



Department of Planning & Community & Economic Development  
**Economic Development Division**

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Madison Municipal Building, Suite 312  
215 Martin Luther King, Jr. Boulevard  
P.O. Box 2985  
Madison, Wisconsin 53701-2985  
TTY/TEXTNET 866 704 2318  
PH 608-266-4222  
FAX 608 261-6126  
Website: [www.cityofmadison.com](http://www.cityofmadison.com)

**CITY OF MADISON**  
**LAND BANKING FUND GUIDELINES**  
**Approved by the Economic Development Committee**  
**February 3, 2010**

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The 2010 City of Madison Capital Budget provides \$5 million for a new land banking fund. The following guidelines were approved by the City's Economic Development Committee on February 3, 2010.

**Program Objective**

The objective of the land banking program is best described in the budget language adopted by the Common Council. It reads as follows:

*This project provides funding to purchase and stabilize developable parcels of land. Priority will be given to parcels for which a development plan exists for a special area plan has been approved, but no development is forthcoming due to overall economic conditions or the financial condition of the developer, thereby making the parcels available at a below market price. Funds used for this purpose will be reimbursed through subsequent sale or ground lease of the property as part of the redevelopment or plan implementation process. The City will sell or transfer at market price any parcels purchased by the City with these funds. Upon sale by the City, these parcels are expected to remain taxable. All transactions shall be approved by the Board of Estimates and Common Council. The Department of Planning and Community and Economic Development will develop implementation guidelines for the use of these funds.*

The City of Madison Common Council will approve the purchase of property under this program.

**Property Selection Criteria**

The following criteria will be used by the City as a guide for making a determination about whether or not a property should be purchased using land banking funds. Each of the criteria is provided with a "weighted score." At most, a site could receive a score of 20; however, projects are not required to receive 20 points to be selected. The purpose of these criteria is to help the City differentiate between

multiple potential projects. The City of Madison Common Council retains authority to purchase properties under the land banking program as it finds appropriate.

- The property can be acquired at below-market price (3 points).
- Redevelopment/development of the property will enhance neighborhood viability and stability, encourage economic development, and generate additional property tax revenue (3 points).
- Redevelopment/development of the property will have a catalytic impact, stimulating additional redevelopment/development within the surrounding area (3 points).
- Acquisition will prevent a large development parcel from being subdivided into smaller parcels in situations where subdivision into smaller parcels would provide less opportunity to achieve the goals outlined in the plans and PUDs noted below (3 points).
- Future use of the property has been outlined in adopted City plans or Planned Unit Developments (PUDs) (2 points).
- Barriers to redevelopment/development (holding costs, demolition costs, environmental remediation, etc.) can be more easily eliminated if the property is owned by the City (2 points).
- Redevelopment/development of the property could presumably occur within five (5) years of purchase by the City (2 points).
- The property is located along a transportation corridor which would provide transit-oriented development (TOD) opportunities (1 point).
- The land banking investment has the potential of leveraging additional Federal, State, and Local (BREWD and TIF) funding (1 point).

### **Property Marketing Guidelines**

The City will market property purchased under this program in accordance with the following guidelines:

- The City would consider either selling the property, or conveying the site through a ground lease.
- Properties will be immediately available for sale or lease upon acquisition by the City.
- The City will grant options to bona fide prospects for reasonable periods of time. The City will not grant indefinite options to purely speculative ventures.
- The City may consider joint-venture and co-development proposals between the City and a private entity.
- The City will consider subdividing the property, and selling portions to multiple end-users in conformance with adopted City Plans or Planned Unit Developments (PUDs).

## **Property Sale Guidelines**

The following guidelines will be used by the City to determine whether or not it will sell or lease property purchased under this program. This list is in no particular order, and is not exhaustive of all City considerations. Purchasers may not be required to meet all of these guidelines in their entirety. The City of Madison Common Council retains authority to sell these properties as it finds appropriate.

- The purchaser has presented a clear and detailed proposal for how he or she will develop the property.
- The purchaser has demonstrated the financial wherewithal to complete the transaction, and implement his or her proposal.
- The purchaser has demonstrated the ability to implement his or her proposal within a timeframe consistent with industry standards.
- The purchaser has secured land use approvals and development entitlements for his or her proposal.
- The property will be sold or leased at market value, with a goal that the City will be compensated at a level at or above the original cost of purchasing the property.
- The property will remain taxable after the purchaser has implemented his or her proposal.
- The transaction is approved by the Common Council, with referrals to the Economic Development Committee and Board of Estimates.