



Legislation Text

File #: 03305, **Version:** 2

Fiscal Note

The policy draft required by this resolution can be completed through reallocation of existing staff resources.

Title

SUBSTITUTE - Directing the TIF staff team to draft policy changes consistent with the Board of Estimates subcommittee report on TIF regarding TIF process and report back to the Common Council with a draft for introduction by July 11 June 6, 2006.

Body

WHEREAS, on April 17, 2001 the Common Council adopted TIF Objectives and Policy for the City of Madison; and

WHEREAS, on June 27, 2005, the Board of Estimates received the Board of Estimates TIF Subcommittee Report entitled "Findings and Recommendations Concerning TIF Policy" dated June 13, 2005; and

WHEREAS, said Report was the culmination of over one year of subcommittee meetings, public hearings and testimony concerning potential changes to the existing TIF Policy; and

WHEREAS, on July 5, 2005 the report was referred to the Economic Development Commission, Plan Commission, Housing Committee and Board of Estimates; and

WHEREAS, on September 7, 2005 the Economic Development Commission recommended approval of the report; and

WHEREAS, on September 7, 2005 the Housing Committee recommended adoption of the resolution to accept the Board of Estimates subcommittee report on TIF; and

WHEREAS, on November 7, 2005 the Plan Commission recommended approval of the report; and

WHEREAS, the Board of Estimates has not acted on the report of their subcommittee; and

WHEREAS, the Board of Estimates subcommittee made the following findings and recommendations concerning the TIF process:

- 1) Establish a deadline to create new TIDs required to provide TIF assistance.** This recommendation involves situations where a developer requests TIF assistance where no Tax Incremental District (TID) exists. TIF Law requires that a TIF district be adopted by Common Council prior to September 30 in order for it to be effective as of the year of its creation. The typical TID creation process takes about five months, or it must start no later than April. Industrial TIDs take about four months to create (no blight study required), therefore the deadline for such requests for industrial development would be May 1. TIF Law also requires that all project expenditures demonstrate that "but for" TIF assistance, the project could not be built. This becomes problematic when a district is created and no such finding is reached for the developer's project.

The members concluded that in order to create a TID prior to the statutory deadline of September 30, developers seeking the creation of a new TID as part of their request for TIF assistance must complete the gap analysis and land use approval process prior to April 1 (see simultaneous approval section in #9).

- 2) Develop an annual vetting process for TIF projects in existing TIDs.** Developers are often unaware or ill informed about the City's annual budget cycle and are surprised when, at the conclusion of TIF negotiations, the project cannot be funded until the next budget cycle.

In order to keep both TIF requests and the budget process in the same decision loop, the subcommittee recommends that TIF assistance requests for funding in the next years' capital budget would have to be submitted by a deadline (approximately June?). This approximate date coincides with the commencement of the annual capital budget cycle.

Those projects that miss the vetting deadline may apply later but are subject to a 15-vote budget amendment.

Requests would be predicated upon a mutual agreement had been reached concerning gap analysis and land use approvals between the City and the developer. Further, in the event that the requests exceed available City funds or concern projects that do not meet annual TIF goals or objectives, the City should explore a project evaluation and prioritization or "vetting" process that grades projects according to established TIF objectives and criteria.

- 3) Create a TIF Pre-Application to be submitted to Board of Estimates.** Projects are often presented before the Board of Estimates that propose considerable policy exceptions, exceed zoning or land use guidelines or do not meet goals and objectives of TIF Policy.

The subcommittee agreed that providing policy makers an earlier view of such potential issues was important and would recommend that staff create a TIF Pre-Application form with vetting criteria for developers to evaluate their potential eligibility for TIF consideration. On this form, developers must demonstrate gap, completion of due diligence concerning the site conditions and satisfactory meetings with the district alder and planning staff concerning building height, density and other land use issues. It is possible that such a Pre-Application could be available on-line so developers could gauge their eligibility for TIF consideration.

- 4) Present potential TIDs to the Board of Estimates prior to starting the TIF creation process.** The subcommittee believed that staff should submit a general plan concept sometime during the early stages of developing a TID project plan. This would apply for TIDs that provided assistance to private development as well as TIDs created solely for infrastructure.

- 5) Require developers to pay the non-refundable application fee.** This recommendation institutionalizes the application fee (currently .05% of the amount requested) to be paid to the City at the time of TIF Pre-Application.

- 6) Establish a forum for developer appeal.** Generally, such appeals already occur before the Board of Estimates. The sub-committee agreed to institutionalize one developer appeal, after initial BOE review of the TIF Pre-application, as a part of TIF policy.

- 7) Require developers to demonstrate due diligence on the purchase of land.** This would include requiring developers to option land while conducting studies of soil conditions, comparable land prices, environmental issues and initial meetings with the district alder and planning staff concerning building height, land use and other issues and provide such findings to the City.

- 8) Explore BOE review of IZ Waiver requests.** The members proposed that BOE review IZ waiver requests, either independently or jointly with Plan Commission due to their direct impact on TIF.

- 9) Implement simultaneous TIF and land use approvals.** Members expressed interest in pursuing a simultaneous process where consideration of TIF and the land use approval, which were often inter-related, would make more sense than a process where the land use is already approved and the City left with few options or adjustments that might make TIF assistance unnecessary or more feasible.

- 10) Require developers seeking TIF to identify this in their land use applications and simultaneously apply for TIF.** Land use approval review and TIF consideration should be simultaneous.

- 11) Prior to discussions of TIF negotiations, written reports with staff recommendations and concerns shall be provided to the applicant, the Board of Estimates, and the Common Council prior to meetings where TIF discussions are noticed.**

NOW, THEREFORE BE IT RESOLVED, that the TIF staff team be directed to draft policy changes consistent with the above recommendations regarding TIF process and report back to the Common Council with a draft for introduction by July 11 June 6, 2006.