



## Department of Planning & Community & Economic Development

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**TO:** Economic Development Committee

**FROM:** Mark A. Olinger, Director  
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**SUBJECT:** Land Banking Program Guidelines

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The 2010 City of Madison Capital Budget provides \$5 million for a new land banking fund. The following memo outlines potential program guidelines prepared by City staff. The property selection criteria were discussed at the January 6, 2010, meeting of the EDC. Based on feedback provided at that meeting, proposed changes to the selection criteria are noted in color.

### Program Objective

The objective of the land banking program is best described in the budget language adopted by the Common Council in November 2009. 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 or 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.*

### 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 differentiate among multiple projects that may come before the City. The 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 eliminate blight, 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 effect, 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 reasonably be expected to 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 (e.g., 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.
- 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 Madison Common Council retains authority to sell these properties as it finds appropriate.

- The purchaser has presented a clear and detailed proposal for how they will develop the property.
- The purchaser has demonstrated the financial wherewithal to complete the transaction, and implement their proposal.
- The purchaser has demonstrated the ability to implement their proposal within a timeframe consistent with industry standards.



- The purchaser has secured land use approvals and development entitlements for their proposal.
- The property will be sold or conveyed at a market value.
- 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 their proposal.
- The transaction is approved by the Common Council, with referrals to the Economic Development Committee and Board of Estimates, and other Boards and Commissions as may be required by the form and nature of the project.

Again, we appreciate your thoughtful comments and suggestions on the earlier draft and look forward to further conversations on this important topic.

If you have any questions, please contact Tim Cooley of my staff at 266-4222 or [tcooley@cityofmadison.com](mailto:tcooley@cityofmadison.com).

Thank you.