



Legislation Text

File #: 80082, **Version:** 1

Fiscal Note

The proposed resolution designates the Community Development Authority (CDA) as Master Developer of the Park and Badger Area. Subject to adoption of the 2024 Capital Budget, the CDA as Master Developer will seek partnerships for public-private development of the Area.

Funding for the redevelopment of the Area is included in the TID 51 Project Plan and in the 2024 Executive Capital Budget.

- TID 51 Project Plan includes \$4.0 million in funding for CDA activities in the Park and Badger Area. It also includes \$5.0 million in land banking funds and \$6.0 million for CDA activities for the Village on Park redevelopment. (Total: \$15.0 million)
- 2024 Executive Capital Budget
 - CDA Redevelopment: South Madison Redevelopment project includes \$2.0 million of tax increment financing (TIF) in 2024 for predevelopment work; \$4.0 million of GO Borrowing in 2025 for additional predevelopment work and the estimated Phase 1 gap; and, \$3.0 million of GO Borrowing in 2026 for the estimated Phase 2 gap. (Total: \$9.0 million)
 - Fire: Fire Station 6 - W. Badger Road includes \$3.47 million of GO Borrowing in 2025 in addition to the \$4.4 million included in the 2021 and 2022 capital budgets.
 - Public Health: South Madison Public Health Clinic includes \$15.0 million in funding in 2025. (\$6.5 million in TID-supported GO Borrowing, \$8.5 million from Dane County)

The cost of housing component of each redevelopment phase is highly dependent on the number of units, level of affordability, and subsidy program selected. For the purposes of the 2024 budget, staff estimates assume approximately 200 units of housing for each phase financed by 4% Section 42 tax credits. This number of units is supported by the adopted South Madison Plan and preliminary financial analysis based on the site being located in a Qualified Census Tract.

Title

Authorizing the Community Development Authority to act as Master Developer for the redevelopment of City-owned properties at 802, 810 and 818 West Badger Road and 825 Hughes Place, and to issue a development partnership Request for Qualifications for same. (District 14)

Body

WHEREAS, the City adopted the South Madison Plan on January 10, 2022 (Enactment No. RES-22-00026, File I.D. No. 68084), which serves as a supplement to the City's 2018 Comprehensive Plan and provides detailed recommends on specific land uses, development intensity, and building forms in established south side neighborhoods; and

WHEREAS, the South Madison Plan contains action-oriented recommendations for the continued development of the Village on Park and surrounding area as mixed-use neighborhood center featuring shops, services, employment, and a mix of housing types; and

WHEREAS during the development of the South Madison Plan, the goals and objectives of the Plan evolved to be more uniquely action-focused and to emphasize the importance of three Guiding Principles: Anti-Displacement and Gentrification; Community Wealth Building; and Opportunities to Thrive; and

WHEREAS, the City created Tax Increment Finance District No. 51 (Enactment No. RES-23-00208, File I.D. No. 75809) for the purpose of revitalizing and assisting the South Madison Plan area and neighborhoods, including City and CDA-led land banking and redevelopment activities in the South Park Street corridor; and

WHEREAS, the City's Land Banking Policy, adopted on June 1, 2021 (Enactment No. RES-21-00413, File I.D. No. 63575), prioritizes land acquisition for the purposes of affordable housing, including the preservation, production or rehabilitation of housing for persons with low or moderate incomes, and the creation or preservation of long-term affordability through community land trusts, or ownership by not-for-profit organizations and/or the CDA; and

WHEREAS, the City acquired commercial properties at 810 and 818 Badger Road via the Land Banking program, which when combined with existing City-owned properties at 802 West Badger Road (decommissioned Metro South Transfer Point) and 825 Hughes Place (MPD South Station), form a contiguous 4-acre redevelopment parcel (the "Park and Badger Area") suitable for high-quality, urban infill development on a key gateway intersection, consistent with the Guiding Principles of the South Madison Plan and the Comprehensive Plan more broadly; and

WHEREAS, City staff have created and publicly presented preliminary redevelopment concepts for the Park and Badger Area, which include the replacement of nearby Fire Station #6 and the Madison Dane County Public Health clinic, and up to 600 housing units in two or three phases as depicted in the attached Exhibit A; and

WHEREAS, the Community Development Authority (the "CDA"), as the City's statutory redevelopment authority and housing authority, is the ideal vehicle for the timely and orderly redevelopment of the Park and Badger Area, including the provision of a significant number of affordable, below-market, and/or income-restricted housing units; and

WHEREAS, the CDA currently operates and manages the City's Public Housing and Section 8 programs and has a proven and long-standing track record of similar infill housing redevelopment projects (e.g., Allied Drive Neighborhood); and

WHEREAS, the CDA has access to certain financing mechanisms, including Section 42 Housing Tax Credits, that will provide a greater range of affordable housing opportunities for a diversity of households within the Park and Badger Area, as well as facilitate the revitalization of other City-owned properties in the South Park Street corridor; and

WHEREAS, pursuant to a future Cooperation and Development Agreement to be authorized by the Common Council, the CDA will create and control one or more limited liability corporations (LLCs) through which it will retain ownership of all the land under the Park and Badger Area, ensuring long-term housing affordability, generating a reliable source of long-term operating income for CDA Redevelopment and/or Housing Operations, and improving the delivery of critical public health and fire protection services to the South Madison community.

NOW THEREFORE BE IT RESOLVED that the Common Council hereby designates the CDA as the Master Developer of the City-owned properties at 802, 810 and 818 West Badger Road and 825 Hughes Place.

BE IT FURTHER RESOLVED that under said future Cooperation and Development Agreement and subject to the allocation of sufficient City budget authority in 2024 and subsequent years, the City shall sell or transfer property to CDA, provide necessary Tax Incremental Financing (TIF) and other general obligation (GO) sources of funding, and finance, construct, own and/or operate both a Public Health Madison Dane County

clinic and a condominium for the new Fire Station #6, each to be located within the Park and Badger Area.

BE IT FURTHER RESOLVED, that subject to adopted 2024 City capital budget authority, the CDA is hereby authorized to seek partnerships for a joint public-private effort for the redevelopment of the City-owned Park and Badger Area properties between the CDA and for-profit or non-profit developers and other qualified contractors, the composition of which partnership(s) shall be determined through a Request for Qualifications (RFQ) process administered by CDA staff with input from the Engineering Division.

BE IT FURTHER RESOLVED, that in its role as Master Developer and in order to apply to the Wisconsin Housing and Economic Development Authority (WHEDA) for tax credits, the CDA shall be authorized to form development partnerships, create one or more not-for-profit LLCs, and run additional RFQ/RFP processes to hire the professional expertise needed in order to timely file tax credit applications, involving, but not limited to, co-development partners; legal counsel; architectural, engineering, and construction management firms; property management; and financial consultants.

BE IT FURTHER RESOLVED that CDA and its duly selected and contracted developer-partner(s) shall prepare a Phasing and Affordability Plan for all proposed housing and public agency components to be constructed within the Park and Badger Area, with such Plan subject to approval by the Common Council.

BE IT FURTHER RESOLVED, that prior to commencing construction on any component of the Phasing and Affordability Plan, the Common Council and CDA Board of Commissioners shall each approve and execute a Cooperation and Development Agreement more specifically enumerating the roles and responsibilities of each party with respect to the redevelopment of the Park and Badger Area.

BE IT FINALLY RESOLVED that the Common Council hereby finds and determines that designation of the CDA as Master Developer and subsequent redevelopment activities within the Park and Badger Area are consistent with the public purposes, goals and objectives set forth in the adopted Land Banking Policy, South Madison Plan, and TID 51 Project Plan.