

**CITY OF MADISON
INTERDEPARTMENTAL
CORRESPONDENCE**

TO: Board of Estimates

FROM: Joe Gromacki, TIF Coordinator

DATE: November 13, 2006

SUBJECT: Recommendations of Plan Commission and Mayor Concerning TIF Policy

Historical Timeline of TIF Policy Amendment Process (2001-06)

Date	Action	Status
April 17, 2001	Original TIF Policy adopted.	Adopted
February 3, 2004	Resolution No. 61,190 is adopted instructing the Board of Estimates (BOE) to make recommendations regarding changes to TIF Policy.	Adopted
November, 2004 – April 2005	BOE appoints a Subcommittee on TIF Policy to gather input, hear testimony and deliberate on amendments to TIF Policy.	Report submitted on June 13, 2005
July 5, 2005	Resolution No. 01551 is adopted accepting the Report of the BOE Subcommittee on TIF Policy dated June 13, 2005. The report focuses on ten (10) TIF process and eight (8) TIF policy recommendations.	Adopted
May 2, 2006	Resolution No. 03305 is adopted directing the TIF staff to draft policy changes consistent with the BOE Subcommittee report for Council introduction by July of 2006.	Adopted
July 18, 2006	Resolution No. 04191 is introduced adopting the TIF Policy per the recommendations of the BOE Subcommittee on TIF. The resolution includes the amended TIF Policy, dated June 20, 2006, re-organized and amended per the recommendations of the BOE Subcommittee report.	Referred to Plan, EDC and BOE
August 7, 21 and 28, 2006	Plan Commission recommends approval of the policy with the changes as outlined in the TIF Coordinator's August 22, 2006 memo to the Commission. An additional "developer mailing" revision made by the Commission on August 28, 2006.	Report submitted, referred to EDC
September 6, 2006	Economic Development Commission recommends of the policy per the Plan Commission report.	Adopted Plan Commission Report, referred to BOE
October 30 and November 13, 2006	Board of Estimates consideration Resolution No. 04191	Pending

Plan Commission Recommendations

On August 21 and August 28, 2006, Plan Commission members recommended that the following language be added to the TIF Policy draft dated June 20, 2006 as their report concerning the draft TIF Policy:

1. **Definition of Speculative Office** — Section 1.2 (a) after “Speculative Office Development” add the following language:

“defined as projects that have not secured anchor tenants.”

2. **TIF Application Fee** — Section 2.1 (a), subparagraph (4), after “April 15” insert

“with a TIF Application fee of ½ of a percent of the amount of TIF assistance requested.”

3. **TIF Application Fee** – Section 2.1 (a), subparagraph (5) after “non-refundable” insert

“upon submission of the initial TIF Application or initial spreadsheet(s) representing a request for TIF assistance.”

4. **Interested Party Registry** – Section 2.3 add new subparagraph (g):

“(g) The City of Madison shall create and maintain a TIF Interested Party Registry for each ~~active~~ current and proposed TID, administered by the City Clerk, of interested parties that subscribe to the registry for that ~~active current or proposed~~ TID. Said interested parties shall either reside, operate a business, or own property in the City of Madison but are not required to reside, operate a business or own property within the proposed district or its proposed amended boundary. Notification of registry members shall occur as follows:

The Clerk shall deliver via electronic or regular mail one of the following:

- 1) **A notice of public hearing regarding the creation or amendment of a particular TID boundary or project plan.** This notice shall be distributed on or about the day of the first publication of the Class 2 notice. The TIF Coordinator shall notify the Clerk in advance.
 - 2) **A notice of a scheduled neighborhood meetings regarding specific implementation of TID project plan objectives.** Appropriate DPD staff shall notify the Clerk in advance.
 - 3) **A notice of public hearing concerning the Mayor’s Executive Budget.** The Mayor’s Office shall notify the Clerk in advance.
5. **Developer Mailings** – Section 2.1 (a), subparagraph (6), subject to legal review by the City Attorney, after the last sentence, insert

“Developers seeking a TID amendment or creation as part of their application shall pay for the cost of all mailings pertaining to the TID. See TIF Policy 2.3 (h) Developer Mailings for Single Purpose TID Creation or Amendment.”

6. **Developer Mailings** – Section 2.3 add new subparagraph (h):

“(h) Developer Mailings for Single Purpose TID Creation or Amendment - Upon demonstrating a “but for” condition satisfactory to the TIF Team, Board of Estimates and Common Council, developers requesting either the creation or amendment of a TID for the purpose of providing their proposed project with TIF assistance shall be required to pay for the cost of mailing the blight notification letters and other mailings to property owners within the TID that are deemed necessary and appropriate by the district alder or alders for the purpose of fully informing the public of the amendment or creation of the TID.”

7. **BOE TIF Recommendation Report** – Section 2.1 (a), subparagraph (7) after “closed session” insert:

“Prior to the closed session meeting, the TIF Team shall provide the developer with a written report of its recommendation including: 1) the amount of the TIF request 2) the amount of TIF (if any) recommended and 3) a general statement of comments or issues concerning the project and its conformance to TIF Objectives and Policy. Said report shall be made available to the public, attached to the Board of Estimates agenda, as an electronic document.”

8. **Withholding of TIF Assistance for IZ Units** — Section 3.1 insert as a new subparagraph (d) the following:

“(d) **Withholding of TIF Assistance for IZ Units.** At closing, the City shall withhold the amount of TIF assistance that is attributable to gap caused by reducing the sales prices of owner-occupied IZ housing units such that the unit cost equals or exceeds sales revenue. Upon sale of each IZ unit to a qualified homebuyer, the City shall release a pro rata share of said IZ TIF assistance to the developer per unit. The developer shall not receive TIF assistance for those IZ units that are sold as market rate after the time period prescribed in the City’s IZ Ordinance.”

9. **Annual TIF Report** — Section 2.3 add new subparagraph (i):

“(i) **Annual TIF Report** – The Comptroller shall oversee and submit an annual report to Council assisted by information provided by Engineering and Planning & Development concerning each active TID: 1) the financial position of each TID 2) progress of implementation of infrastructure improvements and 3) TIF assistance to private development.”

10. **Term Sheet**—Section 2.1 Add new subparagraph (8):

“(8) **Term Sheet**—Upon approval by the Board of Estimates, staff shall provide developer with a term sheet indicating the loan terms, conditions and applicable ordinances required by the City of Madison for providing TIF assistance. Staff shall draft a funding resolution upon receipt of a signed term sheet that incorporates the terms and conditions found therein.”

Mayor’s Recommendations

On November 9, 2006 the Mayor forwarded the following recommendations to staff to present to the BOE:

1. Delete TIF Policy 3.1 (d) in the June 20, 2006 TIF Policy and also delete the current IZ Withholding language in #8 in the Plan Commission Recommendations and substitute with the following that was recently proposed for the Alexander’s Block 51 (Capitol West) project:

Inclusionary Zoning (IZ) Disbursement, Repayment. TIF Loan funds that are provided to assist in the development of IZ housing units and are attributable to the sales price write-down of such units shall be disbursed to Developer at the TIF Loan closing and will be subject to repayment on a pro rata basis for each IZ unit that is sold as a market unit.
2. *Equity Participation Payment.* In Section 3.1(i)(2) of the June 20, 2006 TIF Policy, concerning the owner-occupied Equity Participation payment after “..subtracting 100% of..” delete “total project cost identified in the TIF Application” and insert “actual cost as demonstrated by Developer in the form of invoices, change orders and documented buyer upgrades, to be approved by City staff.”
3. Delete the language concerning the Vetting Process in Section 2.2 (b) on Page 7 of the June 20, 2006 TIF Policy in its entirety.