further project plan amendments and no changes to TIF Law, the City of Madison forecasts that TID 51 may close in 2037. The average life of a TID in the City of Madison is 12 years. The estimated incremental value of the TID in 2037 when the TID is forecasted to be closed is estimated to be \$290 million (*Note: variations are due to rounding*).

TID 51 is a “blighted area” TID, as defined by State Statute 66.1105.

Criteria for TID Approval

Per TIF Law, the Joint Review Board will cast a vote based upon the following three criteria:

1. Whether the development expected in the tax incremental district would occur without the use of tax incremental financing.

Only \$15,537,500 of the proposed \$115,017,500 of project costs are assessable. Without tax increment revenue from TID 51, and donated incremental revenue from TID 36 and TID 37, such improvements are not likely to occur when compared to areas in the City where special assessment revenues may be more readily available to fund greater portions of project costs.

2. Whether the economic benefits of the tax incremental district, as measured by increased employment, business and personal income and property value, is insufficient to compensate for the cost of improvements.

If the District closes in 2037 as projected, it is estimated that approximately \$290 million of incremental value would return to the overlying taxing jurisdictions. At 27 years, the District would return approximately \$422 million of incremental value to the overlying taxing jurisdictions. Without TIF, the infrastructure and other investments described in the project plan document in and adjacent to TID 51 would not occur. The infrastructure and other improvements will continue to boost values within and adjacent to TID 51.

3. Whether the benefits of the proposal outweigh the anticipated tax increments to be paid by owners of property in the overlying tax districts.

Property and infrastructure improvements, blight elimination, tax base growth, affordable housing opportunities, and job creation / retention are the most significant and quantifiable benefit to overlying tax jurisdictions from the investment of TIF funds.

Without TIF, overlying tax jurisdictions would share approximately \$3.2 million of tax revenues for the tax parcels included in TID 51, based on the estimated base value of \$157,898,700. As stated earlier, the incremental value in 2037 at the end of the projected life of the TID is estimated at \$290 million. Theoretically, if the City invested all \$99 million of project costs in the district, which investment would leverage over \$290 million; or \$1 of TIF leverages approximately \$2.93 of value growth. Note that this total investment of \$99 million of TIF funds includes \$65 million of donated incremental revenue from TID 36 and TID 37

If the TID were to be closed at that time, this value growth would be returned to overlying tax jurisdictions that would now share in a levy of approximately \$9.1 million, or a net gain of approximately \$5.9 million as a result of TIF.

In turn, the anticipated tax increments over the life of the district are estimated to support \$34 million of public investment. This investment will further enhance the area, eliminate blight, increase values in and around the District, and in South Madison, and help create new, family supporting jobs.