Part 1: Strategic Growth Areas (SGAs)
Part 2: Opportunity Zones

Economic Development Committee

1-16-19

PART 1: SGAs

Challenges in a growing city with a dynamic economy…

1. **Accommodate growth** without compromising quality of life
2. **Expand the benefits of strong economy** to more residents and neighborhoods and avoid displacement

Solution:

Strategic Growth Areas (SGAs)

Concept:

Align city's tools, incentives, programs, and policies toward strategically identified geographic areas where we want growth and investment

Not a new idea - ingrained in existing adopted plans

- Connect Madison Economic Development Strategy
- Housing Strategy
- Transportation Master Plan
- Sustainability Plan
- Comp Plan (at least 8 “action items)
  - Concentrate development along transit corridors
  - Steer Growth To Priority Areas
  - Facilitate complete/mixed-use neighborhoods
  - Layer tools and incentives to specific areas

Two Components of SGAs

1:
WHAT

Align tools, resources, policies to incentivize investment in SGAs

2:
WHERE

Identify Where SGAs Will Be

1:
WHAT

Align Tools and Incentives

Economic Development

- Façade grants
- Coop Program
- Healthy Retail
- Cap Revolving Loan
- TIF
- Kiva

Community Development

- CDBG Biz Loans
- Job Training
- Housing Programs
- "Neighborhood Revitalization Strategy Areas" (NRSAs)

Planning/Zoning/ Marketing

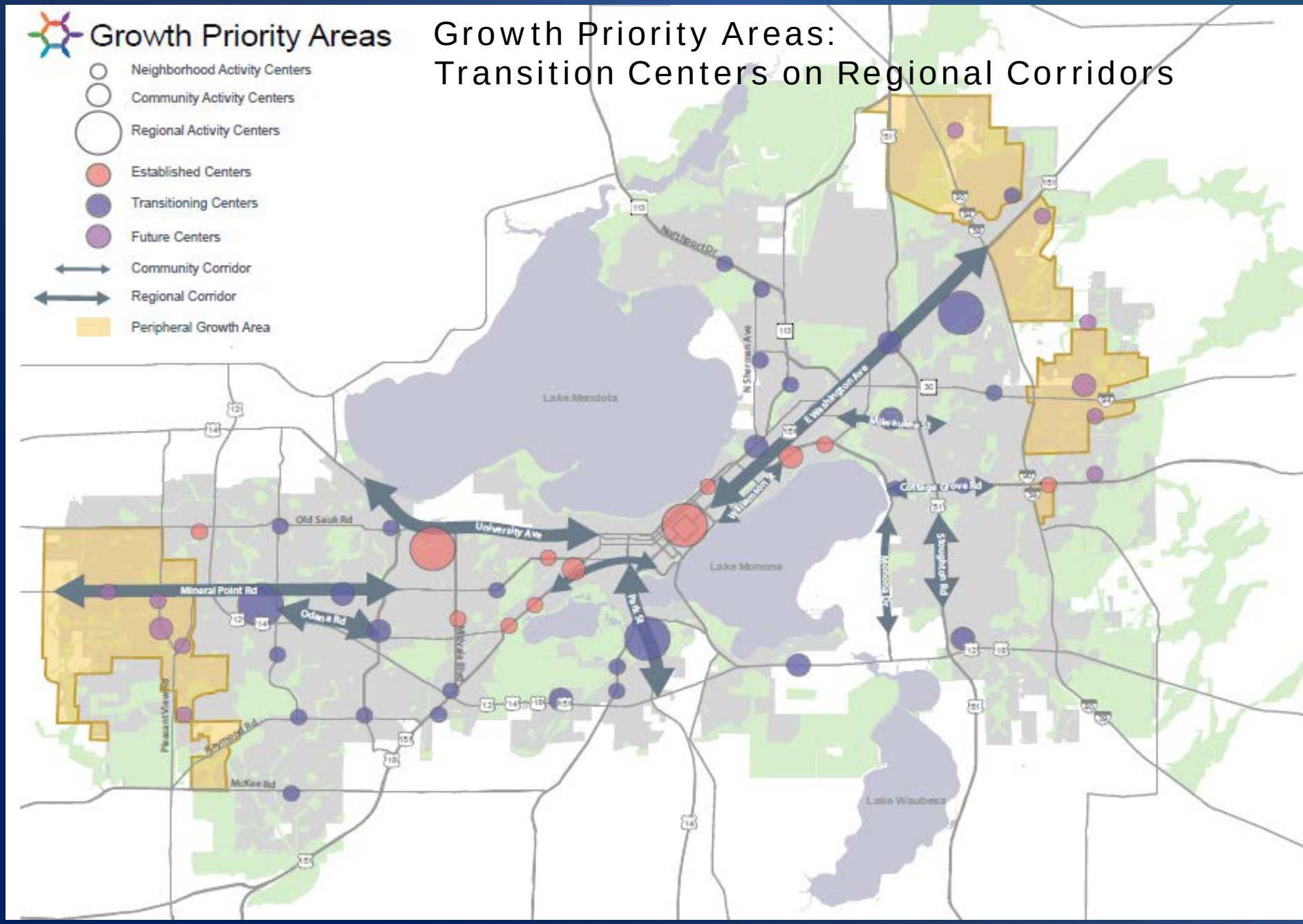
- Special Area Plans
- TOD Overlay
- Site Selector Tours
- Property inventory
- Marketing Materials

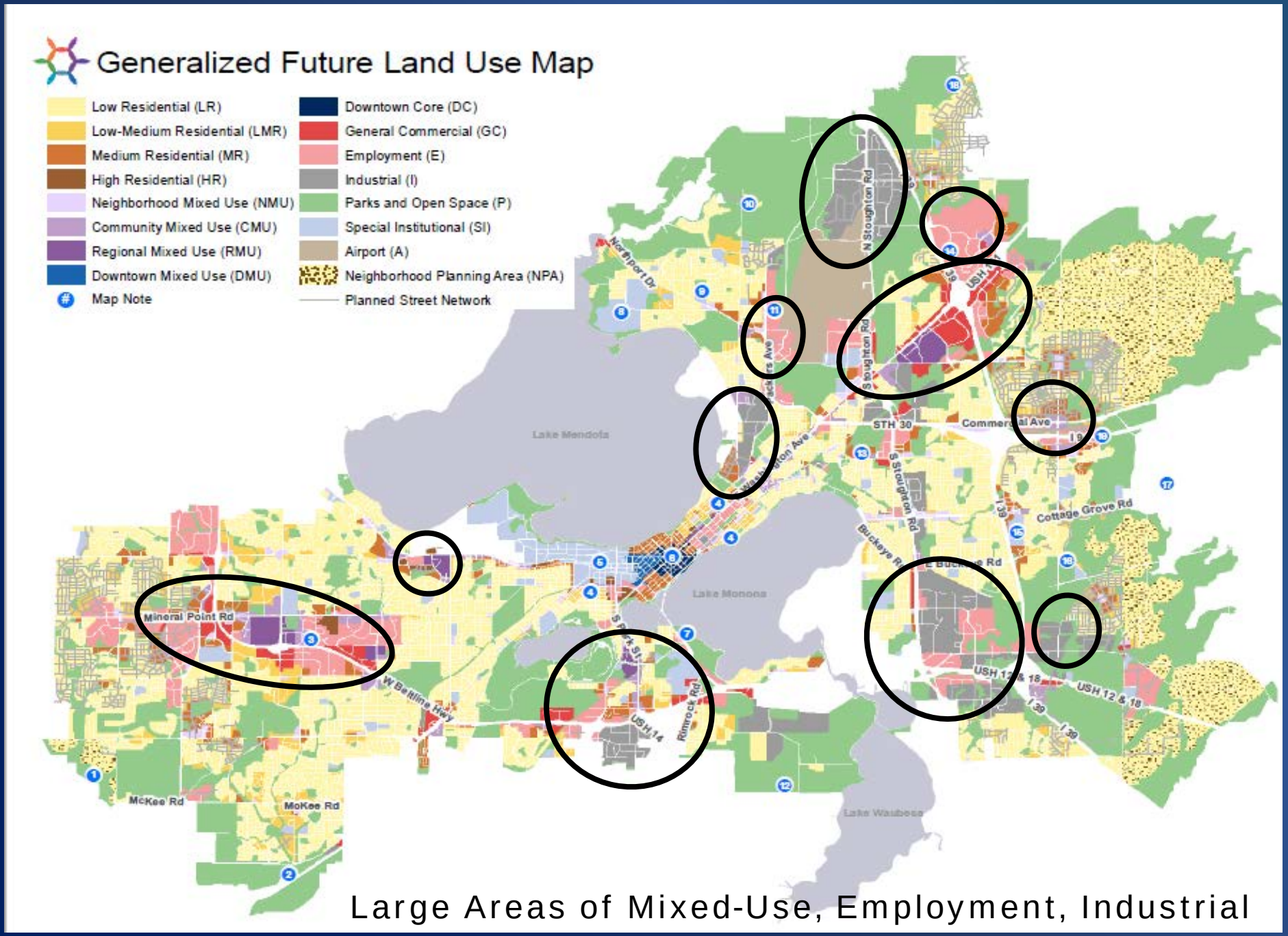
2:
WHERE

SGA Criteria

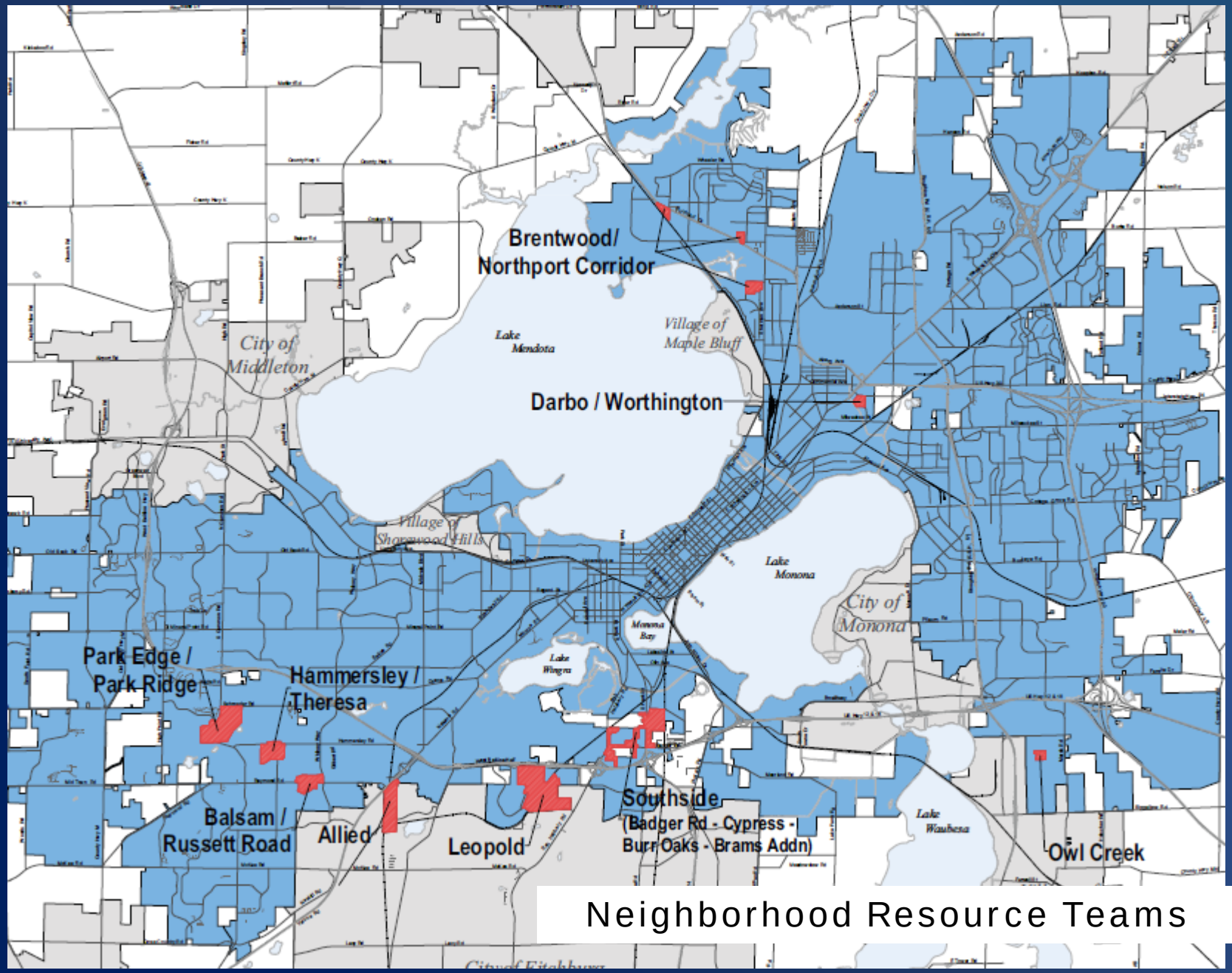
- “Priority Growth Area” in Comp Plan
- Employment, Industrial, or Mixed-Use Future Land Use Designation
- Current and Future Transit Access
- Bike and Road Network
- Economic Need
- Designated Opportunity Zone and NMTC eligible

Growth Priority Areas: Transition Centers on Regional Corridors





Large Areas of Mixed-Use, Employment, Industrial

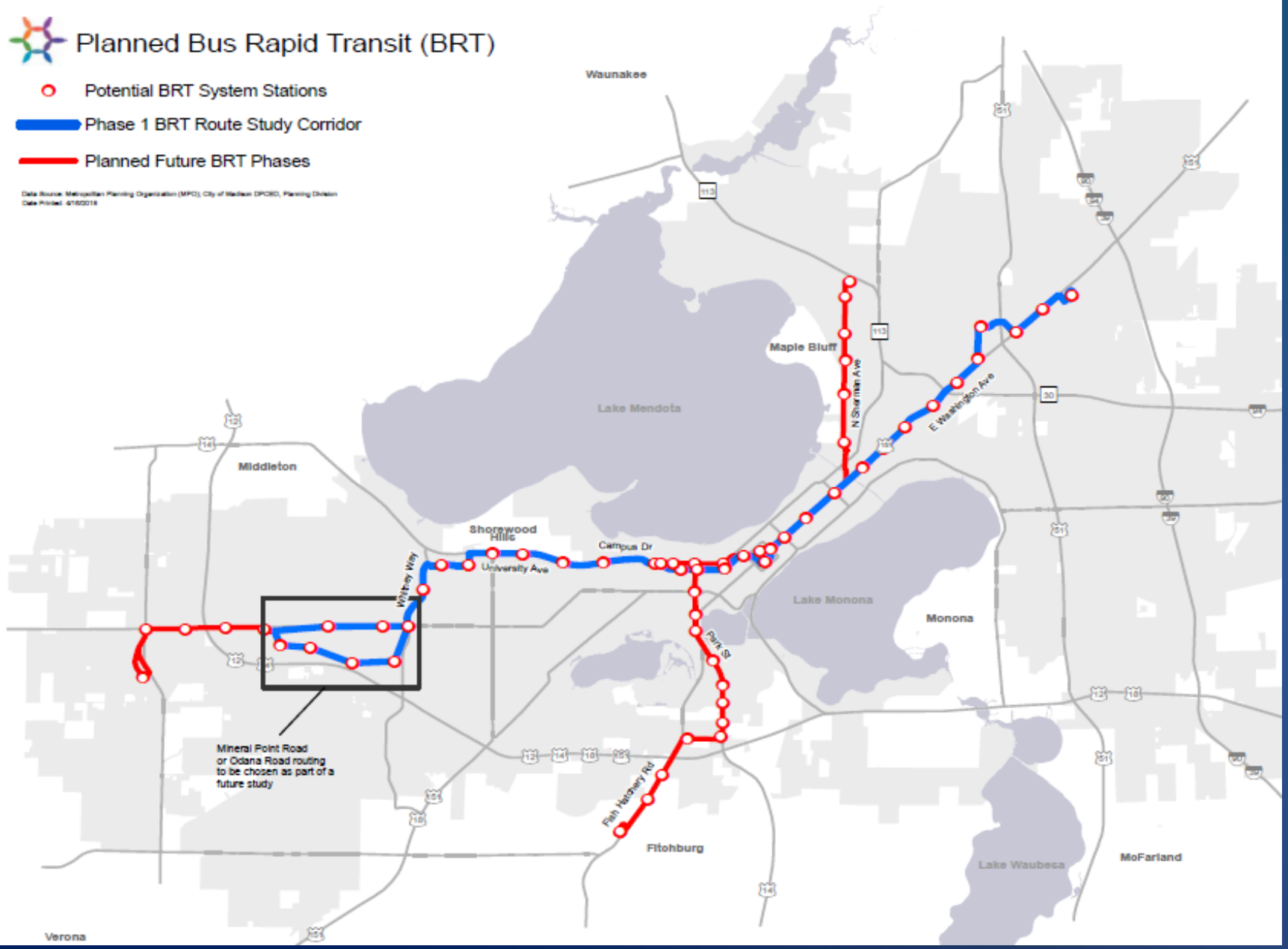


Neighborhood Resource Teams

Planned Bus Rapid Transit (BRT)

- Potential BRT System Stations
- Phase 1 BRT Route Study Corridor
- Planned Future BRT Phases

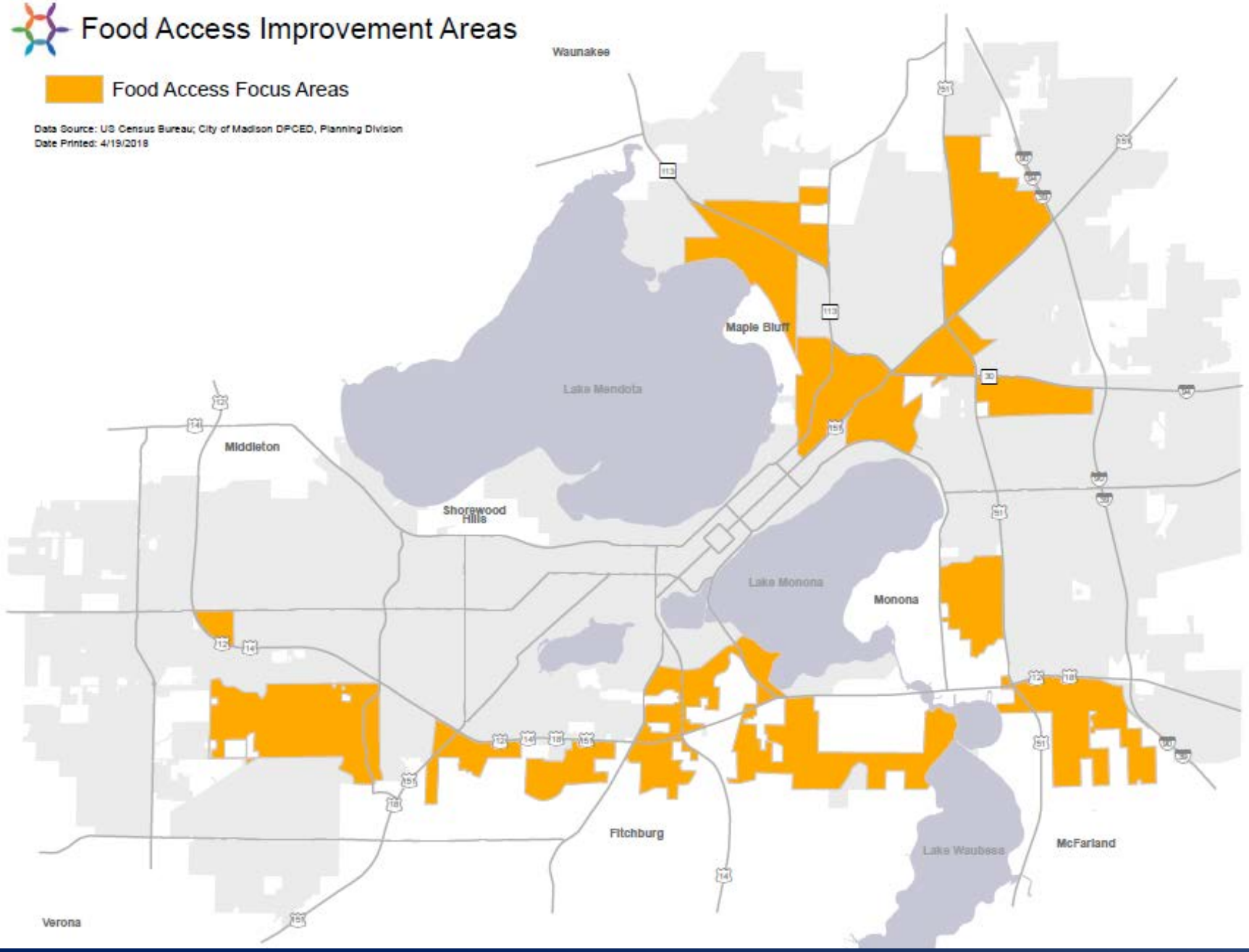
Data Source: Metropolitan Planning Organization (MPO), City of Madison DPCED, Planning Division
Date Printed: 4/16/2018



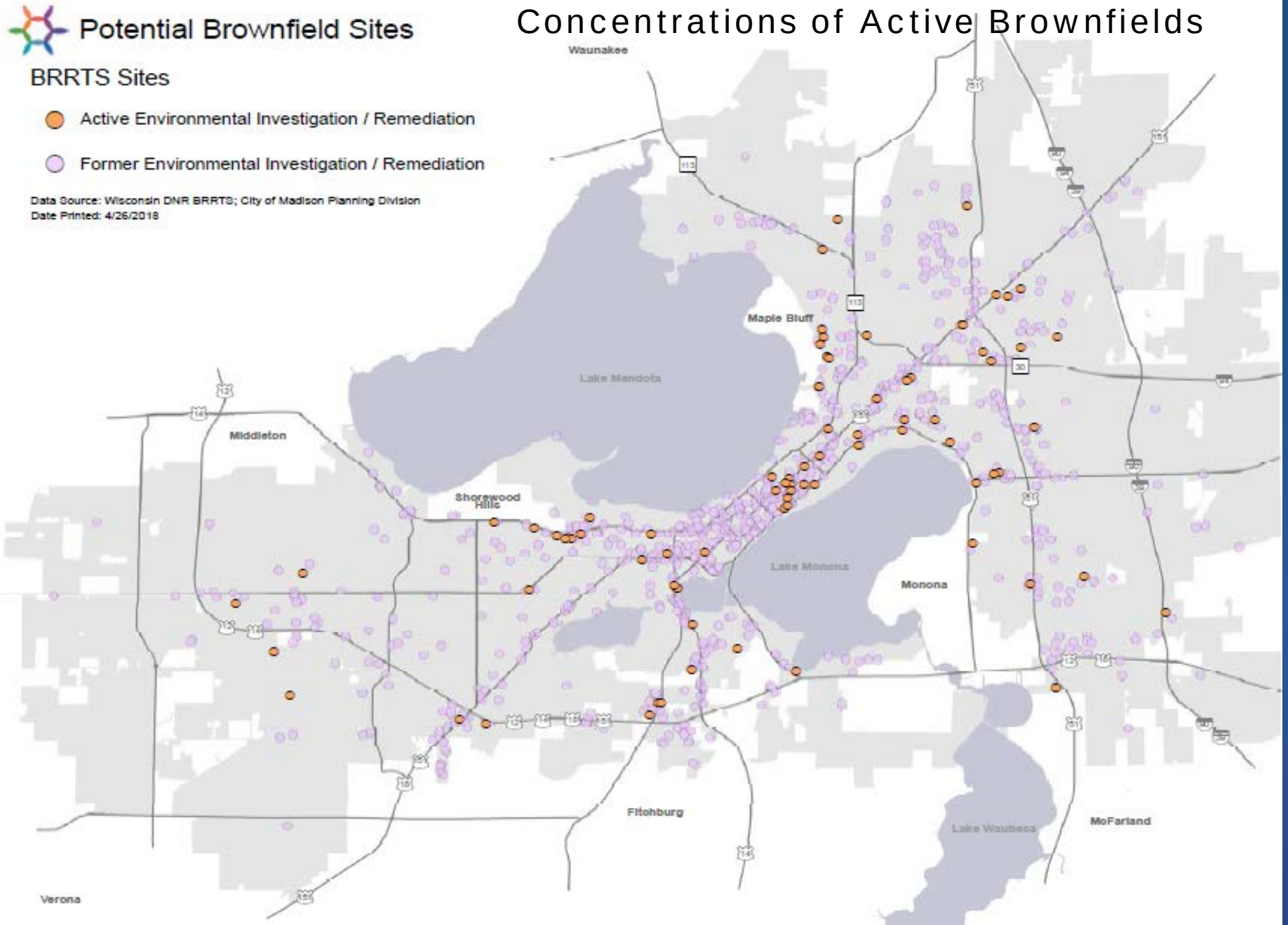
Food Access Improvement Areas

Food Access Focus Areas

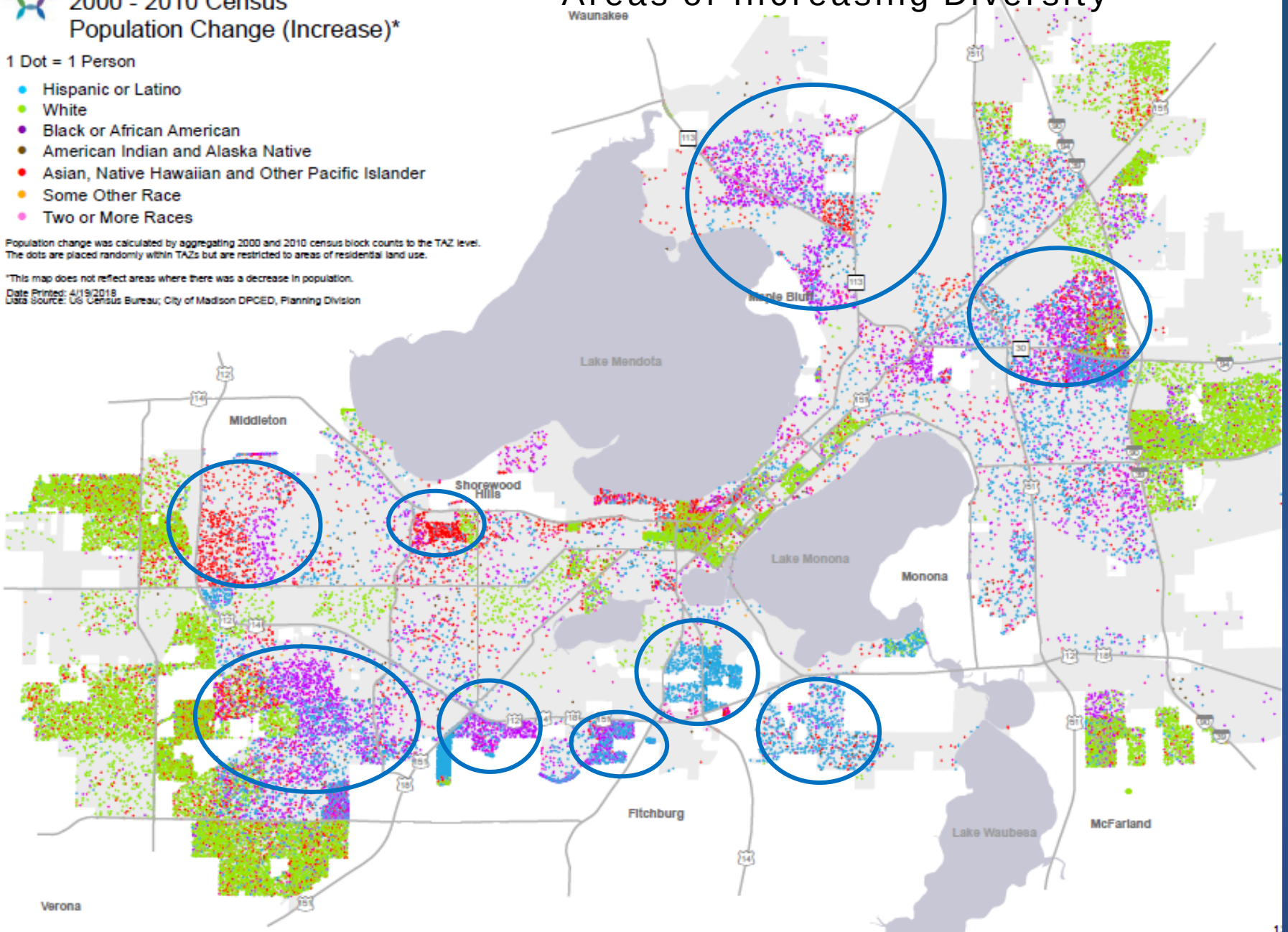
Data Source: US Census Bureau; City of Madison DPCED, Planning Division
Date Printed: 4/19/2018



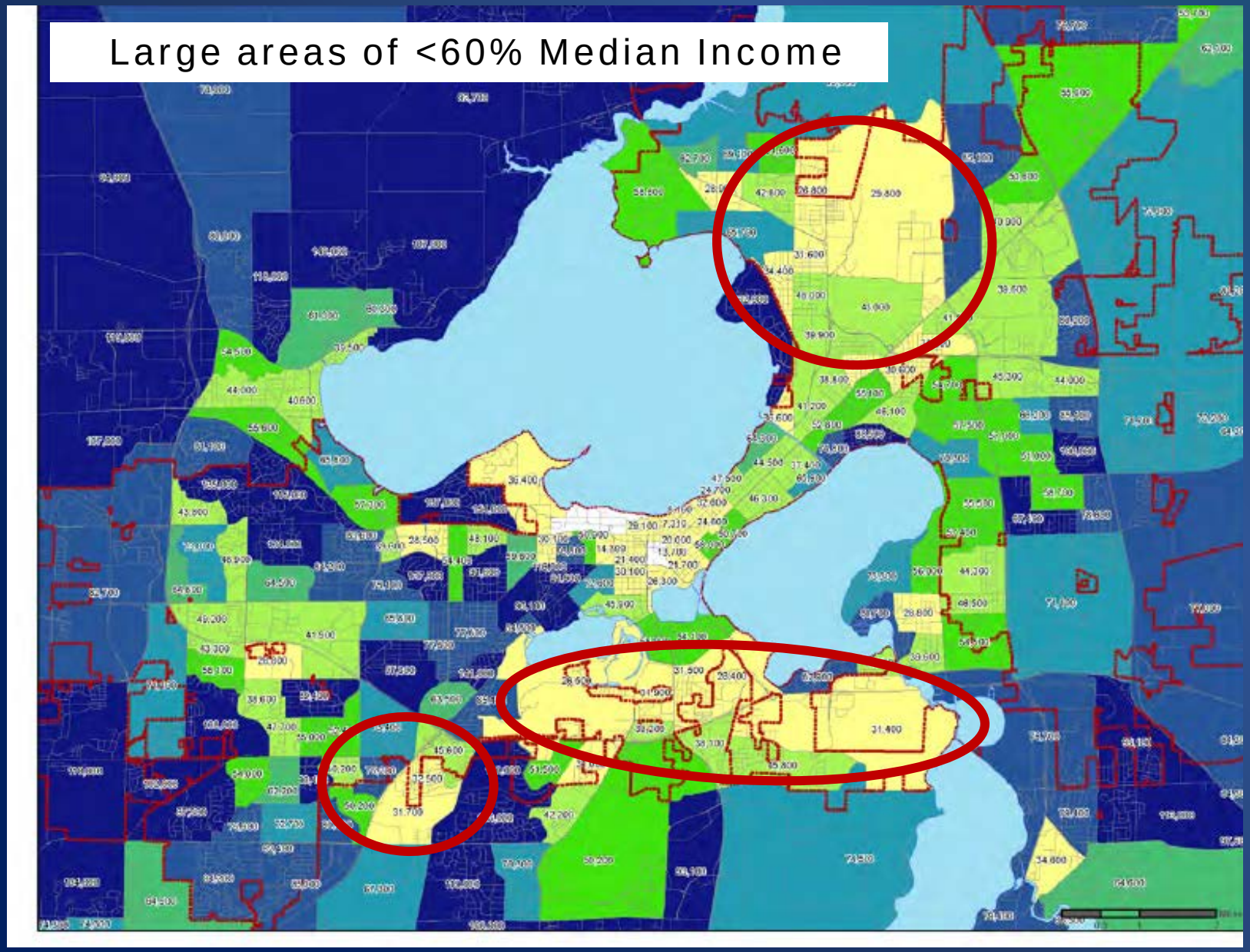
Concentrations of Active Brownfields



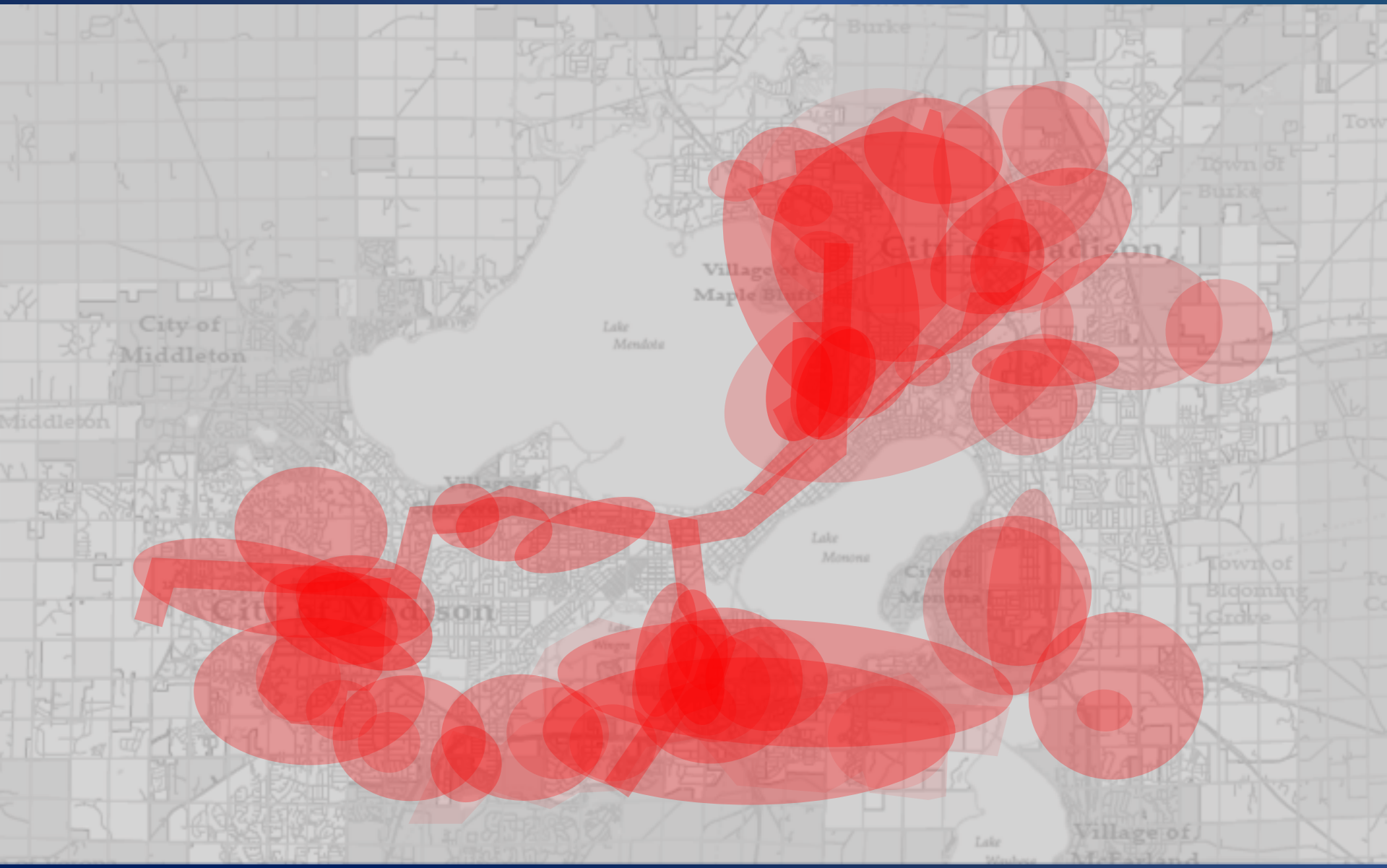
Areas of Increasing Diversity



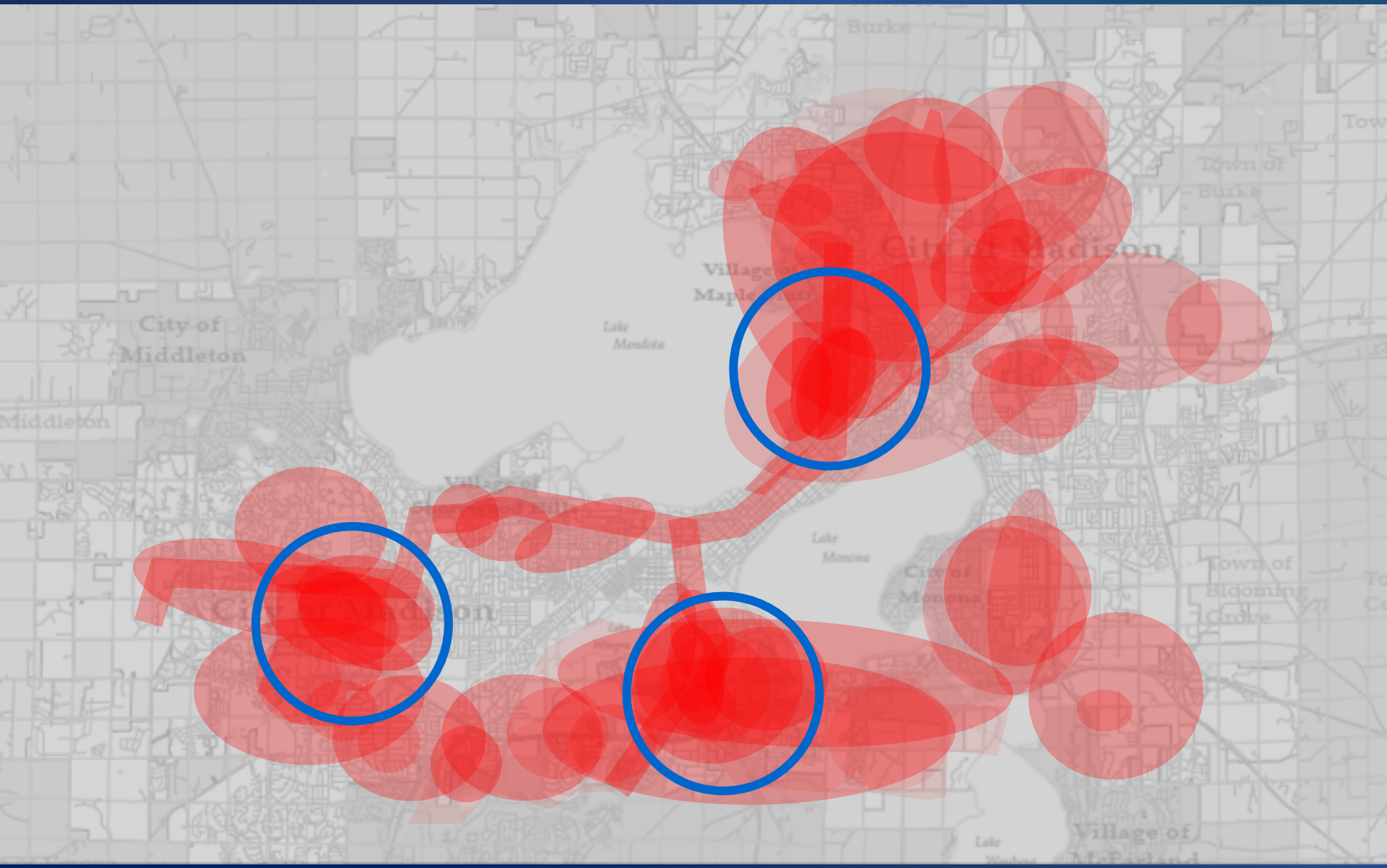
Large areas of <60% Median Income



Overlay of All Factors



Areas of highest concentration:



SGA Next Steps:

1. Create Staff Team
2. Define SGA Toolkit
3. Staff Team Recommends Selected Areas
4. Review with Stakeholders and Committees
5. Council Action to Create Program and Designate Areas (Resolution)
6. Council Actions to Create Tools (Ordinance Changes)
7. Implementation
8. Monitor Results

March 2017

Connect Madison Economic Development Strategy

"…Align city tools and resources to spark housing, commercial, and business development in designated areas that will be targeted opportunities to grow our tax base, create jobs, support entrepreneurs, and create quality housing. The focus will be on key locations that demonstrate economic need and are well-suited and planned for development. The program will first designate areas. Then, the City will concentrate existing economic development tools and resources toward these areas…."

March 2017

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December 2017

Opportunity Zones Whitehouse Executive Order

"…Optimize use of Federal resources, stimulate economic opportunity, encourage entrepreneurship, develop and rehabilitate quality housing stock, and promote workforce development…Work across agencies to prioritize Federal investments and programs on qualified opportunity zones. Make it easier for recipients to receive multiple types of public investments by aligning program requirements. Coordinate federal technical assistance, planning, financing tools, and implementation strategies across agencies…"

PART 2:
Opportunity Zones

What are Opportunity Zones (OZs)?

- New economic development tool established in the 2017 tax reform law
- Designed to encourage long-term investment in designated areas
- Designated by each state's Governor, with local input, and certified by the U.S. Treasury Dept.

This happened fast

Dec 2017: Tax Reform Bill Adopted

Feb-Mar 2018: City created strategic and submitted request to the State

Mar 2018: Governor Walker submitted WI tracts to Feds

June 2018: U.S. Treasury Certified Tracts

Oct 2018: Treasury releases initial regs for the program

December 2018: Whitehouse order amplifying Program, government shuts downs

How the Opportunity Zone Benefit Works

Investors can re-invest unrealized capital gains into Opportunity Funds. These funds in turn invest in projects located within designated Opportunity Zones. Investors then receive a three-tired tax benefit

1. Temporary Deferral of Capital Gains Tax
2. Reduction of tax owed on gains if held for 5 years (10%) or 7 years (15%)
3. Any growth in the value of the Opportunity Fund itself is tax free

MADISON OPPORTUNITY ZONES

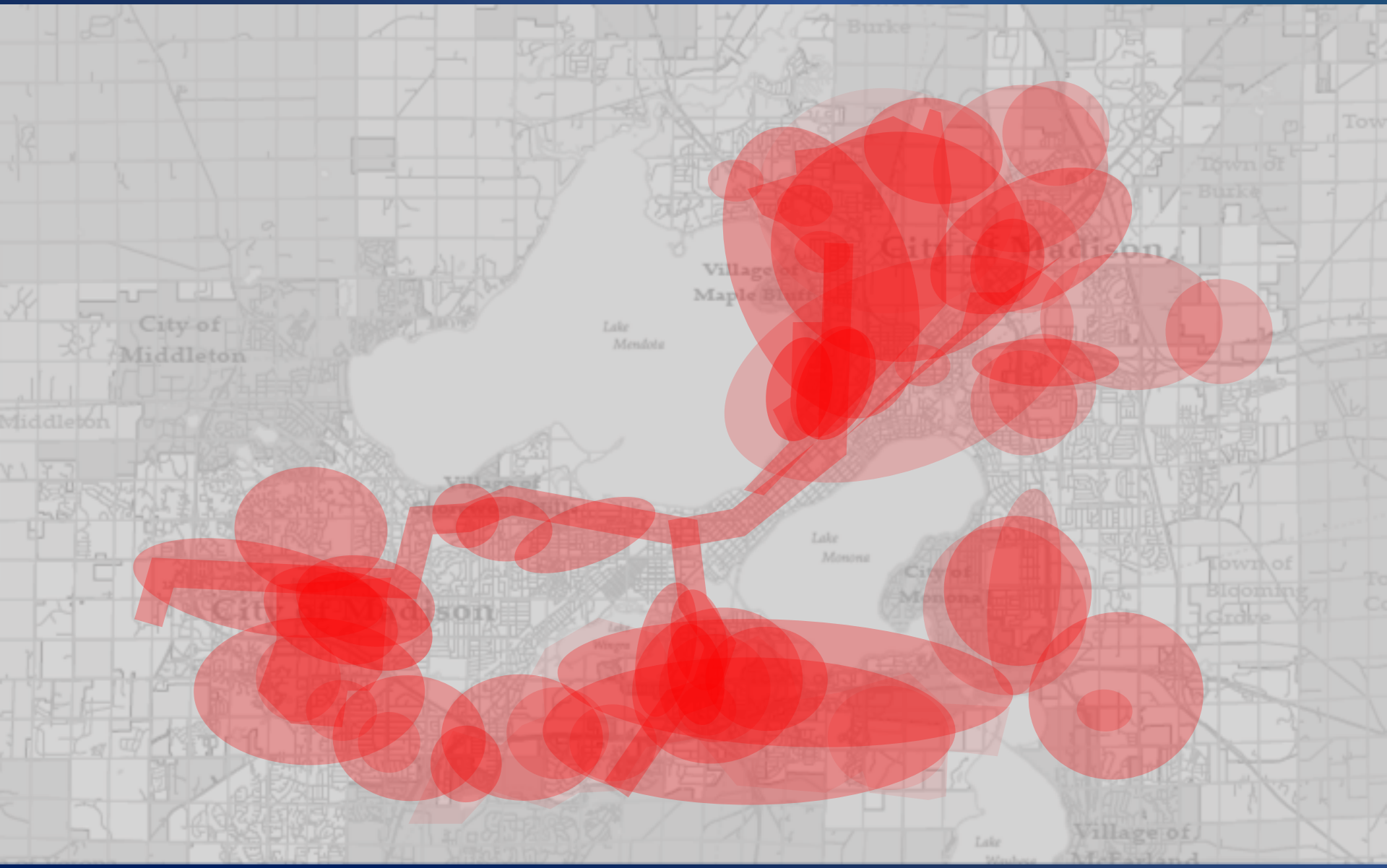
Designated Areas

- 10 Census Tracts + 1 in Sun Prairie
- 3 Clusters
  - North (Oscar Mayer, Cap East, Airport)
  - South (Park St. Allied, AEC)
  - West (UWRP+)

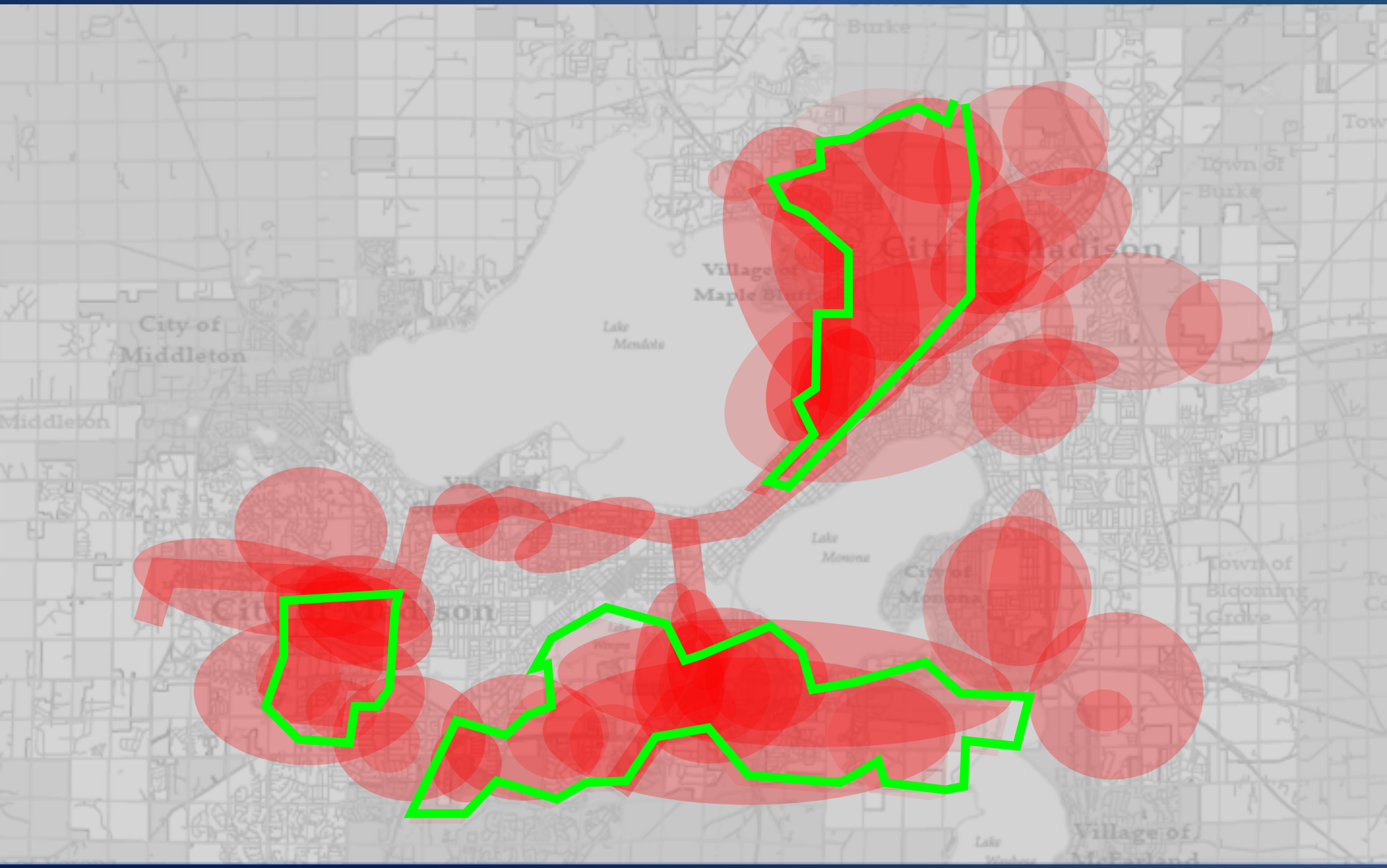
Strategy

- Cluster tracts
- Areas with need and potential
- Layer with other tools
- Special area plans for each area
- Involve existing residents and businesses

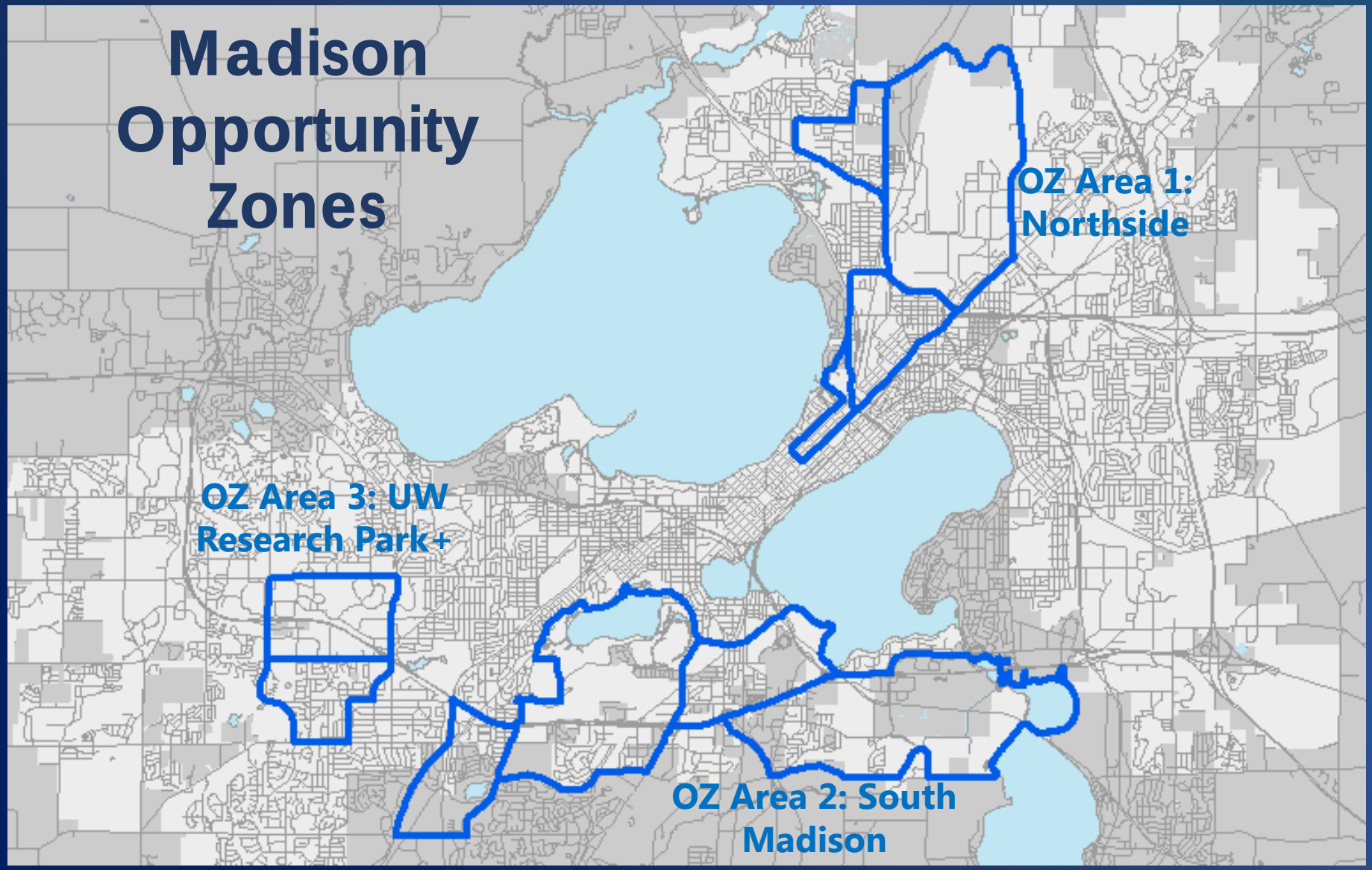
Remember This Map?



Federally Designated Opportunity Zones

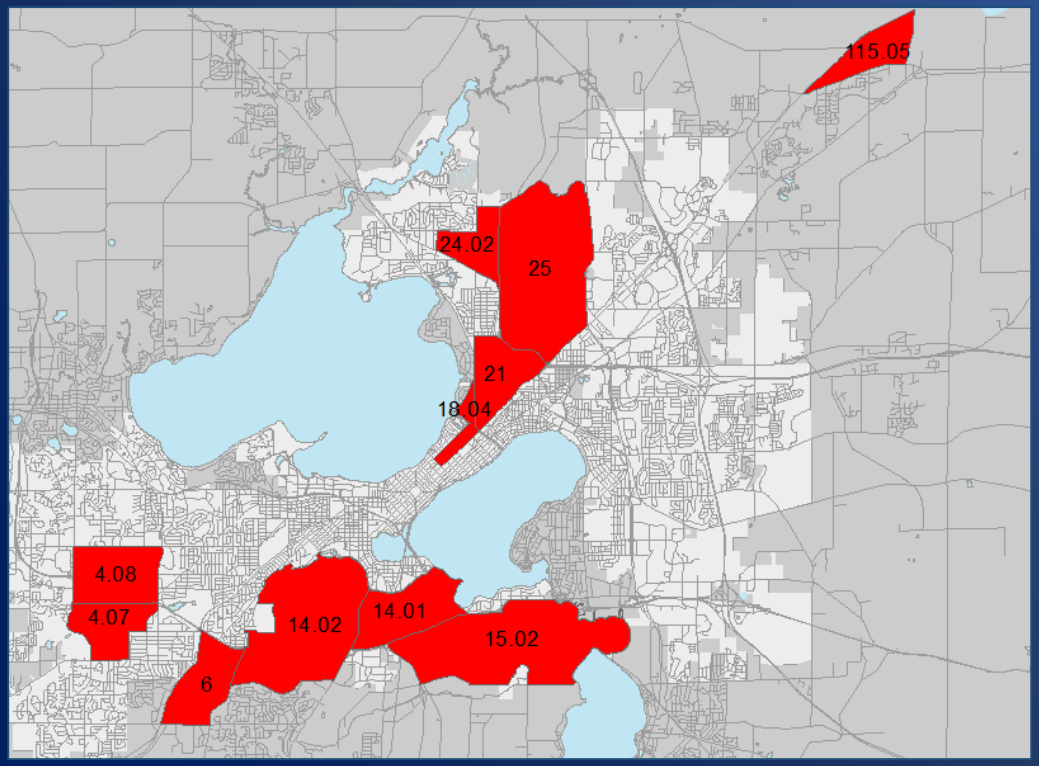


Madison Opportunity Zones



Madison Opportunity Zones

Key Facts

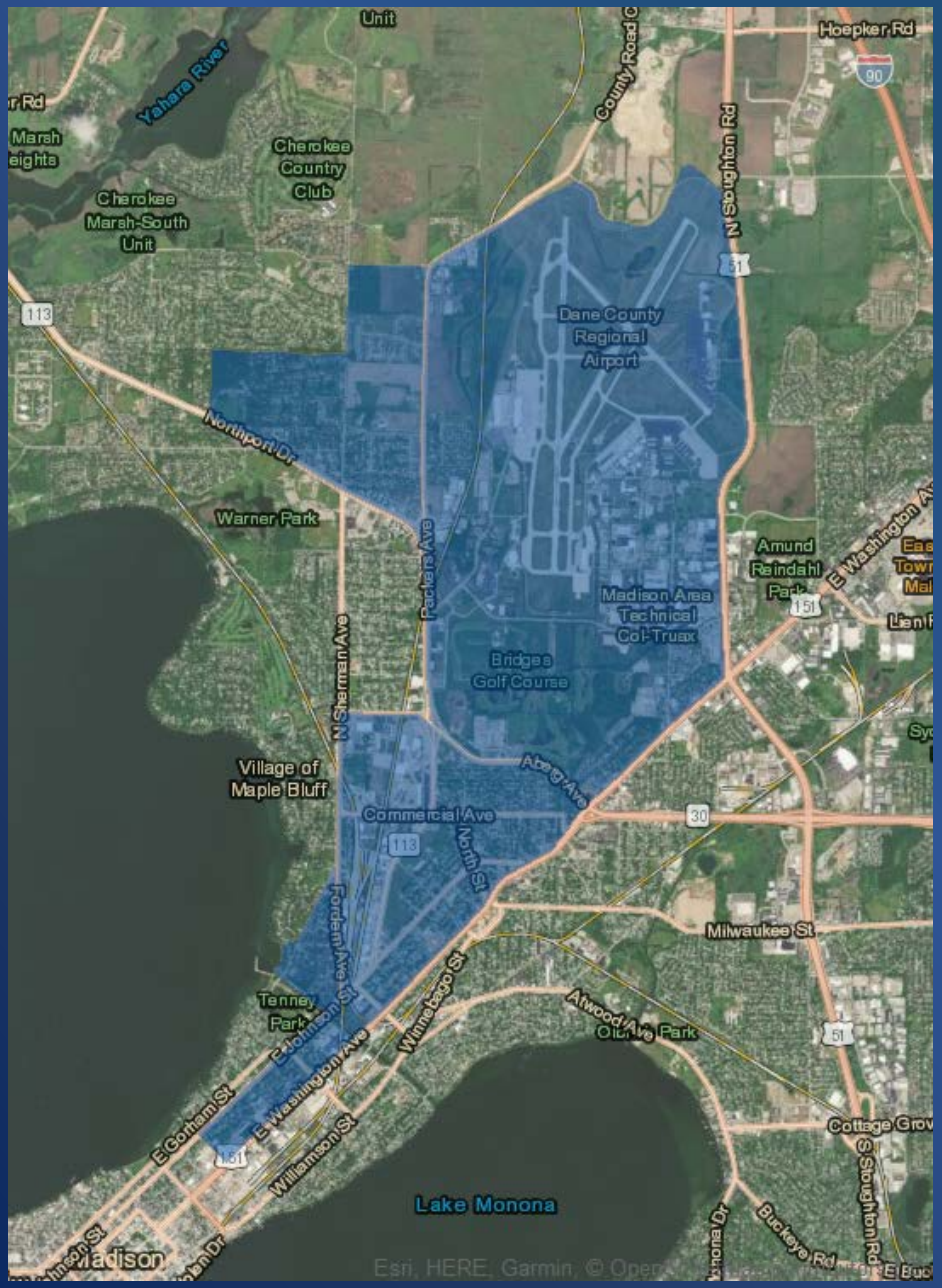


- 11 Census Tracts
- 21 Square Miles
- 50,000 Residents
- 5% Population Growth since 2010
- 23% Poverty
- 4% Unemployment
- 65% of MSA Median Income

	2010 Population	2017 Population	2010-2017 Pop Change	Median HH Income	% below poverty	% Bachelors Degree	Unem-ployment Rate
Opportunity Zones	47,061	49,588	5%	$43,313	23%	23%	4.1%
Madison city	229,236	248,856	9%	$59,387	18%	32%	2.9%
Madison MSA	557,744	640,072	15%	$66,609	11%	27%	2.7%

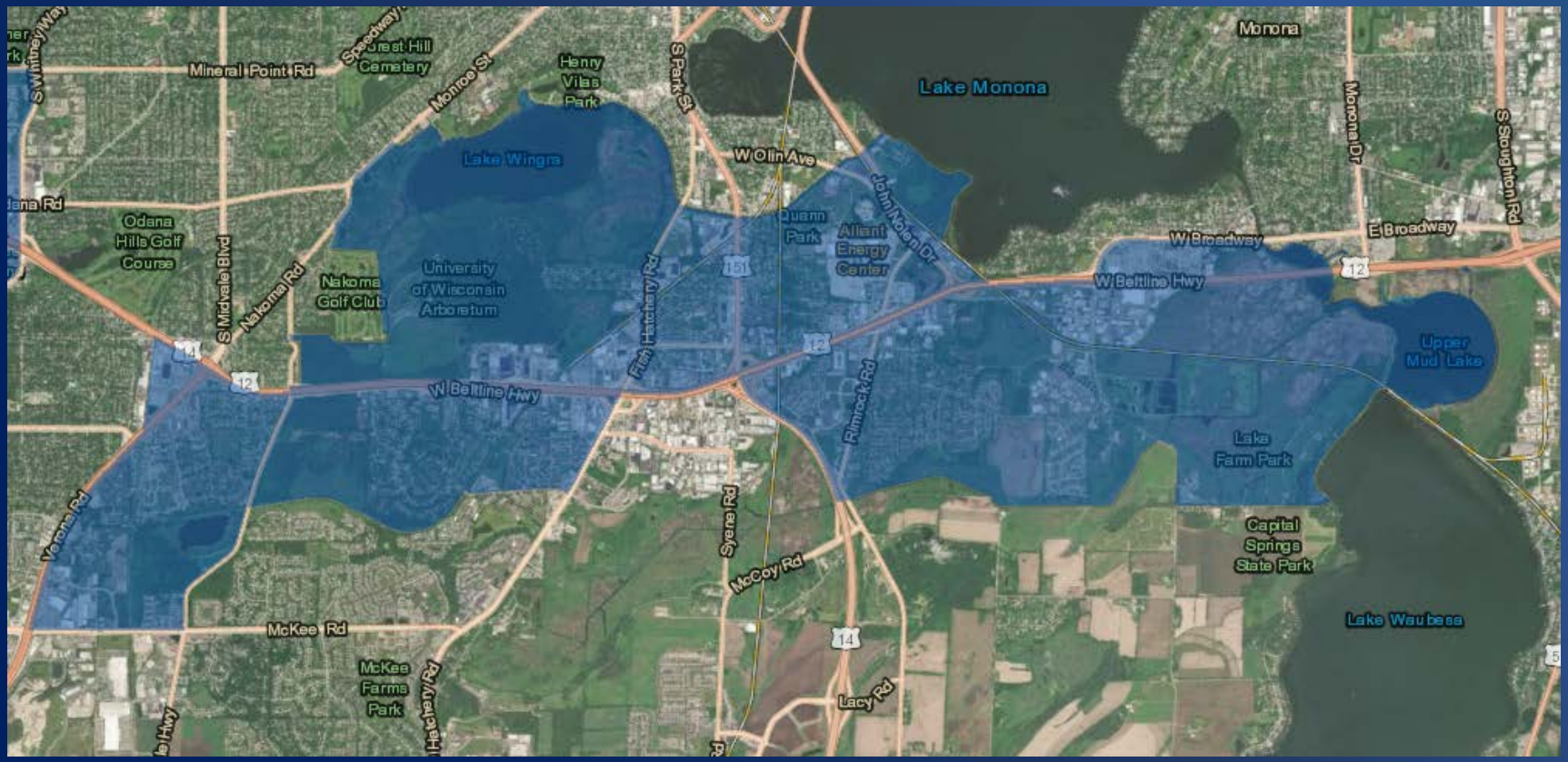
Area 1:
Near North & Capitol East

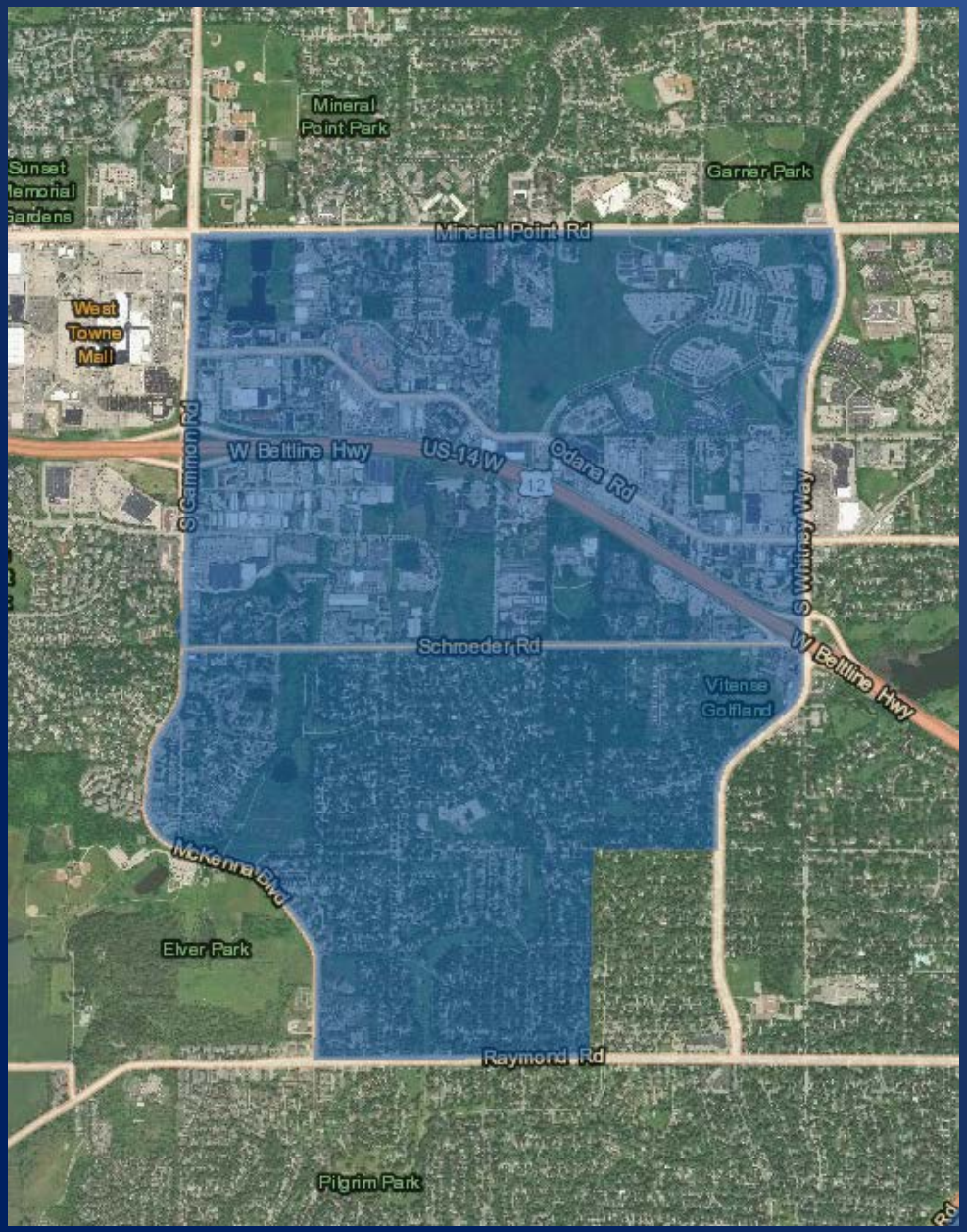
- 4 Tracts
- Former Oscar Mayer Site
- Capitol East District
- Airport
- Foreign Trade Zones
- Madison College
- Madison Public Market



Area 2: Southside, Expo Center, Allied

- 4 Tracts
- 150 acre+ event destination
- Medical corridor
- Diverse Neighborhoods
- Development-ready industrial





Area 3:

UW Research Park +

- 2 Tracts
- UW Research Park 150 companies and 3800 employees
- Exact Sciences
- Merlin Mentors
- MGE Innovation Center
- MadWorks Co-Working
- Forward BIOLABs (shared startup lab)

OZ Next Steps:

1. Opportunity Zone Symposium (Feb 20)
2. Share Prospectus locally and nationally
3. Monitor the development of rules, regulations, and practices
4. **Strategy for how SGAs and OZs complement each other**