MEMORANDUM

Date: November 24, 2025

To: Julia Matthews

CC: Common Council, City of Madison

From: Alex Saloutos

Re: Reimbursement for Businesses Affected by Ruskin Street Name Change, Legistar ID No.

90545

I am writing, ahead of tomorrow's Council meeting, to request that you sponsor an amendment or companion resolution to agenda item 17, Legistar <u>90545</u>, that would provide reimbursement to businesses located on the 250-foot section of Ruskin Street that is being renamed Huxley Street. This reimbursement would cover reasonable costs these businesses will incur due to the street name change necessitated by the Huxley Yards development.

Alternatively, given the compressed timeline, you could request that the item be referred to allow staff time to find a funding source and to consult with the affected business owners on appropriate reimbursement language. Or, given that the City currently has numerous streets with two different names, you could ask staff to reconsider the need for the name change, withdraw your sponsorship, and recommend a no vote if the mayor or other alders sponsor it.

The principle is simple: when the City gives millions in subsidies to a developer for a profitable project, local businesses shouldn't be stuck with the bill for the consequences. Do the right thing.

Background

The Huxley Yards affordable housing project, which is driving the street changes, has received substantial public subsidies:

- \$6,000,000+ in Tax Incremental Financing from the City of Madison
- \$1,356,300 in 0% interest DNR Ready for Reuse Brownfields Cleanup Loans
- Federal Low-Income Housing Tax Credits from the WHEDA (amount not publicly disclosed)
- Solar Tax Credits from the National Equity Fund (amount not publicly disclosed)
- Brownfield Idle Sites Grant from the WEDC (amount not publicly disclosed)
- Opportunity Zone Fund Investment from Federal program (amount not publicly disclosed)

The confirmed public subsidies total \$7,356,300, though the actual total is significantly higher when undisclosed tax credits and other subsidies are included. When completed, the \$150 million project will generate approximately \$1,080,000 annually in property tax revenue to the City of Madison (in 2025 dollars, assuming a city tax rate of \$7.20 per \$1,000 of assessed value).

In addition to these subsidies, Lincoln Avenue Communities stands to earn a developer fee under Wisconsin's LIHTC program limits. For new construction projects with 55 or more units using 9% tax credits, WHEDA (Wisconsin Housing and Economic Development Authority) allows developer fees of

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12% for the first 55 units and 9% for the remaining units, capped at \$25,000 per unit.¹ For this 553-unit project, that translates to a maximum developer fee of approximately \$13.8 million. Once operational, the property will generate approximately \$2.25 million in net operating income annually (based on the typical \$4,063 per unit for LIHTC properties² across 553 units), and the investors will own a \$150 million asset.

The Problem

As documented in public comments from Don Lindsay, Dolores Kester, and Jennifer Argelander, businesses on the affected 250-foot section of Ruskin Street will be forced to incur costs including updating stationery, business cards, and marketing materials; redesigning and updating websites; changing physical signage; notifying all customers of the address change; and managing customer confusion during the transition.

These businesses have not requested public assistance and are not benefiting from the development that necessitates this street name change. They are being asked to absorb costs because of infrastructure changes required by a heavily subsidized, for-profit development project.

Worse yet, these same businesses have already suffered significant harm during the construction of Huxley Yards. According to Jennifer Argelander's November 3, 2025, public comment, the City cut off these businesses' access across the former Hartmeyer property even though these businesses had an easement allowing access; the developments have increased flooding issues for these businesses; their roads have been blocked, preventing customers from reaching the businesses; and there have been losses of profit to these businesses.

As Ms. Argelander notes, "This move would be adding insult to injury for these local businesses. The City should be supporting local businesses and the jobs that they provide."

The Fairness Issue

This situation exemplifies a typical pattern in municipal governance: large developers with resources to navigate the system receive millions in public subsidies for profitable ventures. At the same time, small business owners are left to absorb the costs and complications those projects create.

Proposed Solution

As the alder for this district, I ask that you sponsor an amendment or a companion resolution that acknowledges the unfair burden placed on existing Ruskin Street businesses and commits, in principle, to reimbursing reasonable costs incurred by these businesses. The resolution should direct economic development staff to identify affected businesses, secure cost estimates from them, recommend funding sources, and return to the Council within 90 days with a specific reimbursement plan.

Wisconsin Housing and Economic Development Authority (WHEDA), "Appendix J: Developer Fee Policy," 2025-26 Wisconsin Qualified Allocation Plan, September 2024, https://www.wheda.com/globalassets/documents/tax-credits/htc/2025/appendices/appendix-i---developer-fee-2025.pdf. For new construction projects over 55 units using 9% tax credits, developer fees are limited to 12% for the first 55 units and 9% for remaining units, with a maximum cap of \$25,000 per unit.

Net operating income data based on Novogradac's analysis of LIHTC properties. "Is Projecting 3% Annual Growth for Operating Expenses and 2% Annual Growth for Revenues of LIHTC Properties still the Best Course of Action?" Novogradac, August 25, 2022, https://www.novoco.com/notes-from-novogradac/projecting-3-annual-growth-operating-expenses-and-2-annual-growth-revenues-lihtc-properties-still

An Alternative Solution

It's also worth noting that the City could avoid this problem entirely by keeping the Ruskin Street name, at least to the intersection with Coolidge Street (the first cross street north). Many Madison streets don't maintain the same name for their entire length, including Williamson Street and Winnebago Street; Atwood Avenue and Monona Drive; Fordem Avenue and Sherman Avenue, East Washington Avenue and Commercial Avenue; North Street and Milwaukee Street; Fair Oaks Avenue and Maple Avenue; and Hammersley Road and Nakoma Road. And then there is Commercial Avenue, which is broken into five unconnected segments, one of which is also named East Washington Avenue. Suppose staff's rationale that "in the long run, this change in name is better for wayfinding for the public and also for emergency response with a single street name for the entire length" is genuinely the governing principle. Wouldn't all of these streets need to be renamed, too? See Attachment B for aerial photographs of these existing examples.

Alignment With Madison's Mission and Values

This proposal aligns with the City's stated values:

- Equity: "We are committed to fairness, justice, and equal outcomes for all." Reimbursing businesses harmed by a subsidized development ensures fair treatment.
- Shared Prosperity: "We are dedicated to creating a community where all are able to achieve
 economic success." Supporting local businesses against losses from city decisions promotes
 this goal.
- Our Service Promise: "Involve those who are impacted before making decisions" and "Treat everyone as they would like to be treated." These businesses were impacted without being involved in subsidy decisions and are not being treated as the developer was treated.

Recommendation

As the alder for this district, I urge you to sponsor legislation that ensures these small businesses are made whole. Given that the City has provided over \$7.3 million in subsidies to facilitate this development, the developer stands to earn approximately \$13.8 million in fees, and the City will receive approximately \$1 million in new property tax revenue annually. Reimbursing local businesses for their costs on this 250-foot section of Ruskin Street is both fair and fiscally responsible.

Given that Legistar 90545 (Agenda Item 17) is scheduled for a vote at tomorrow's November 25 Common Council meeting, I recommend one of three approaches:

- Option 1: Sponsor an amendment or companion resolution to provide reimbursement to affected businesses.
- Option 2: Request that Item 17 be referred back to allow time for staff to consult with affected businesses and develop specific reimbursement language.
- Option 3: Request that the resolution be placed on file with prejudice, given that the City
 currently has numerous streets with two different names and the staff's own admission that the
 two Ruskin segments cannot physically connect due to wetlands.

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While the timing is compressed, the facts are clear, and the principle is straightforward: businesses should not bear costs from subsidized developments they didn't request.

When we give millions to the big guys, we shouldn't stick the little guys with the bill. Do the right thing.

I have attached draft language for a resolution that could either amend Legistar 90545 or stand as a companion resolution.

Please let me know if you would like to discuss this further or if you need additional information.

Attachment A: Draft Amendment to Legistar 90545 for Business Reimbursement

Attachment B: Aerial Photographs With Examples of Madison Streets That Have Multiple Names

ATTACHMENT A AMENDMENT TO LEGISTAR 90545

Moved by Alder Matthews, seconded by	
To amend Legistar File 90545 by adding the following resolved clau	ise:

BE IT FURTHER RESOLVED that the Common Council directs Economic Development staff to:

- 1. Identify all businesses located on the 250-foot section of Ruskin Street being renamed to Huxley Street that will incur costs due to this street name change;
- 2. Develop a reimbursement program to compensate these businesses for reasonable, documented costs, including signage replacement, business stationery and cards, website modifications, and direct customer notification expenses;
- 3. Recommend appropriate funding sources for the reimbursement program; and
- 4. Return to the Common Council within 90 days with a specific reimbursement plan and funding recommendation for approval.

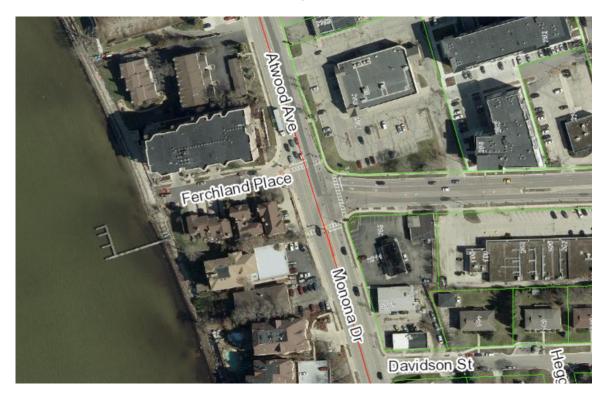
BE IT FINALLY RESOLVED that the effective date of the street name change shall be delayed until the Common Council has approved the reimbursement plan required above.

Rationale: The businesses on this section of Ruskin Street did not request this development or the resulting street name change. These same businesses have already suffered losses during the construction of Huxley Yards due to blocked access, flooding, and road closures. Given that more than \$7.3 million in public subsidies were provided for this project, the developer stands to earn millions in development fees, and investors will earn millions annually in profits and will own a \$150 million asset, requiring these local businesses to absorb additional costs is neither equitable nor consistent with the City's stated values of fairness and shared prosperity.

Williamson Street/Winnebago Street



Atwood Avenue/Monona Drive



Fordem Avenue/Sherman Avenue



East Washington Avenue/Commercial Avenue



Commercial Avenue/North Stoughton Road



North Street/Milwaukee Street



Fair Oaks Avenue/Maple Avenue



Hammersley Road/Nakoma Road



Segments 1, 2, and 3 of Commercial Avenue



Segments 4 and 5 of Commercial Avenue

