

January 16, 2007

City of Madison TIF Report
 Union Corners Project (Union Corners, LLC)

Unit Mix

Market Units	112
IZ Units	<u>19</u>
Total Units	131

Parking Stalls

Underground 166 stalls

Estimated Value

	\$53,867,000
LESS: Base Value	<u>(\$3,666,000)</u>
Incremental Value	\$50,201,000

TIF Available @ 50% **\$4,611,000**

Cost

Land	(\$6,581,000)
Hard Cost – Res. & Com.	(\$36,260,000)
Hard Cost - Parking	(\$4,283,000)
Soft Cost	<u>(\$11,526,000)</u>
Total Cost	<u>(\$58,650,000)</u>
Less: Adjustment for Bldg. "C"	687,000
Adjusted Cost – Phase I	<u>(\$57,963,000)</u>

Sources of Capital

Equity - Developer	\$4,500,000
Brownfield Grant	<u>\$450,000</u>
Total Equity	\$4,950,000

Construction Loan - Value	\$51,563,000
MGE Loan	<u>\$1,500,000</u>
Total Loan Sources	\$53,063,000

Less: Cost (Uses) (\$57,963,000)

Gap (\$4,900,000) 53% of TIF

TIF Policy	Exception	Comments, Rationale for Exception
3.1 (i) Equity Participation:	Allows first \$3,800,000 of net sales to flow to and an allowance of \$1,973,000 (3% of total project costs) excess cost prior to excess profit split with the City.	The Project forecasts a 4% loss even with TIF assistance so it is unlikely that the City will recoup any equity participation payment even if sales perform better than projected. The \$3.8 million of sales proceeds to the Developer represents a 12% simple return on equity on \$4.5 million of investment over 7.5 years. 3% compromise is one-time exception that would preserve policy 3.1 (i). The Project eliminates blight, improves infrastructure and provides market and affordable housing, commercial development.
4(e) "50% Rule"	53% of TIF	3% over policy standard, meets public policy stated in TID Plan, eliminates blight and provides market and affordable owner-occupied housing.