# TIF Joint Review Board Staff Report
# TID #38 (Badger Ann Park)
# October 16, 2008

## Required Information and Projections

1. **The a) specific items that constitute project costs, b) the total dollar amount of these project costs to be paid with tax increments, and c) Amount of tax increments to be generated over the life of the tax incremental district.**

   a) For further information, see Page 5 of the Project Plan–Detailed Estimate of Timing and Project Costs.

| PROJECT COST | TOTAL COST | ASSESSABLE | TIF COST | TIMING |
|---|---|---|---|---|
| Water Main | 0 | 0 | 0 | 2008-30 |
| Sanitary Sewer | | | | |
| Move sanitary sewer from under 1802 Beld St | 75,000 | 0 | 75,000 | 2008-30 |
| Rehab Mayflower lift station | 50,000 | 0 | 50,000 | 2008-30 |
| Subtotal Sanitary Sewer | $125,000 | 0 | $125,000 | 2008-30 |
| | | | | |
| Storm Sewer | | | | |
| Extend storm sewer to Spray Park | 40,000 | 0 | 40,000 | 2008-30 |
| Install storm water treatment devices | 50,000 | 0 | 50,000 | 2008-30 |
| Drainage improvements at RR tracks | 80,000 | 0 | 80,000 | 2008-30 |
| Subtotal Storm Sewer | $170,000 | 0 | $170,000 | |
| Street Pavement Rehab | | | | |
| Park Street - UP RR to Badger Rd. | 1,650,000 | 0 | 1,650,000 | 2011 |
| Beld Street – Kenward St to Bram St | 241,000 | 36,000 | 205,000 | 2012 |
| Beld Street – Bram St to Beld St stub | 73,000 | 12,000 | 61,000 | 2012 |
| Taft Street – Buick St to Center St | 74,000 | 12,000 | 62,000 | 2008-30 |
| Buick Street – Taft St to S. Park St | 27,000 | 4,000 | 23,000 | 2008-30 |
| W. Badger Rd—Cypress Way to E. end of TID | 172,000 | 28,000 | 144,000 | 2008-30 |
| W. Badger Rd.—Park St Intersection | 1,000,000 | 0 | 1,000,000 | 2008-30 |
| North Avenue—Park St to Taylor St | 184,000 | 79,000 | 105,000 | 2008-30 |
| Burr Oak Lane—Park St to W. City Limit | 13,000 | 2,000 | 11,000 | 2008-30 |
| Dane Street—Park St to W. City Limit | 105,000 | 45,000 | 60,000 | 2008-30 |
| Ridgewood Way—Park St to W. City Limit | 184,000 | 79,000 | 105,000 | 2008-30 |
| Cypress Way—Sequoia Trl to Badger Rd | 116,000 | 19,000 | 97,000 | 2008-30 |
| Sequoia Trl—Cypress to Hackberry | 44,000 | 7,000 | 37,000 | 2008-30 |
| Hackberry Ln—Sequoia to TID Limit | 44,000 | 7,000 | 37,000 | 2008-30 |
| Magnolia Ln—Cypress to TID Limit | 53,000 | 9,000 | 44,000 | 2008-30 |
| Hughes Place—Cypress to Park St | 71,000 | 12,000 | 59,000 | 2008-30 |
| Perry Street—Badger to south end | 350,000 | 150,000 | 200,000 | 2008-30 |
| Ann Street | 169,000 | 27,000 | 142,000 | 2008-30 |
| **Subtotal Street Pavement Rehab** | $4,570,000 | $528,000 | $4,042,000 | 2008-30 |

| | | | | |
|---|---|---|---|---|
| Streetscape | $200,000 | 0 | $200,000 | 2008-30 |
| Miscellaneous Public Works – Install Drinking Fountains at locations to be determined | $35,000 | 0 | $35,000 | 2008-30 |
| CDA Land Acquisition | $4,500,000 | 0 | $4,500,000 | 2008-30 |
| 10% Affordable Housing Set-Aside | $1,103,000 | 0 | $1,103,000 | 2008-30 |
| Loans to Private Sector Development | $558,000 | 0 | $558,000 | 2008-30 |
| Administrative and Professional | $300,000 | 0 | $300,000 | 2008-30 |
| **TOTAL CAPITAL COSTS (TIF Capital Budget)** | $11,561,000 | $528,000 | **$11,033,000** | 2008-30 |
| Estimated Finance Cost | NA | NA | $3,034,000 | 2008-30 |

| | |
|---|---|
| **Sub-Total Public Improvements & Revitalization** | **$11,033,000** |
| Finance and Interest Cost | $3,034,000 |
| Total Costs | $14,067,000 |

b) Tax increments will pay for a total of **$11,033,000** of project costs.

c) A total of **$30,629,000** of tax increments is estimated over the district's 27-year life.

2. **The amount of value increment when the project costs in subd. 1 are paid in full and the district is terminated.**

The anticipated incremental value of property within the district at the end of its 27-year life is estimated at $129,074,000 (Page 6 of the Project Plan).

3. **The reasons why the project costs in subd. 1 may not or should not be paid by the owners of property that benefit by improvements within the district.**

As demonstrated in the Detailed Estimate of Timing and Project Costs (Page 5 of the Project Plan), $528,000 of the planned public infrastructure costs including sanitary sewer, storm sewer, street pavement rehab, streetscape and other costs are assessable to property owners. This leaves $11,033,000 in project costs to be covered by tax increment funds.

**4. The share of the projected tax increments in subd. 1 estimated to be paid by the owners of taxable property in each of the taxing jurisdictions overlying the district.**

The proposed District base value is estimated at $49,202,100. The first tax increment to be collected with Phase I of the proposed project at full assessment in 2011 is estimated to be $484,000. The box below indicates the share of the estimated first tax increment invested by overlying tax jurisdictions based upon the 2007 mill rate.

2011 Tax Increment: $484,000

| Tax Jurisdiction | 2007 % Mill Rate | Share of Tax Levy | Share of Increment |
|---|---|---|---|
| City | 7.32 | 37% | $179,000 |
| County | 2.24 | 11% | $53,000 |
| MMSD | 10.34 | 53% | $256,000 |
| MATC | 1.23 | 6% | $29,000 |
| State of WI | (1.50) | 0.0% | 0 |
| Mill Rate | 19.63 | 100.00% | $484,000* |

**NOTE: Total may not add to $484,000 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 in subd. 4.**

The District is 71.2% blighted. The proposed District provides the benefits of sharing in the equalized value growth, blight elimination and improving the condition of housing and quality of life within the district. The chart below demonstrates the estimated tax base growth derived by tax jurisdictions if the district closes in 2020 (i.e. 12 years, consistent with the City of Madison average) and at the end of its statutory 27-year life.

- 2008 Value: $49,202,100
- Est. 2020 Value: $132,461,000
- Est. 2035 Value: $178,276,000

## TID Approval Criteria

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

   Only $528,000 of the public improvements anticipated in the District is assessable to property owners, out of a total of $11,561,000 of total costs. Without tax increment revenue, 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.

   Further, the financial feasibility of the proposed District and the redevelopment proposal that exists for the areas along Ann Street are mutually dependent. Because of the anticipated public improvements, this redevelopment proposal that consists of retail and commercial uses are being proposed within the District. These public improvements, "but for" TIF assistance, could not occur. In turn, the District could not support the public improvement costs without a "generator" of tax increment such as the current redevelopment plans.

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

   If the district closes in 2020, it is estimated that approximately $132,461,000 of equalized value would return to the overlying tax jurisdictions. At 27 years, the district would return approximately $178,276,000 of equalized value to the overlying taxing jurisdictions. It is arguable that, without TIF, the current $49,202,100 base value of the proposed District would grow, if at all, at a more gradual rate and reach the estimated value growth levels in a much greater period of time.

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

   Although blight elimination is a significant, principal benefit to overlying tax jurisdictions, the most quantifiable benefit is sharing of equalized value growth resulting from that investment.

   Without TIF, overlying tax jurisdictions would share $965,000 of tax revenues for the tax parcels included in the proposed District based on the current base value of

$49,202,100. As stated earlier, the value at the end of the City's average 12-year TID life is estimated at $132,461,000. Theoretically, if the City invested all $11 million of project costs in the district, that investment would leverage almost $83 million or $1 of TIF leverages $7.50 of value growth. 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 about $2,600,000 or a net gain of about $1,635,000 as a result of TIF.

In turn, the anticipated tax increments over the life of the district are estimated to support $11,033,000 of public investment that may further enhance the area and also increase values in and around the proposed District.