

LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS

ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

FEBRUARY 2, 2010

Item 9, File #080299

File Number 080299 is a resolution directing the Department of City Development to take various actions relating to the creation of a tax incremental districts, to be known as the “Linden Hill Estates Tax Incremental District,” for the area bounded by W. Galena Street, W. State Street, N. 20th Street and N. 24th Street.

Background

1. Wisconsin’s Tax Increment Law (s. 66.1105, Wis. Stats.) provides for the creation and administration of a tax incremental district (“TID”) to finance economic development and redevelopment projects within the district. Improvements and activities in the district are funded by the increase or “increment” in tax revenues generated by property in the district.
2. To be eligible for TID designation, an area must meet the following criteria:
 - Fifty percent or more of the proposed TID must be "blighted," “in need of rehabilitation or conservation work," or suitable for "industrial sites," within the statutory meanings of these terms.
 - Property that has been vacant for at least 7 years preceding creation of the TID cannot constitute more than 25% of the TID's area (unless the district is being created to promote industrial development).
3. The boundaries and project plan for a TID must be approved by the Redevelopment Authority, the Common Council and the “joint review board” consisting of representatives of the various taxing jurisdictions affected by the creation of the TID.
4. The neighborhood bounded by W. Galena Street, W. State Street, N. 20th Street and N. 24th Street suffers from an abundance of vacant lots, blighted properties and absentee-owned housing.
5. Tax incremental financing has been proposed as a tool for providing the financial resources and planning framework necessary for a targeted, concentrated housing construction and rehabilitation program in this neighborhood.

Discussion

1. This resolution directs the Department of City Development to take various actions preliminary actions relating to creation of a tax incremental district for the area bounded by W. Galena Street, W. State Street, N. 20th Street and N. 24th Street (excluding the Lindsay Commons development on the southwest corner of 20th and Galena), including preparation of a draft project plan for the district and a Common Council resolution to

create the district and approve the project plan. These documents are to be submitted to the Common Council within 90 days of the date of adoption of this resolution.

2. This resolution also provides that creation and implementation of the proposed TID shall be guided by the following goals and parameters:

- The name of the district shall be “Linden Hill Estates Tax Incremental District”.
- The goals of the district shall include, but not be limited to, development of new owner-occupied infill housing, rehabilitation of existing owner-occupied housing, spot acquisition of absentee-owned housing and increasing the owner-occupancy rate in the area to at least 50% of all housing units.
- The activities of the district shall be coordinated with the walk-to-work programs of Marquette University, Aurora Sinai Medical Center, AT&T and other employers in the area.
- The project plan and budget for the tax incremental district shall provide for improvements to the Linden Hill green space (the area bounded by W. McKinley Avenue, W. Juneau Avenue, N. 22nd Street and N. 23rd Street), including the provision of water and sewer service to the site, enhancing lighting and other amenities, and establishing this green space as a City-owned park.
- The project plan and budget for the tax incremental district shall also provide for investigation of the feasibility of installing traffic-calming devices within the neighborhood.
- The activities of the tax incremental district shall be coordinated with the Wisconsin Housing and Economic Development Authority, which can provide expertise and financial resources for the district.

3. The preliminary budget for the Linden Hill Estates TID includes the following expenses:

Linden Hill Park improvements	\$350,000
Home rehab grants (30 @ \$10,000 each)	300,000
Spot acquisition of 4 properties	300,000
Opening 3 cul-de-sacs	75,000
Demolition of 4 houses	40,000
Administrative costs	125,000
<u>Other</u>	<u>110,000</u>
TOTAL	\$1,300,000

Fiscal Impact

1. This resolution has no fiscal impact on the City. It directs DCD staff to prepare a project plan for a new TID, as well as the Common Council resolution to create that TID and adopt its project plan. But this resolution itself does not create the TID or adopt the project plan.

2. Once a resolution creating the Linden Hill Estates is drafted and introduced, along with the draft project plan, a feasibility study of the proposed TID will be conducted by DCD or its consultant. Also, the City Comptroller will conduct a financial analysis of the project to determine whether the TID would generate sufficient incremental property tax revenues to recover all project costs within the statutory maximum life of a TID.

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February 1, 2010

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