

Summary Report to the City of Madison Finance Committee

Tax Incremental District (TID) No 42 (Wingra), City of Madison - Use of ½ Mile Rule (Land Acquisition) -

In 2020, the City of Madison proposes to fund three projects within a half mile of TID 42 (see attached map). The City proposes to:

- \$1,400,000 - Fund the acquisition of 1810 South Park St as part of a long-term land banking strategy;
- \$200,000 – Fund a homeownership assistance program through the Urban League of Greater Madison (ULGM), and;
- \$100,000 – Commence a ten (10) year Census to Census study of the South Madison area to track the impact of City investment on current residents of South Madison.

City Staff will request the Joint Review Board (JRB) to authorize the use of the so called “1/2 Mile Rule” authorized in TIF Statute to allow TID 42 to fund these projects which are located within ½ mile of TID 42.

While TID 42 continues to show positive cash flow of approximately \$500,000 per year, the City of Madison is requesting that the JRB authorize the donation of \$1,700,000 of incremental revenue from TID 39 to TID 42 in 2020. TID 42 would use this donated incremental revenue to cover the expenditures proposed in this memo.

TID 39 continues to show positive cash flow. TID 39 is paying its outstanding debts and is in the process donating \$1,700,000 of positive tax increments to TID #42, as allowed under State Statute. This proposed donation is under consideration by the City of Madison Common Council and the Joint Review Board (JRB).

City Staff estimate that if current conditions continue, TID 42 will have sufficient revenues to pay for this project and all remaining project costs by 2023, remain open one additional year to fund affordable housing (as allowed under TIF Law), and close in 2024. However, should economic conditions allow, the City intends to return to the JRB in each subsequent year, for the next four years, to request additional incremental revenue be donated from TID 39 to TID 42. These additional requests for donations of incremental revenue and associated expenditures could affect this estimated closure date.

