0099

ALEXANDER COMPANY'S CAPITAL WEST DEVELOPMENT

Dear City Council Member,

This packet of information concerns the Alexander Company's Capitol West project. It contains the following items:

1. Explanations of calculations as well as pertinent facts
    a. A spread sheet with the salable square footage prices backed extracted from the schedule of expected sales from the April 27, 2005 TIF application.
2. A comparative analysis between Metropolitan Place, Nolen Shore, Marina Condos, and the Loraine showing average sales price per square foot.
3. A fax from Natalie Bock, the project manager for Capitol West
    a. It contains sections from a TIF application for April 27, 2005 that has changes carried forward to an amendment dated May 3, 2005
4. A fact sheet on TIF law from the Legislative Fiscal Bureau.
5. Letters from Metropolitan Place Phase I residents.

After reviewing these papers, it is clear that the sale values that Alexander Company has provided are well below the market prices for downtown condominiums. According to the Legislative Fiscal Bureau, your approval must be based on whether the expected development would occur without the use of TIF. **If projected sales were at market rates, this project would be feasible without the use of TIF.**

Thank you for carefully reviewing this information,

-Metropolitan Place

ANTHONY S. EARL
P.O. BOX 2113
MADISON WISCONSIN 53701

19 July

Alder Mike Verveer -

I understand you and your colleagues will consider approving TIF treatment for the proposed Alexander development on W. Washington Ave. this evening.

I respectfully suggest this matter should be laid over until such time as the residents of the neighborhood have had an opportunity to inform themselves and react to the implications of this proposal. That opportunity has not been afforded to date.

On a personal level, I am in opposition to the use of TIF treatment for this project. I served in the State Assembly when TIF was debated and ultimately enacted. It was intended to be a job creation mechanism - to encourage

(over, please)

manufacturing or retail development in blighted areas. It was never considered to be used for residential development.

Furthermore, area residents - myself included - will obviously be impacted by this new development, yet we have not had an opportunity to weigh in on this matter.

Accordingly, I repeat my request you support laying this matter over to give residents in the neighborhood an opportunity to understand the implications of this proposal and to be heard regarding the same.

Thank you for your consideration of this request -

Anthony A. Earl

Resident of 360 W. Washington

Item 1

Explanation of Facts and Figures

The following page was taken from the April 27, 2005 application for Alexander's Capital West project. This document had several strike through changes which carried forward to the May 3, 2005 amendment.

The attached spreadsheet includes an analysis of the four residential components of Alexander's Capital West Development. This spreadsheet is followed by an analysis of four neighboring condo projects in the downtown area. After computing each projects average salable cost per square foot, it is highly evident that the developer is projecting market values far less than those developments in the immediate vicinity.

Additional prices of what other similar projects downtown are selling for are provided in an attached sheet.

This is not the first time that a developer has projected a below market price to get TIF financing. A similar case occurred back in 2001 when Bedford Court Condominium, located between West Main Street and West Doty Street applied for TIF. The day after he was approved for a million dollars in TIF financing, the company raised the sales prices by a million dollars over the prices quoted for the financing.

Item 1.a.

Taken from 4/27/05 application, changes added into Amendment dated 5/3/05

Capital Court Townhomes

Gross Square Footage	29,430
Salable Square Footage	28,252
Total Units	15
Sales Value	$ 6,035,000

Rate (average)

$ 205.06	per G.S.F.
$ 213.61	per S.S.F.
$ 402,333.33	per unit
1,883	average size

Broom Street Townhomes

Gross Square Footage	27,153
Salable Square Footage	21,722
Total Units	22
Sales Value	$ 5,171,000

Rate (average)

$ 190.44	per G.S.F.
$ 238.05	per S.S.F.
$ 235,045.45	per unit
987	average size

309 W. Washington Avenue **Residential**

Gross Square Footage	142,800
Salable Square Footage	118,300
Gross Square Footage (storage)	18,000
Total Units	112
Excess Parking For sale	27
Sales Value	$ 29,351,000

Rate (average)

$ 205.54	per G.S.F.
$ 248.11	per S.S.F
$ 262,062.50	per unit
1,056	average size

Note: This price per salable square foot may be a bit high due to the fact that storage is included in the sale value

Main Street Townhomes

Gross Square Footage	17,212
Salable Square Footage	15,000
Total Units	10
Sales Value	$ 2,756,400

Rate (average)

$ 160.14	per G.S.F.
$ 183.76	per S.S.F.
$ 275,640.00	per unit
1,500	average size

Key for rates:

Price per G.S.F.(gross square footage) = Sales value/Gross Square Footage

Price per S.S.F.(salable square footage) = Sales value/Gross Square Footage

Note: The above average sales price per square foot is substantially below market, ie: see item 2

Item 2

Sq. Footage Comparison

	Metro-Place		Nolen Shore		Marina Condos.		The Loraine	
	Total Units	Units Sold	Total Units	Units Sold	Total Units	Units Sold	Total Units	Units Sold
	164	72	56	18	55	29	80	45
Ground								
1st.					Average	$305.00		
2nd.	Average	$285.29	Average	$350.82	Average	$309.00	Average	$230.14
3rd.	Average	$288.62	Average	$360.67	Average	$313.00	Average	$265.76
4th.	Average	$299.01	Average	$361.50	Average	$317.00	Average	$286.40
5th.	Average	$297.30	Average	$363.63	Average	$321.00	Average	$294.40
6th.	Average	$325.60	Average	$369.90	Average	$328.00	Average	$289.90
7th.	Average	$316.65	Average	$373.48	Average	$334.00	Average	$304.10
8th.	Average	$328.95	Average	$378.90	Average	$341.00	Average	$309.59
9th.	Average	$355.22	Average	$383.50	Average	$354.00	Average	$309.50
10th.	Average	$370.58	Average	$379.97	Average	$365.00	Average	$417.69
11th.	Average	$384.99	Average	$457.82	Average	$376.00		
12th					Average	$405.00		
13th	Average	$431.07			Average	$428.00		
14th					Average	$429.00		
Average sq. ft.		$334.84		$378.02		$351.79		$300.83
	44% Sold		**32% Sold**		**53% Sold**		**56% Sold**	

Prices per sq. foot listed above are an average based on any and all data available at this time.

Item 3

CAPITOL WEST
Phase I
May 3, 2005
Includes Waivers for 8 Units

$ 4,269,102 TIF

Sources and Uses

164 units

Uses				
			Per Unit	
Acquisition--Land Cash Remaining		$4,538,000	$27,659	
Demo/Abatement	1	$2,130,000	$12,988	
Construction Costs--Res		$26,933,000	$164,226	
Parking Constructed		$3,362,500	$22,874	
Parking Purchased		$1,335,000	$15,000	
Trust Fund Payment		$0		
Soft costs--Res	2	$7,316,000	$44,604	(Net of IZ Waiver and Park Dedication Fees)
Total Residential Cost		*$45,611,500*	*$287,350*	
			Per S.F.	
Construction Cost--Com		$900,000		
Tenant Impr. And Comm.		$168,000		
Constructed Parking Surface Parking		$87,500	$3500 per stall on surface	
Acqured Parking		$90,000	$15,000	
Soft Costs		$309,000		
Total Commercial		*$1,554,500*	*$147.07*	
Total Uses for Phase I		*$47,166,000*		

Sources		
First Mortgage	3	$34,467,500
Traditional Equity Investment @12%		$6,626,000
Soft Equity withSubordinated Note		$1,804,398
TIF		$4,269,102
Total Sources		*$47,166,000*

1. Does not include asbestos abatement or demolition of 333 W Washington
2. Does not include $270,000 in Park Dedialion Fees and $245,400 in IZ Waiver Fees
3. Assumes Construction Loan to Value of 75%

Note

Assumed

2 waivers Cap Court
2 waivers Main
2 waivers Broom
2 waivers 309 W. Wash

P 2

CAPITOL WEST
Phase I
3-May-05
IZ with No Waivers
Sources and Uses

$ 4,880,482

159 units

Uses						
			Per Unit			
Acquisition--Land		$4,536,000	$28,528			
Demo/Abatement	1	$2,130,000	$13,396			
Construction Costs--Res		$26,934,000	$169,398			
Parking Constructed		$3,363,000	$22,878			
Parking Purchased		$1,335,000	$18,084			
Soft costs--Res	2	$7,131,790	$44,854			
Total Residential Cost		*$45,429,790*	*$295,137*	*(Net of Park Dedication)*		
			Per S.F.			
Construction Cost--Com		$900,000				
Tenant Impr. And Comm.		$168,000				
Constructed Parking Surface Parking		$97,500	$2500 per stall on surface			
Acquired Parking		$80,000	$15,000			
Soft Costs		$310,000				
Total Commercial		*$1,555,500*	*$147 16*			
Total Uses for Phase I		*$46,985,290*				

Sources						
First Mortgage	3	$33,605,000				
Traditional Equity Investment @12%		$6,450,000				
Soft Equity With Subordinated Note		$2,049,798				
Required TIF	4	$4,880,492				
Total Sources		*$46,985,290*				

1 Does not include asbestos abatement or demo of 333 W. Washington
2 Does not include $270,000 in Park Dedication Fees that are assumed to be due
3 Assumes Construction Loan equal to 75% loan to value on Phase I condos

Capitol West
All Market Rate Units

Unit Type	Number	Size	Per Square Foot Price	Unit Price	Total Residential Sales
One Bedroom	8	579	$250	$144,750	$1,158,000
	54	865	$250	$216,250	$11,677,500
	2	675	$250	$168,750	$337,500
	8	759	$250	$189,750	$1,518,000
Average One Bedroom	***72***	***816***		***$204,042***	***$14,691,000***
Two Bedrooms	7	964	$250	$241,000	$1,687,000
	28	1246	$250	$311,500	$8,722,000
	1	964	$200	$192,800	$192,800
	2	800	$250	$200,000	$400,000
	10	1270	$250	$317,500	$3,175,000
	4	1843	$230	$423,890	$1,695,560
	4	1663	$230	$382,490	$1,529,960
	2	1734	$230	$398,820	$797,640
	5	2152	$230	$494,960	$2,474,800
	2	1499	$200	$299,800	$599,600
	7	1554	$200	$310,800	$2,175,600
	1	1416	$200	$283,200	$283,200
Average Two Bedroom	***73***	***1376***		***$325,112***	***$23,733,160***
Three Bedrooms	2	935	$250	$233,750	$467,500
	12	1865	$250	$466,250	$5,595,000
Average Three Bedroom	***14***	***1732***		***$433,036***	***$6,062,500***
Total Units	***159***				***$44,486,660***
Total Storage	15,326		$40		***$613,040.00***
Excess Parking	27		$15,260		***$412,020.00***
Total Sales Proceeds					***$45,511,720***

Notes:

- 50% closed in January 07
- 25% sold evenly through out 07
- 25% sold first 6 months of 08

f:\natake\block 51\redevelopment block\IZ\Combined IZ Waiver

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Sources and Uses
First Component (A)
[illegible]
1-Apr-05

DEVELOPMENT FINANCING	RATE	AMORT	TERM		AMOUNT
First Mortgage				$	~~34,170,000~~
Tax Incremental Financing				$	4,119,792
Equity				$	~~6,270,000~~
Total				***$***	***44,559,792***

Additional Source - Soft $ from Alex Co of 1,050,000

DEVELOPMENT BUDGET		AMOUNT	Year 1
Acquisition Buildings	$	3,536,000	100.00%
Acquisition Parking	$	1,245,000	100.00%
Demolition/Abatement Buildings	$	2,127,500	100.00%
Construction Buildings	$	26,034,172	50.00%
Construction Parking	$	3,275,000	75.00%
Site Improvements	$	135,600	75.00%
Syndication Costs/Consulting Fees	$	627,000	100.00%
Development Fee	$	2,413,000	50.00%
Legal-Building	[illegible]	[illegible]	75.00%
Construction Interest	$	1,627,200	50.00%
Construction Loan Costs	$	342,000	100.00%
Architect	$	1,429,286	75.00%
Engineer	$	571,714	75.00%
Construction Insurance	$	135,000	50.00%
Construction Period Real Estate Taxes	$	307,000	50.00%
Title / Recording	$	21,000	100.00%
Survey and Other Misc	$	16,000	100.00%
Market Study / Appraisal	$	35,000	100.00%
Environmental Reports	$	26,000	100.00%
Park Dedication Fees	$	-	100.00%
Operating Deficits		491,320	0.00%
Total Costs	$	44,559,792	

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Legislative Fiscal Bureau

Tax Incremental Financing

This paper provides general background information on tax incremental financing (TIF) in Wisconsin Included are a background of the TIF program a description of the current tax incremental financing law, some summary statistics on participation and growth in TIF valuations and levies and information about the impact of TIF on local governments.

Historical Background

Tax incremental financing is a mechanism for funding development and redevelopment projects. Although the concept of TIF existed as long ago as the early 1940s, California adopted the first TIF law in 1952. However, the widespread use of TIF did not occur in most states until the 1970s.

Wisconsin enacted its TIF law in 1975 Passage of the law was influenced by a reduced focus on redevelopment financing at the federal level and a state and national recession during 1974 and early 1975 The TIF law was an attempt to counteract that economic downturn by allowing cities and villages to work with the private sector to stimulate economic growth and employment through urban redevelopment projects.

A more general reason for the state's TIF law was a legislative determination that all taxing jurisdictions benefiting from urban redevelopment should share in its cost. Public improvements (such as sewers, streets, and light systems) usually result in an expanded local tax base. Although the cost of these improvements is normally financed entirely out of municipal revenue, it was argued that the county and school and technical college districts also benefit from the expanded tax base. Tax incremental financing has the effect of making these overlying local taxing jurisdictions share in project costs.

Significant changes to existing TIF law occurred under 2003 Wisconsin Acts 126 127 and 194 These acts amended the allowable uses of TIF districts and made other changes to state TIF law that will likely extend the life of certain TIF districts and increase the use of TIF districts as a local development tool in the state. The acts also provided for some state level oversight of TIF districts by the Department of Revenue (DOR)

In addition, 2003 Wisconsin Act 231 provided towns with the limited authority to create TIF districts for development projects related to agriculture, forestry manufacturing and tourism

City and Village TIF Authority

City and village governments (town TIF authority will be discussed later) may create a TIF district if 50% or more of the proposed district's area is "blighted " in need of rehabilitation or conservation work, or suitable for industrial sites or mixed-use developments. Property that was vacant for the seven years preceding creation of a TIF district cannot comprise more than 25% of the district's area, unless the district is created to promote industrial development. Land acquired through condemnation is excluded from this requirement. An area designated as suitable for industrial sites must be zoned for industrial use both at the time the TIF district is created and throughout the life of the project.

Effective July 1 2004, a TIF district may include areas suitable for mixed-use developments. Mixed-use developments may contain a combination of industrial, commercial, and residential use, except that lands proposed for newly-platted residential use may not exceed 35% of the area of real property within the district.

The TIF district boundaries are specifically identified in the district project plan. The boundaries cannot include any annexed territory that was not within the boundaries of the city or village on January 1, 2004, unless one of the following occurs: (a) three years have elapsed since the territory was annexed by the city or village; (b) the city or village enters into a cooperative plan boundary agreement with the town from which the territory was annexed; (c) the city or town enter into another kind of agreement relating to the annexation; or (d) the city or village pledges to pay the town an amount equal to the property taxes levied on the territory by the town at the time of the annexation for each of the next five years.

Base Value

Once a TIF district has been created, a "tax incremental base value" is established by DOR for property within the district at the time it was created. The base value includes the equalized value of all taxable property and the value of municipally-owned property, as determined by DOR. It does not include municipally-owned property used for certain municipal purposes (such as police and fire buildings and libraries). DOR has the authority to impose a fee of $1,000 on cities and villages whenever the Department determines or redetermines the tax incremental base of a TIF district.

For districts created or amended on, or after October 1, 2004, the application for certification of the original or amended tax incremental base must state the percentage of territory within the TIF district that the city or village estimates will be devoted to retail business at the end of the maximum TIF district expenditure period, if that estimate is at least 35%.

Generally, the base value remains constant until the project terminates. However, a planning commission can also adopt an amendment to a TIF project plan at any time, for up to four times during the district's existence in order to modify the boundaries of that district so as to add contiguous territory served by public works or improvements created as part of that district's project plan or to subtract territory from the district without eliminating the contiguity. The value of taxable property that is added to the existing district is determined by DOR. This value is then added to the original base value of the TIF district. If a district's project plan is amended on, or after, October 1 2004, DOR must redetermine the district's tax incremental base on, or before, December 31 of the year in which the changes in the project plan take effect. (However, this would likely occur on the same time table as DOR's determination of base of TIF districts). In redetermining the base for these districts, DOR must also subtract from the district's tax incremental base the taxable value of any property being removed from the district by the amended plan.

Tax Increment

The "tax increment" equals the general property taxes levied on the value of the TIF district in excess of its base value (this is the "value increment"). The amount equals the value increment multiplied by the tax rate for all tax jurisdictions--municipal, county, school district, technical college district, and special purpose districts. Therefore, tax increments can only be generated by an increase in the equalized value of taxable property within a TIF district.

Restriction on New TIF Districts

Municipalities are allowed to establish any number of TIF districts. However, a city or village can only create a new district if there is a finding that the equalized value of the proposed district plus the value increment of all existing districts does not exceed 12% of the total equalized value of property within the city or village. This limit also applies to any proposed amendment to a district that adds territory to the district.

The calculation of the limit is based on the most recent equalized value of taxable property of the proposed district, as certified by DOR, before the date on which a resolution is adopted creating the proposed district. DOR cannot certify the tax incremental base of a district before the Department reviews and approves the findings that the city or village creating the district is within these statutory limitations

Project Plan and Public Hearing

A TIF district must be created through a resolution adopted by the legislative body of a city or village. Before adopting a resolution creating a district, two public hearings are required: one to discuss the proposed district and one to discuss the project plan. The hearings can be held together, but the hearing on the project plan must be held at least 14 days before adopting a resolution and the project plan must be available at this hearing.

Either before or at the same time this resolution is adopted, a district project plan must also be approved by the local legislative body. In addition, before it is adopted, the municipal attorney or a special counsel must review the plan and write a formal opinion advising whether the plan is complete and in compliance with the law.

A resolution creating a TIF district must declare that the district is a blighted area district, a rehabilitation or conservation district, an industrial district, or a mixed-use district, based on the identification and classification of the property included within the district. If the district is not exclusively blighted, rehabilitation or conservation, industrial or mixed-use, this declaration must be based on which classification is predominant with regard to the area included in the district

Joint Review Board

A municipality that intends to create a TIF district or amend a district project plan must convene a joint review board, which can be either a temporary joint review board that is established for a specific district or a standing joint review board that remains in existence as long as a municipality has a district in existence. No TIF district can be created and no plan can be amended unless approved by a majority vote of the board within 30 days after a resolution is adopted.

The joint review board consists of one member representing each taxing jurisdiction that can levy taxes on property within the TIF district. Generally, the school and technical college districts, county, and city or village each have one public member. If more than one of the same type of taxing jurisdiction has the power to levy taxes on property within the TIF district, the one with the greatest value in the district chooses the representative.

In addition, the following requirements relative to the composition of a temporary or standing joint review board apply to TIF districts created after October 1, 2004:

- if a proposed TIF district is located in a union high school district, the school board's seat on the board is held by two representatives each of whom has one-half of a vote (one each from the union high school and the elementary school district);

- if a proposed TIF district is made up of more than one union high school district or more than one elementary school district, the union high school district or elementary school district with the greatest value within the proposed district chooses the representative;

- the school district representative must be the president of the school board, or his or her designee, who is either the school district's finance director or another person with knowledge of local government finances;

- the county representative must be the county executive or the chairperson of the county board, or the executive's or chairperson's designee who is either the county treasurer or another person with knowledge of local government finances;

- the city representative must be the mayor or city manager, or his or her designee, who is either the person in charge of administering the city's economic development programs, the city treasurer, or another person with knowledge of local government finances; and

- the technical college district representative must be the district's director or his or her designee, who is either the district's chief financial officer or another person with knowledge of local government finances.

All members of the board must be appointed and the board's first meeting must be held within 14 days after notice of the public hearing on the proposed TIF district or plan amendment. The public member and board chair are selected by a majority of the board members. Administrative support for the board is provided by the affected municipality.

A municipality proposing to create a TIF district must provide the joint review board with the following information and projections regarding the proposed district:

a. Specific items that constitute the project costs, the total dollar amount of project costs to be paid with tax increments, and the amount of tax increments to be generated over the life of the district.

b. The equalized value of the value increment when the project costs are paid in full and the district is terminated.

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

d. 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.

e. 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 paid.

The board must base its decision on whether or not to approve creation of a TIF district on the following criteria: (a) whether the development expected in the district would occur without the use of TIF; (b) whether the economic benefits of the district, as measured by increased employment, business and personal income, and property values, are sufficient compensation for the improvement costs; and (c) whether the benefits of the proposal outweigh the anticipated loss in tax revenues of overlying taxing districts.

A majority of the joint review board members of a district can request in writing that DOR review the objective facts contained in any of the documents submitted by the city or village relating to a proposed TIF district or proposed district amendment. DOR must make a determination within 10 working days as to whether the information submitted to the board complies with the statutory requirements for those documents or whether any of the information contains a factual inaccuracy. These documents can include the public records, planning documents, and the resolution passed by the city or village that creates or amends a TIF district. The board's request to DOR must specify which particular objective fact or item the board members believe is incomplete or inaccurate.

If DOR determines that the information submitted with a TIF district proposal is not in compliance with what is required by statute or contains a factual inaccuracy. DOR must return the proposal to the city or village. The joint review board must request, but cannot require, that the city or village that created the TIF district resolve the problems with its proposal and resubmit the proposal to the board. If the city or village resubmits its proposal, the board must review the resubmitted proposal and vote to approve or deny the proposal. The joint review board must inform the city or village of its decision no later than 10 working days after receiving DOR's written response. If the city or village then resubmits a proposal to the joint review board, the board has to inform the city or village of its decision on the resubmitted proposal no later than 10 working days after receiving the city's or village's resubmitted proposal.

For districts created or amended after October 1, 2004, the joint review board's resolution creating a TIF district or amending the project plan of an existing TIF district must contain a positive assertion that, in the board's judgment, the development described in the documents the board has reviewed would not occur without the creation of the district. In addition, for these districts, the board must notify the governing body of every local governmental unit that is not represented on the board, and that has the power to levy taxes on property within the proposed TIF district, prospectively of meetings of the board and of the agendas of each meeting for which notification is given.

Project Costs

The TIF project plan must list and estimate the project costs of improving the district. All project costs to be repaid through the allocation of tax increments must directly relate to the elimination of blight or directly serve to rehabilitate or conserve the area or to promote industrial development, whichever is consistent with the district's purpose. Project costs include, but are not limited to, costs related to capital development (such as public works or improvements), environmental remediation, removal of lead contamination from buildings and infrastructure, financing, real property assembly, professional services, imputed administrative services and organizational activities (such as the cost of preparing environmental impact statements), and any payments made to a town that relate to the property taxes levied on any recently annexed territory to be included in a TIF district. In addition, for projects created before September 30, 1995, expenditures associated with newly-platted residential development are considered eligible costs.

Project costs that are eligible to be repaid through the allocation of tax increments may also include expenditures associated with newly-platted residential development in a mixed-use development TIF district. However, such costs are only eligible project costs provided one of the following applies: (a) the density of the residential housing is at least three units per acre; (b) the housing is located in a conservation subdivision, as defined by statute; or (c) the housing is located in a traditional neighborhood, as defined by statute.

In addition, for districts created after October 1, 2004, cash grants made by the city or village to owners, lessees, or developers of land that is located within the TIF district can be considered eligible costs if the grant recipient has signed a development agreement with the city. However, if the city or village anticipates that the proposed TIF district project costs may include such cash grants, the city or village must include a statement in the public notice of the hearing on the creation of the district indicating that such grants may be made.

Eligible project costs do not include: (a) the cost of constructing or expanding administrative buildings, police and fire facilities, libraries, and community and recreational buildings, unless the structure was destroyed by a natural disaster before January 1, 1997; (b) the cost of constructing or expanding school buildings; (c) the cost of constructing or expanding any facility that historically has been financed in that municipality exclusively with user fees; (d) general government operating expenses; (e) expenses unrelated to the planning and development of a TIF district; and (f) costs incurred prior to creation of a TIF district (except costs directly related to planning for the district). Only the share of all other eligible project costs that solely relate to or directly benefit the district can be funded from tax increments.

To implement the project plan, a special fund is created in which all tax increments must be placed. With limited general exceptions (which are described below), the monies in the fund can only be used to finance the district's eligible project costs. Tax increments in excess of the project costs listed and estimated in the project plan cannot be expended. Also, eligible project costs must be reduced by the amount of investment earnings and by the amount of user fees or charges received in connection with the implementation of the TIF project plan.

Expenditure Period

For most TIF districts, expenditures can be incurred until five years prior to the unextended termination date of the district. Changes made under 2003 Act 126 result in unspecified expenditure periods for TIF districts created before October 1, 1995, and for districts created after September 30, 1995, and before October 1, 2004 that are suitable for industrial site development. Under prior law, the expenditure periods for these districts were 10 years for TIF districts created before October 1, 1995, and seven years for districts created after September 30, 1995, and before October 1, 2004, that are suitable for industrial site development. Costs incurred as a result of condemnation are not subject to these limitations.

Allocation of Tax Increments and Project Termination

Regardless of the time period allowed for TIF district project expenditures, tax increments can only be allocated to the local body creating the district for a specified period. The allocation of increments may occur up until the required termination period for the district, which can vary depending on when a district was created and depending on the type of district.

A TIF district must be terminated when the earliest of the following occurs: (a) all project costs of that district are reimbursed through the receipt of tax increments; (b) the local government body, by resolution, dissolves the district; (c) 27 years after the district is created, or five years after the final project cost is incurred, for blighted and redevelopment districts created after September 30, 1995, and before October 1, 2004; (d) 23 years after the district is created, or five years after the final project cost is incurred, for districts created after September 30, 1995, and before October 1, 2004, that are established on the finding that 50% or more, by area, of the real property within the district is suitable for industrial sites; (e) 27 years after the district is created, or five years after the final project cost is incurred, for districts created before October 1, 1995; (f) 20 years after the district is created, or five years after the final project cost is incurred, for districts created on or after October 1, 2004, that are established on the finding that 50% or more, by area, of the real property within the district is suitable for industrial sites or mixed-use development; or (g) 27 years after the district is created, or five years after the final project cost is incurred, for districts created on or after October 1, 2004, that are established on the finding that 50% or more, by area, of the real property within the district is a blighted area or in need of rehabilitation or conservation work.

A city or village that has created a TIF district on or after October 1, 2004, can request that the joint review board extend the life of the district for an additional three years. A city or village that has created a blighted or rehabilitation TIF district after September 30, 1995, and before October 1, 2004, can request that the joint review board extend the life of the district for an additional four years

George & Ruth Lewis

360 West Washington Avenue
Metropolitan Place P110
Madison, WI 53703
Phone (608) 441-9041
[illegible]@aol.com

Monday, July 18, 2005

Alderman Mike Verveer
Madison City County Building
210 Martin Luther Blvd
Madison, WI 53703

Dear Honorable Alderman Mike Verveer,

This letter is to appose the TIF ($4.27 million) for the development of Block 51 that Alexander Company is proposing.

Our concern is, we did not hear of the City of Madison Board of Estimates July 11, 2005 meeting and did not have any input as a resident of Metropolitan Place. The value of our Condo is a big concern.

Thank you for your time,

George R Lewis
Ruth Lewis

Tom Brown

360 W Washington Avenue, #807
Madison, WI 53703-2702
(608) 663-5984
e-mail: tbrown807@tds.net

July 19, 2005

The City of Madison
City-County Building
Madison, Wi

Re: Request for TIF for Alexander Project
Washington Avenue

Gentlemen:

I believe the request for TIF assistance for development of TIF funding for the Alexander Project on Washington Avenue is probably out of order.

Those of us who bought into the Metropolitan Place, let alone those who have purchased units in Main Gate, or The Lorraine, would not have recognized this as a blighted area. Nor are we convinced at the present that the current structures in this block could have been productively used before now – even if eventually the area would be developed for residential use.

Those of us who did purchase units in the Metropolitan Place condo did so without the benefit of TIF funding and at market rates. Our investment has proved advantageous to us, without doubt, and the question remains: why would this new construction not also prove advantageous to those who are able to purchase at market rates? We also wonder whether the tif grant will have the effect of reducing the market value of our homes.

Will the city be prepared to reduce the taxes on our homes while the homes in this new project catch up with what is truly the market rate of the new building? Or will we be expected to subsidize the investment of a rather wealthy real estate developer?

Is TIF funding designed to help first-time home purchasers?

Sincerely,

July 19, 2005

To:	Madison City Council
From:	Jim Mason 360 W. Washington Ave # 602 Madison, WI 53703
RE:	Request for public assistance for the Capitol West 1^{st} project phase.

It seems rather 'fishy' to approve Mr. Alexander's the request for assistance, when other developers have been denied. Where is the consistency and fairness in this? A decision of this nature may result in devaluing or stagnating the growth of existing properties and their values in similar downtown projects.

Another possibility is to exempt downtown projects from IZ is certain situations.

Please consider holding off on a decision until further study.

360 W. Washington P205
Madison, Wi

7\19\05

To Whom It May Concern

We are writing to voice our concern and disapproval of the city's (taxpayers) TIF funding for Alexanders Block 51 project.

It's our understanding that TIF money is to be used for "blighted" areas where development is otherwise not feasible. The Alexander project clearly does not fall into this category. Several years ago the city wisely determined that TIF funds should not be used for downtown condo development because of the high demand for downtown real estate. We don't see that this demand has lessened any, and believe it is, in fact, growing.

We believe the new rationale (inclusionary housing) for this TIF money is not appropriate and could be used in truly blighted areas where the money would go further for the community and the city would then be serving more people.

Sincerely,

Guy W. Shilts, Jr
Beverly Shilts

7/19/05

Madison City Council:

While I am not opposed to the development of the 300 block of W. Washington avenue, I am opposed to the use of so much TIF money for such a proposed project. This area is not an area needing assistance to encourage development. It is in fact a prime spot in the rapidly evolving Downtown. The use of TIF monies not only adversely effects the property values of current area property owners, it diverts monies from areas that truly could use it for development. If the Alexander Company wants to proceed with this project, let them assume the financial risk, not the city of Madison.

Sincerely,

James G. Garnett
360 W. Washington Ave. P206

360 W. WASHINGTON AVE
#1101
MADISON, WI. 53703
JULY 19, 2005

MADISON CITY COUNCIL
MADISON, WI.

DEAR SIRS!

AS HOMEOWNERS IN THE DOWNTOWN AREA DIRECTLY ACROSS FROM THE PROPOSED ALEXANDER COMPANY DEVELOPMENT OF BLOCK 51 WE HAVE READ WITH INTEREST THE NEWSPAPER ARTICLES REGARDING PROPOSED TIF OF THIS PROJECT AND ARE OPPOSED TO THIS CONCEPT.

WE HAVE CONCERNS REGARDING THE EFFECTS ON VALUE OF OUR PROPERTY AND FIND IT LUDICROUS TO BELIEVE WE LIVE IN A "BLIGHTED AREA"

PLEASE TURN THIS TIF FUNDING REQUEST DOWN.

SINCERELY,

Gerald H Schroeder

GERALD H. SCHROEDER
ROSEMARY L SCHROEDER