



CITY OF MADISON Economic Update

2019 RASCW Commercial Real Estate Forecast

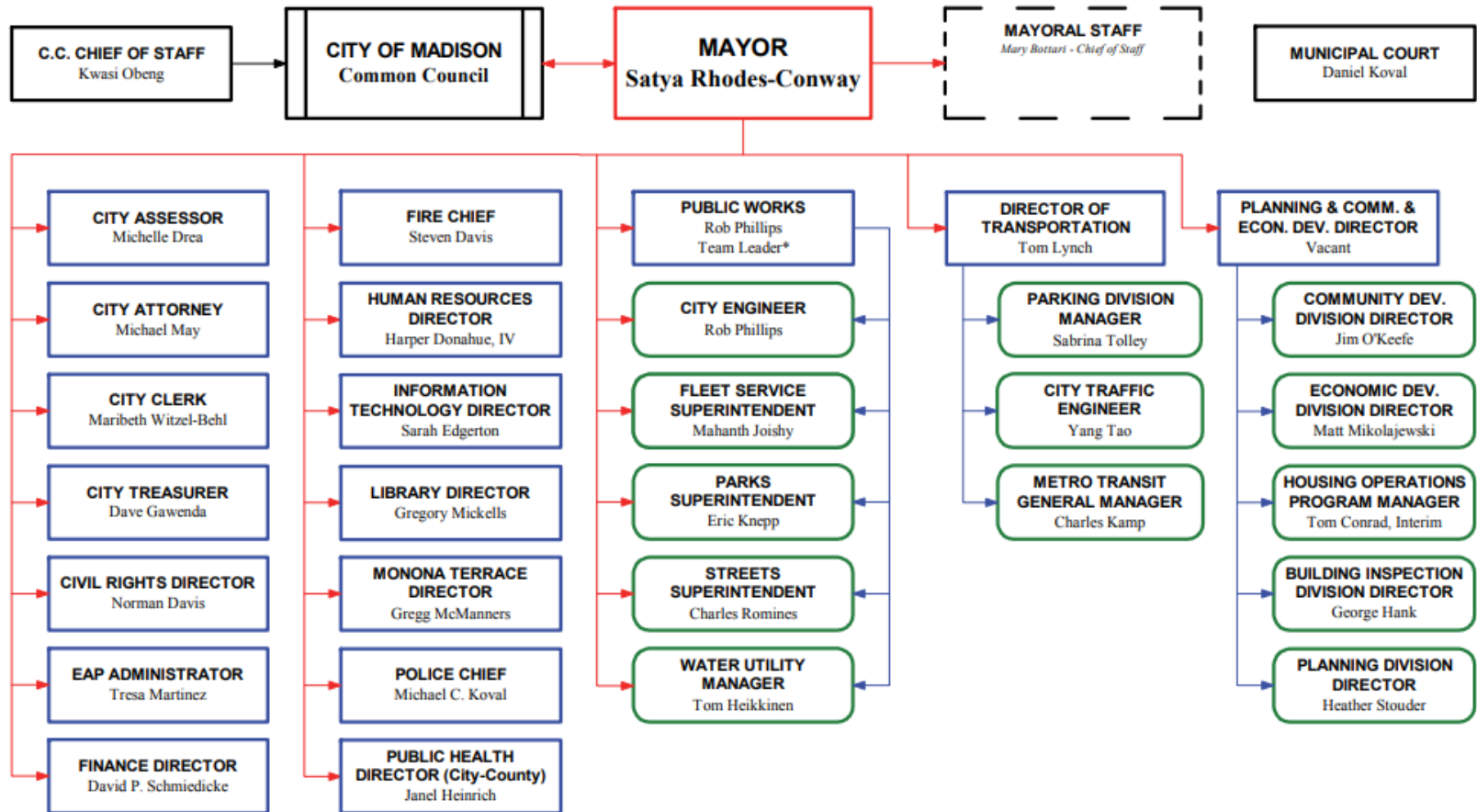
Agenda:

1. Role of the City
2. Economic Snapshot
3. Opportunity Zones

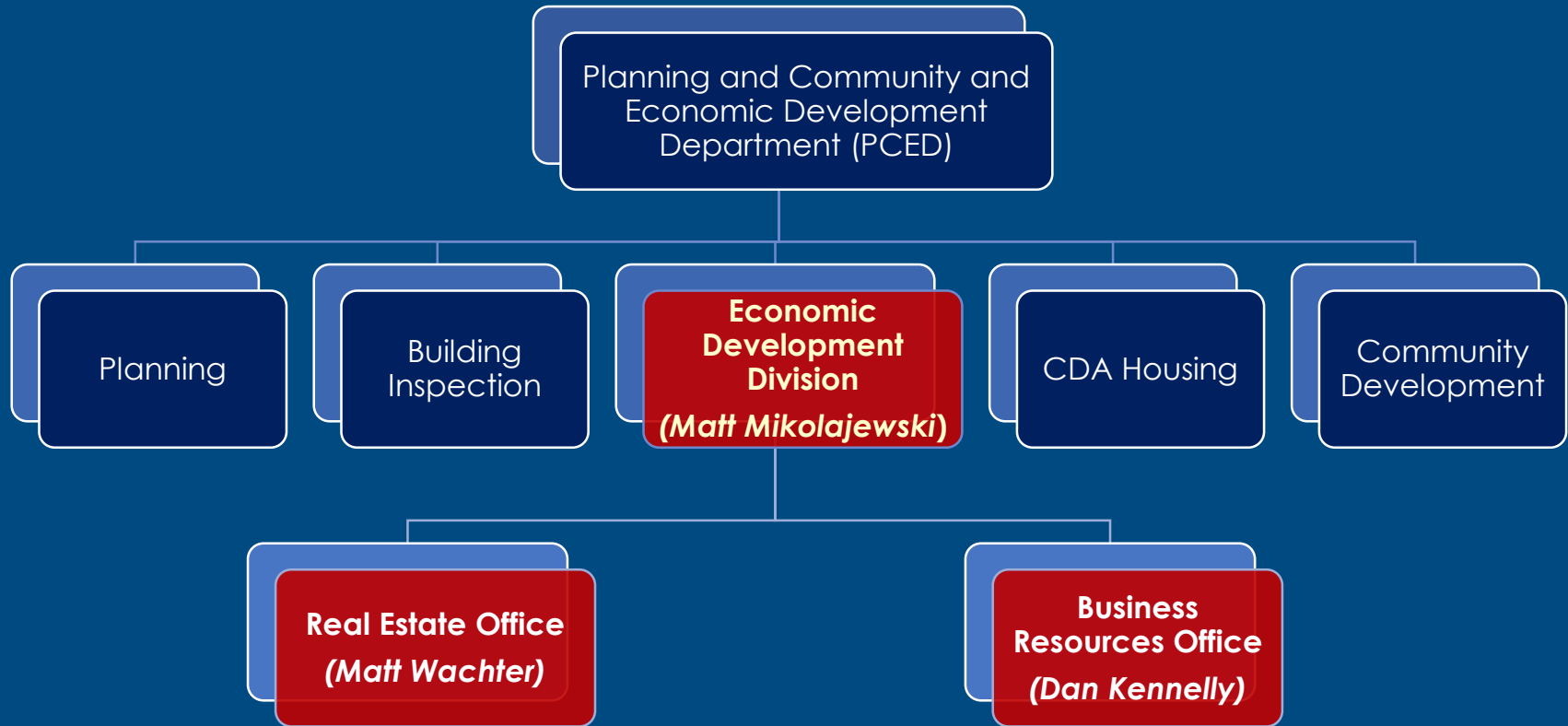


Role of the City

City Departments



Who we are...



- 9 Staff
- Managing City Real Estate Assets
- Acquiring Property for Infrastructure Needs
- Disposing of Property to Facilitate Economic Growth
- Tax Increment Finance

- 5 Staff
- Programs Supporting Businesses
- One-on-one work with businesses
- Economic Development Project Management
- Street Vending

Mayor

Satya Rhodes-Conway
Cityofmadison.com/mayor
608-266-4611

- **Four-year terms**
- **Spring Elections (Feb Primary, and April General)**
- **Manages 10-person Mayor's office Staff**
- **Oversees 3,000-person city staff**
- **Develops Budgets**
- **Sets City Priorities**
- **Directs all Department/Division Heads**
- **Chairs Common Council and Finance Committee Meetings**



Common Council

Cityofmadison.com/council

allalders@cityofmadison.com, 608-266-4071

- 20 Districts Across the City
- Chief of Staff (Kwaisi Obeng) and small office staff
- 2 year terms
- Spring Elections
- Represent District/Constituent Services
- Serve on various city committees
- Vote on ordinances and resolutions
- Adopt Budget



City Boards, Commissions, & Committees

- 97 City Committees
- About 40 Have Vacancies

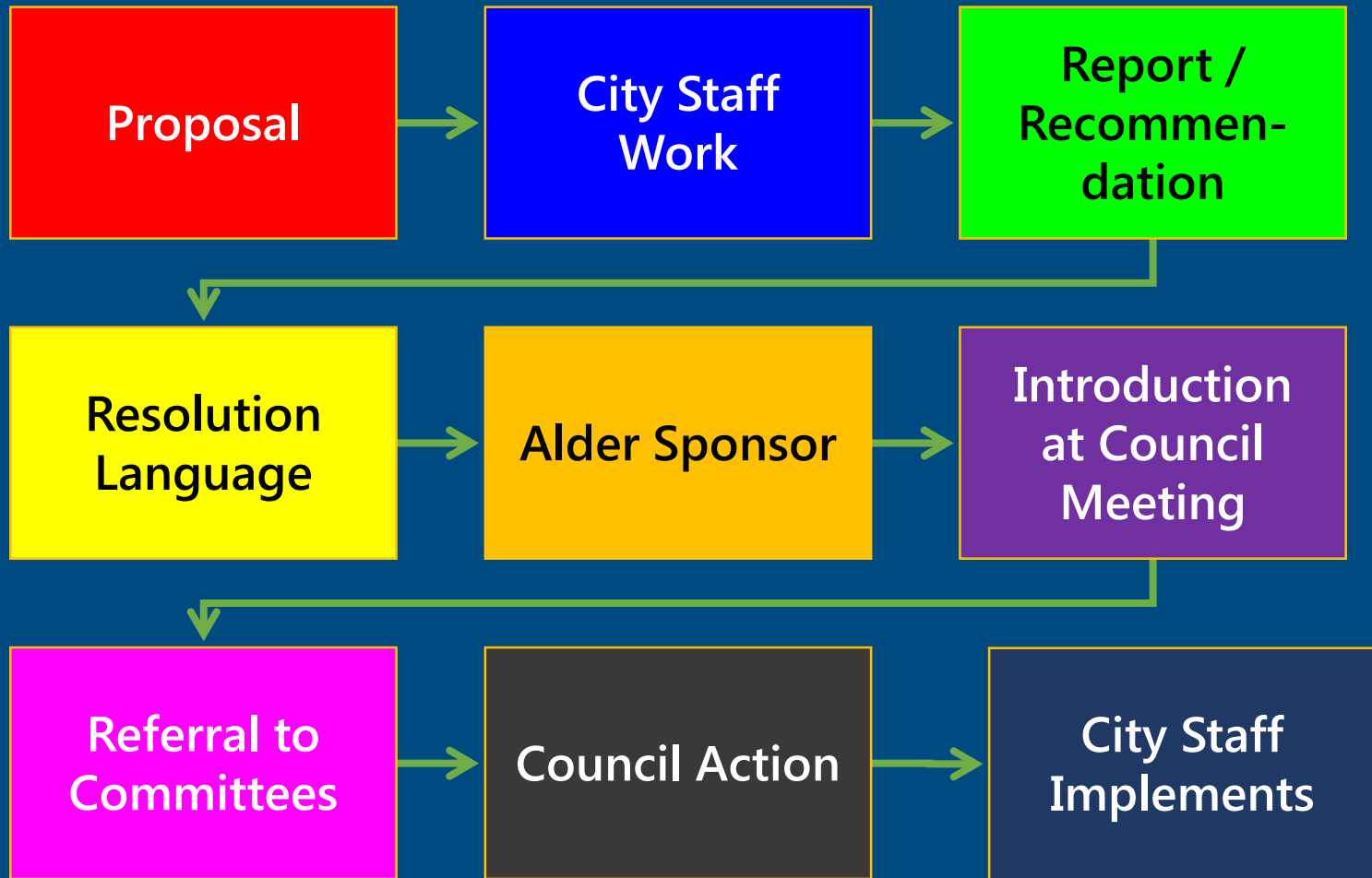


A Few Examples:

- CDBG
- Economic Development Committee
- Finance Committee
- Housing Strategy Committee
- Landmarks Commission
- Plan Commission
- Public Market Development
- Urban Design Committee

Cityofmadison.com/city-hall/committees

Summary of Approval Process (Resolutions)



Economic Snapshot

Snapshot of Madison's Economy

4.9%

GDP growth for the Madison MSA in 2017

3,000

new Madison residents every year for last five years.

20,000

jobs have been created in the City of Madison since 2010

2.3%

2017 Q4 Dane County unemployment Rate

\$4.75 billion

growth in Madison since 2012

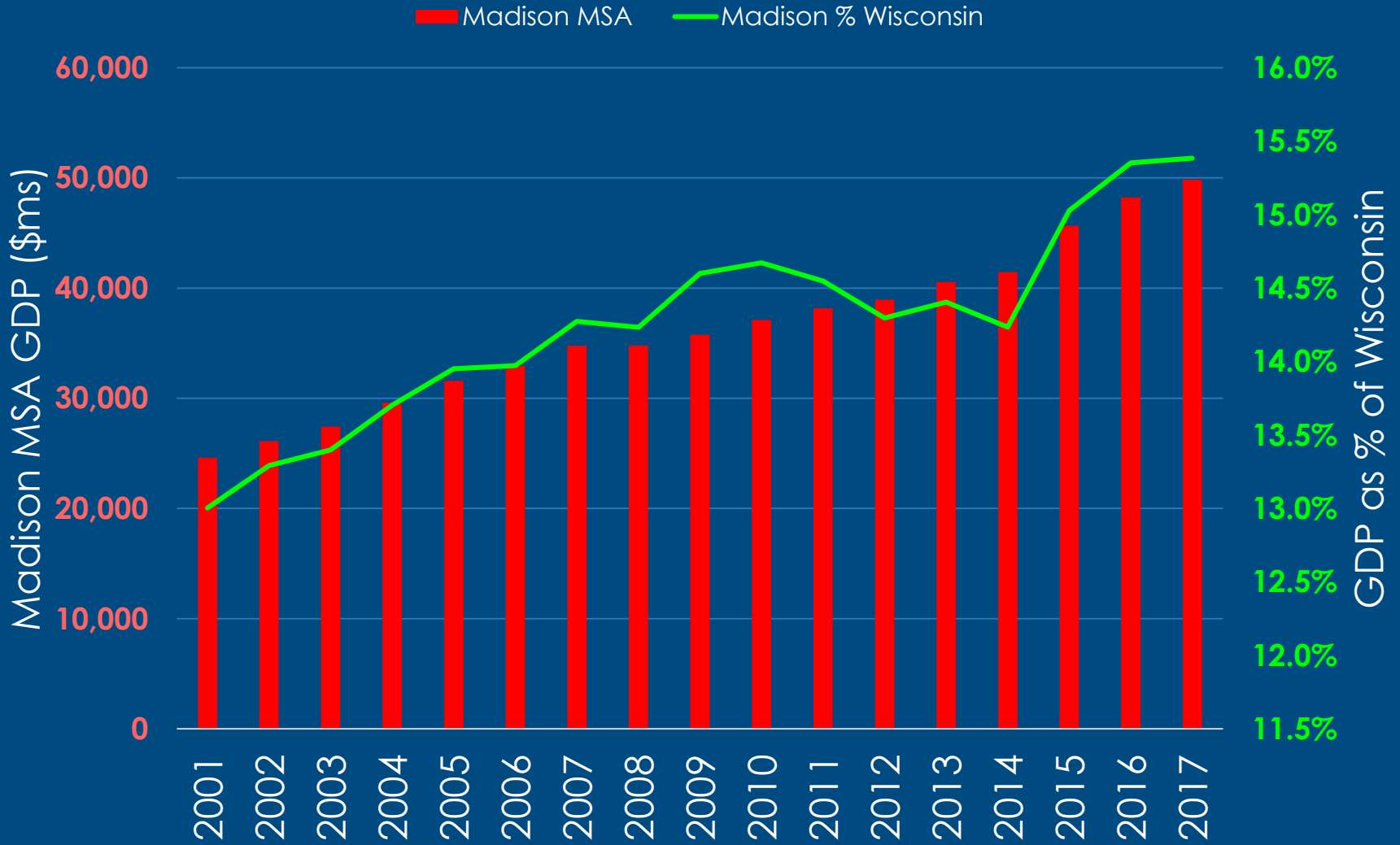
500

new businesses started within the City of Madison since 2009

Software publishing, biotechnology, healthcare, and food/beverage driving Madison's Job Growth

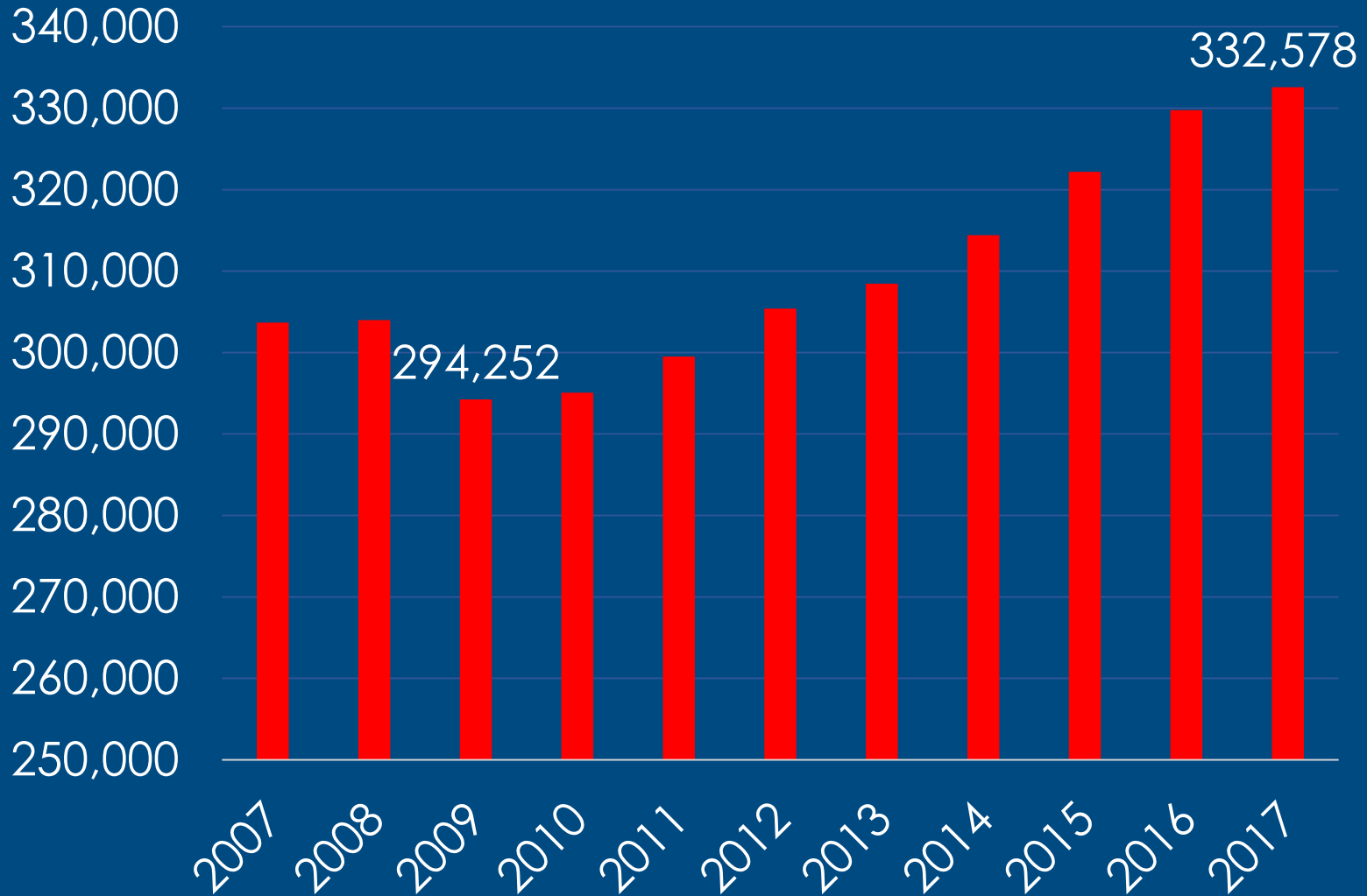
Steady Growth, Economic Engine for Wisconsin

Madison MSA GDP



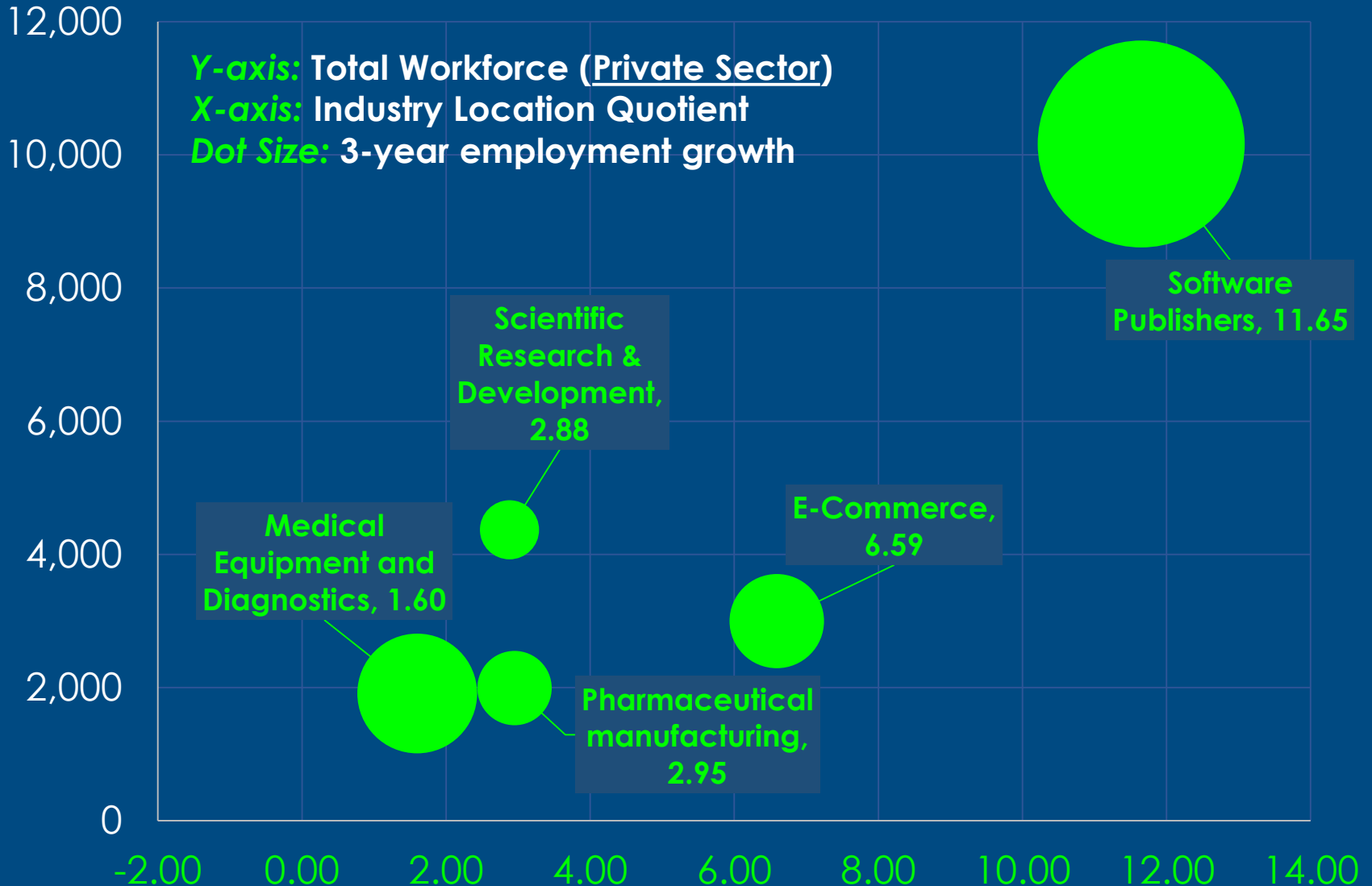
40,000 New Jobs Since the Recession

Total Jobs in Dane County



Concentration of Innovation Clusters

(4-digit NAICS with 1.5+ LQ and 1,000+ Workforce (County))



**Top 10 Best
Cities for
Entrepreneurs**
(Inc. Mag)

**Top 15 Per
Cap VC
Investment**
(Atlantic)

**#6
UW Madison
Total research**
(over \$1B/yr)

**#6
Best Bike Cities**
(Bicycling Mag)

**#1
Quality of Life**
(NerdWallet)

**#1
Fittest City in
America**
(FitBit)

**#1
Places to Live**
(Livability)

**#7
for STEM
Professionals**
(WalletHub)

**#5
for Young
Professionals**
(Forbes)

**#5
for High Tech
Jobs**
(MarketWatch)

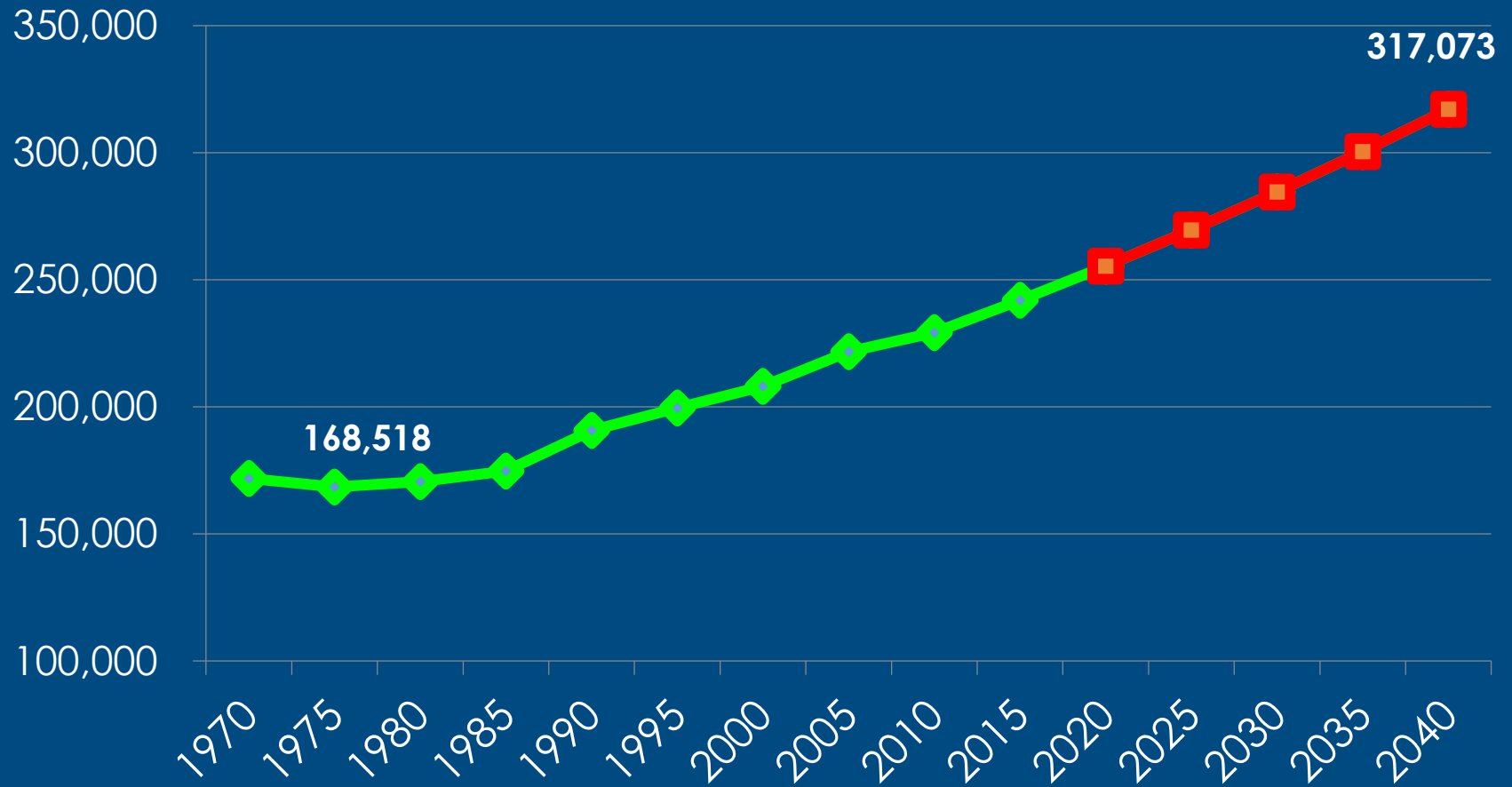
**#8
Best City to
Raise a Family**
(Parenting Mag)

**#5
Highest Share
Millenials**
(Brookings)

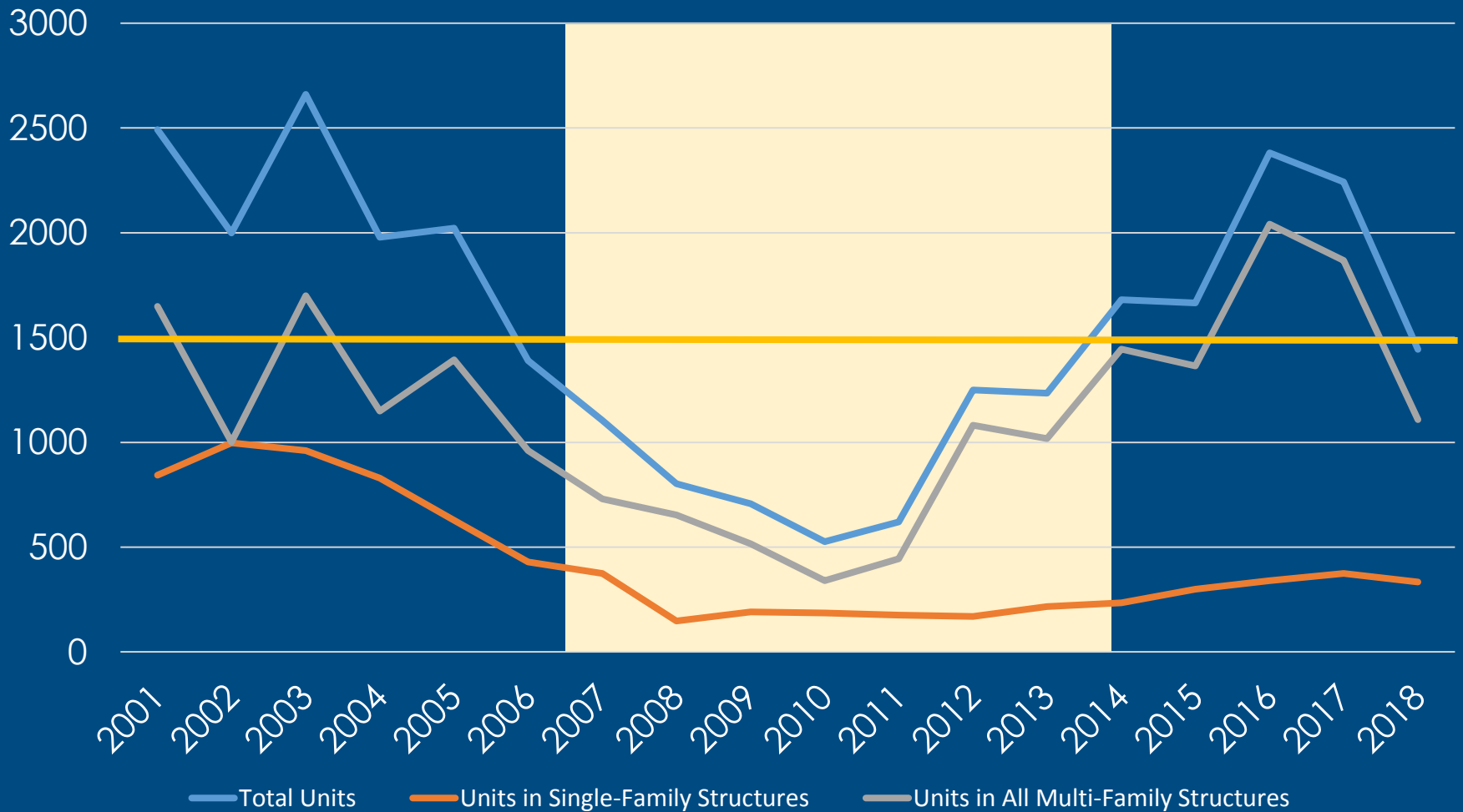
Steady Population Growth (3,000 New Residents/Yr.)

City of Madison Population Trend

◆ Past Census ■ 5-year trend projected

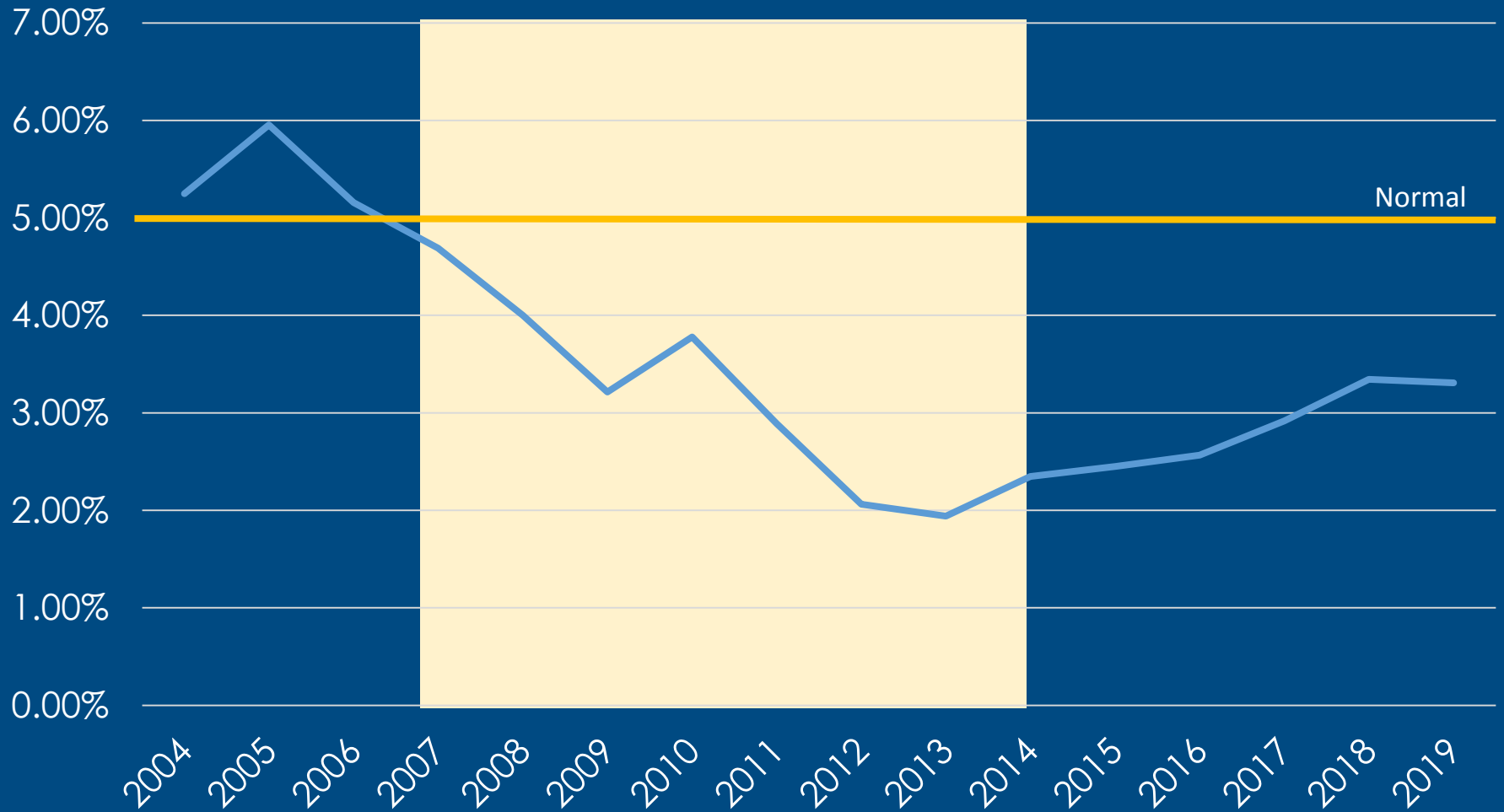


New Housing Supply



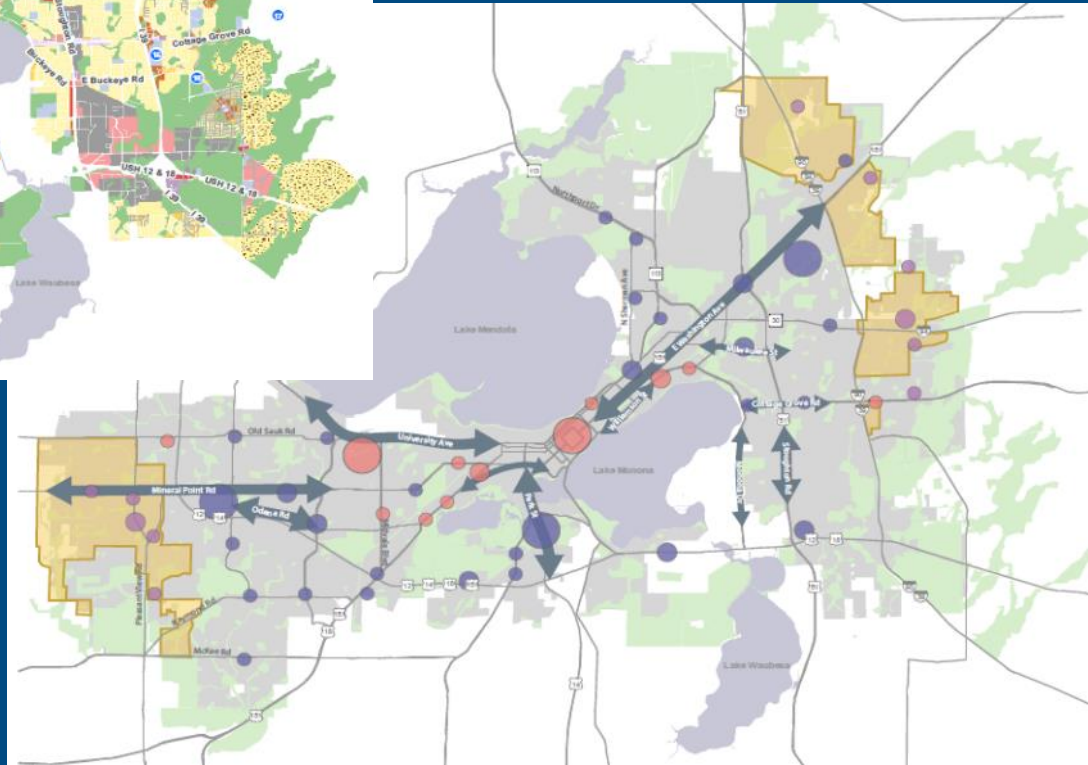
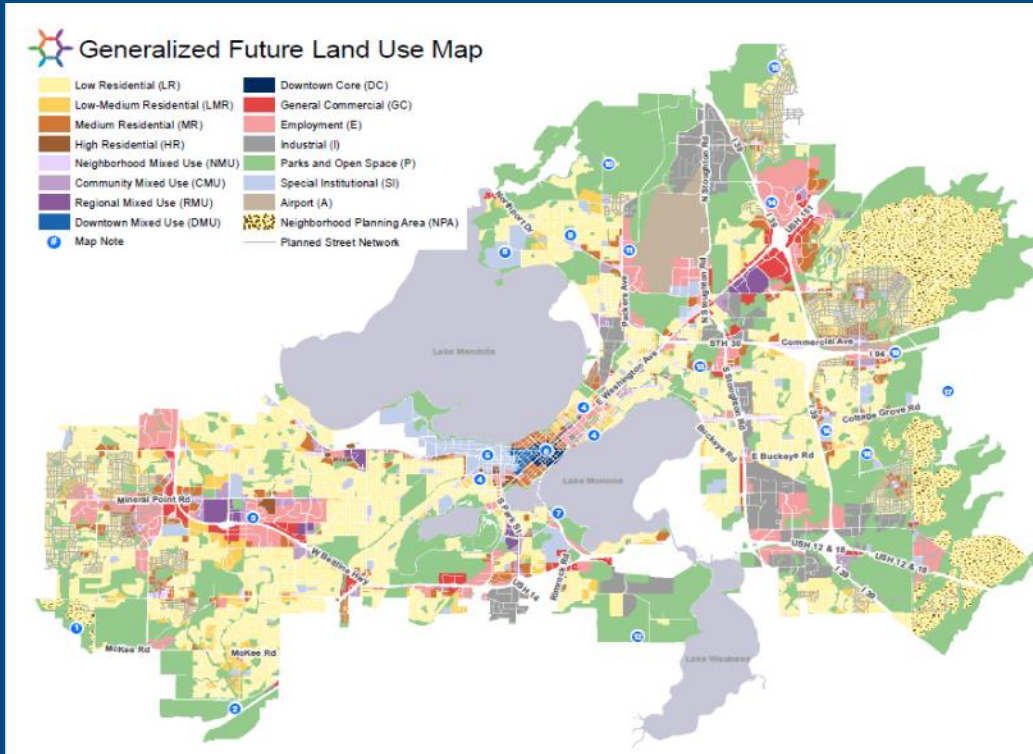
Rental Vacancy

1st Quarter Vacancy



Vision for Growth

Comprehensive Plan Adopted in 2018



Opportunity Zones

An aerial photograph of a city, likely Madison, Wisconsin, showing a dense urban area with a central dome building (the Wisconsin State Capitol) and a river winding through the city. The image is used as a background for a presentation slide.

Challenges for a growing city with a dynamic economy...

1. **Accommodate growth** without compromising quality of life
2. **Expand the benefits of strong economy** to more residents and neighborhoods and avoid displacement

An aerial photograph of a city, likely Madison, Wisconsin, showing a central river (Monona) and a dense urban core. The city is surrounded by green spaces and trees. The text is overlaid on a semi-transparent white box in the lower-middle part of the image.

Opportunity Zones Can be Part of the
Solution to These Challenges

What are Opportunity Zones (OZs)?

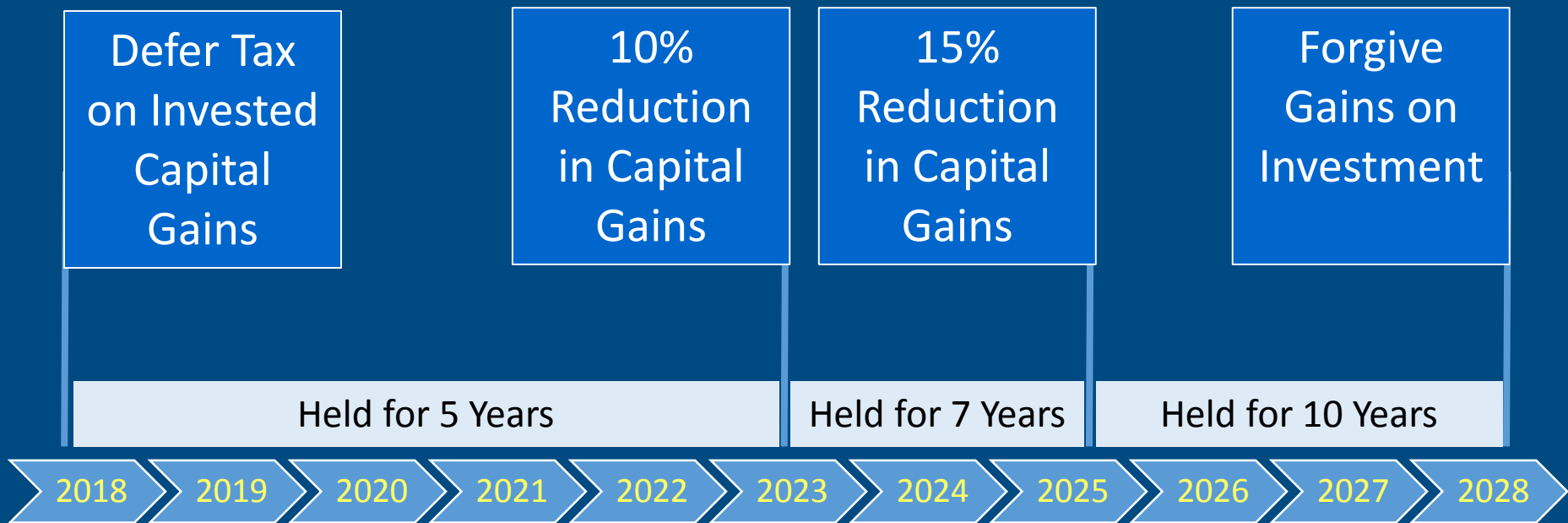
- New economic development tool established in the 2017 tax reform law
- Designated by each state's Governor, with local input, and certified by the U.S. Treasury Dept.
- Designed to encourage long-term investment in designated areas
- Geography:
 - **Nationwide: 8,700 Census Tracts**
 - **Wisconsin: 120 Tracts**
 - **SC Wisconsin: 20 Tracts**
 - **Dane County: 11 Tracts**

How the Opportunity Zone Benefit Works

Investors can re-invest capital gains into Opportunity Funds. These Funds invest in projects located in Opportunity Zones. Investors receive a three-tiered tax benefit:

- 1** Temporary Deferral of Capital Gains Tax
- 2** Reduction of tax owed on gains if held for 5 years (10%) or 7 years (15%)
- 3** Any growth in the value of the Opportunity Fund itself is tax free

How the Opportunity Zone Benefit Works



What are Opportunity Funds

An investment vehicle organized as a corporation or a partnership for the purpose of investing in Qualified Opportunity Zone Property

Self Directed

- Individual or Partnership
- Invest into the next project

Targeted

- Small Groups
- Geographically Focused

Large Funds

- May be Specialized
- Professionally Managed
- National Reach

What Qualifies as a Project?

Commercial Real
Estate
Development or
Renovation

Opening New
Business

Expansion of
Existing Business
into Opportunity
Zone

Large Expansion of
Business Already
Within
Opportunity Zone



MADISON OPPORTUNITY ZONES

Designation Strategy

- Cluster tracts
- Economic need combined with development potential
- Existing/future transit service
- Catalytic project potential
- Areas in transition

Implementation Strategy

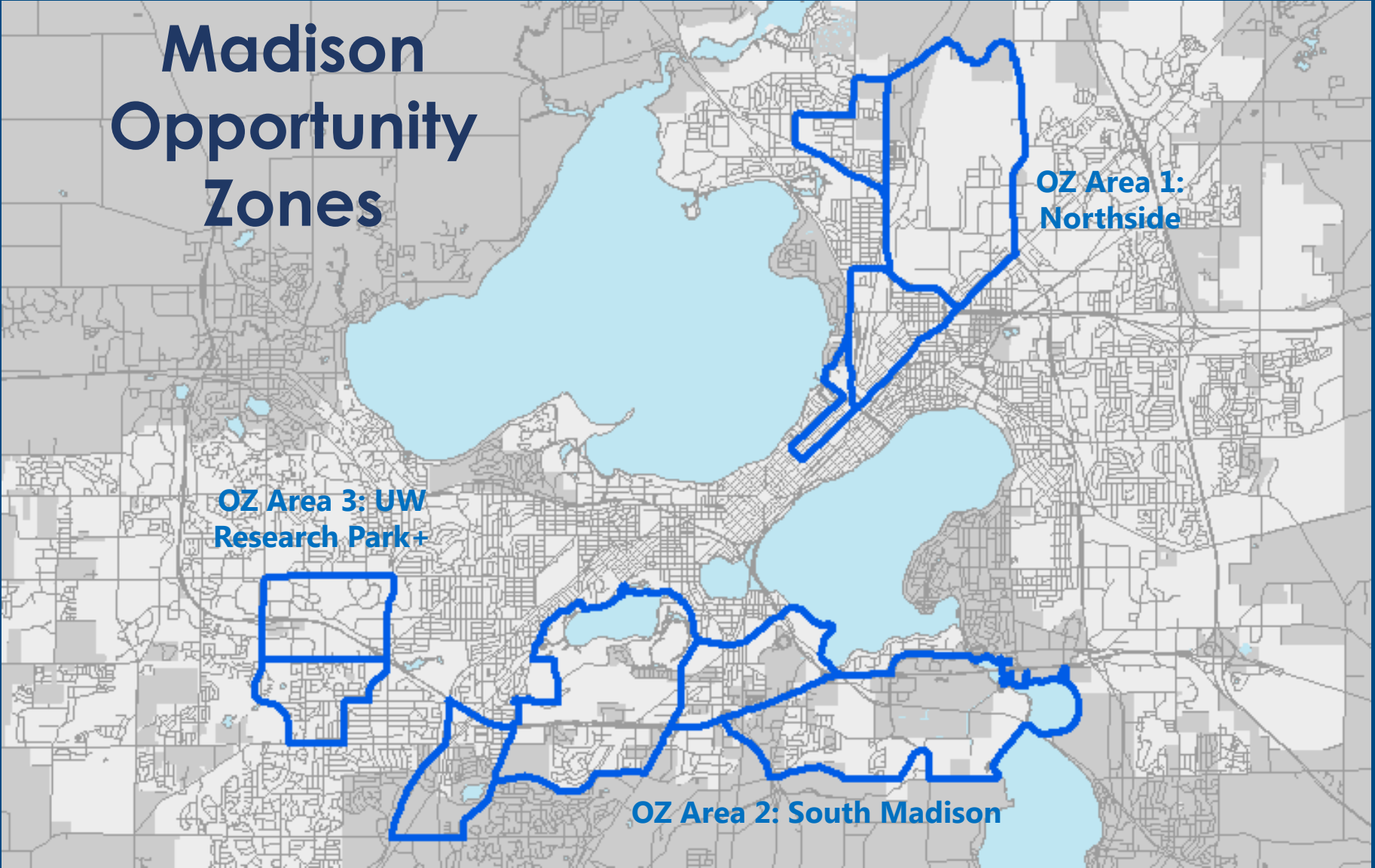
- Layer with other tools
- Special area plans for each area
- Be an information source to investors, companies, and developers
- Involve and lift existing residents and businesses

Madison Opportunity Zones

**OZ Area 1:
Northside**

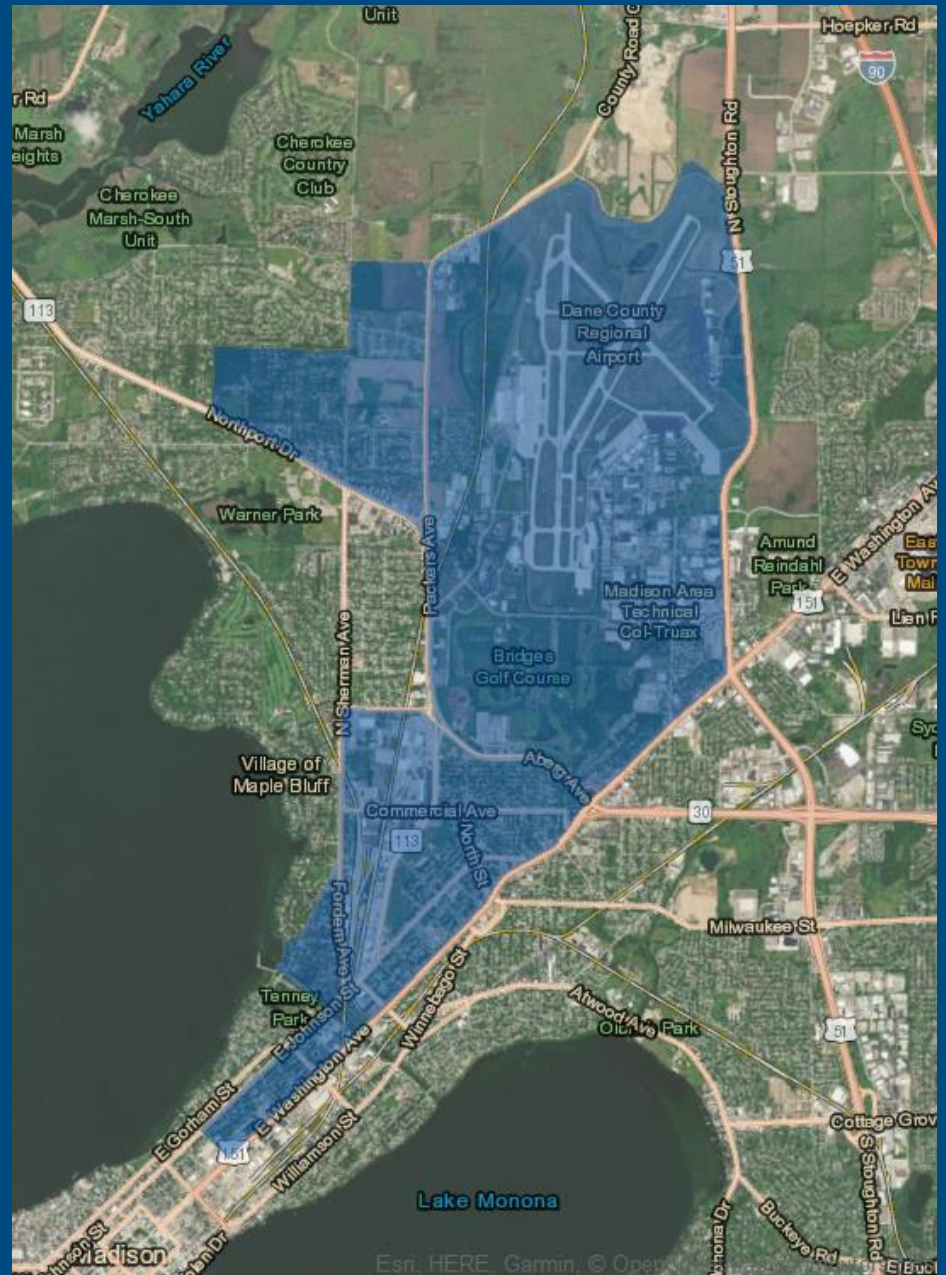
**OZ Area 3: UW
Research Park+**

OZ Area 2: South Madison



Area 1: Near North & Capitol East

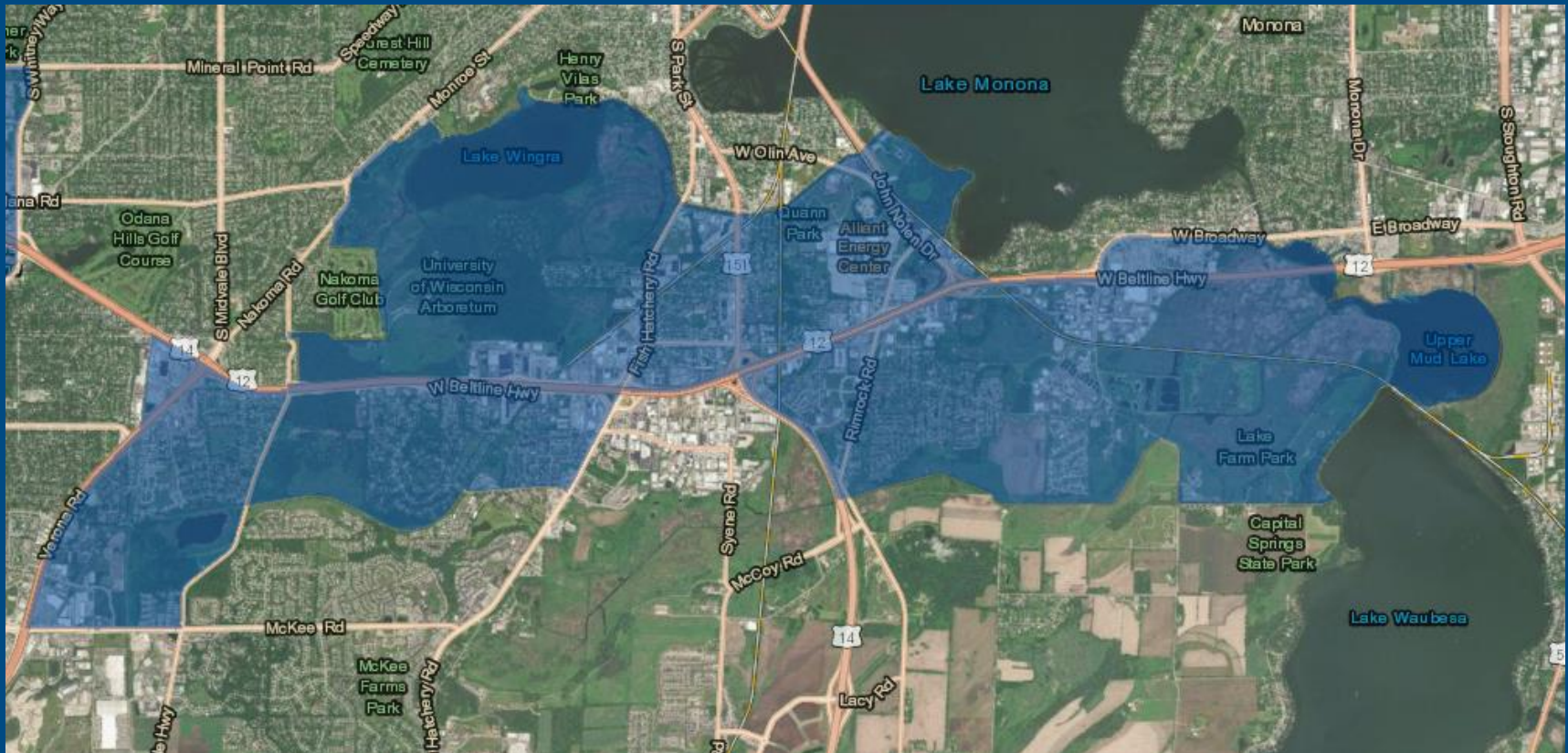
- 4 Tracts
- Former Oscar Mayer Site
- Capitol East District
- Airport
- Foreign Trade Zones
- Madison College
- Madison Public Market

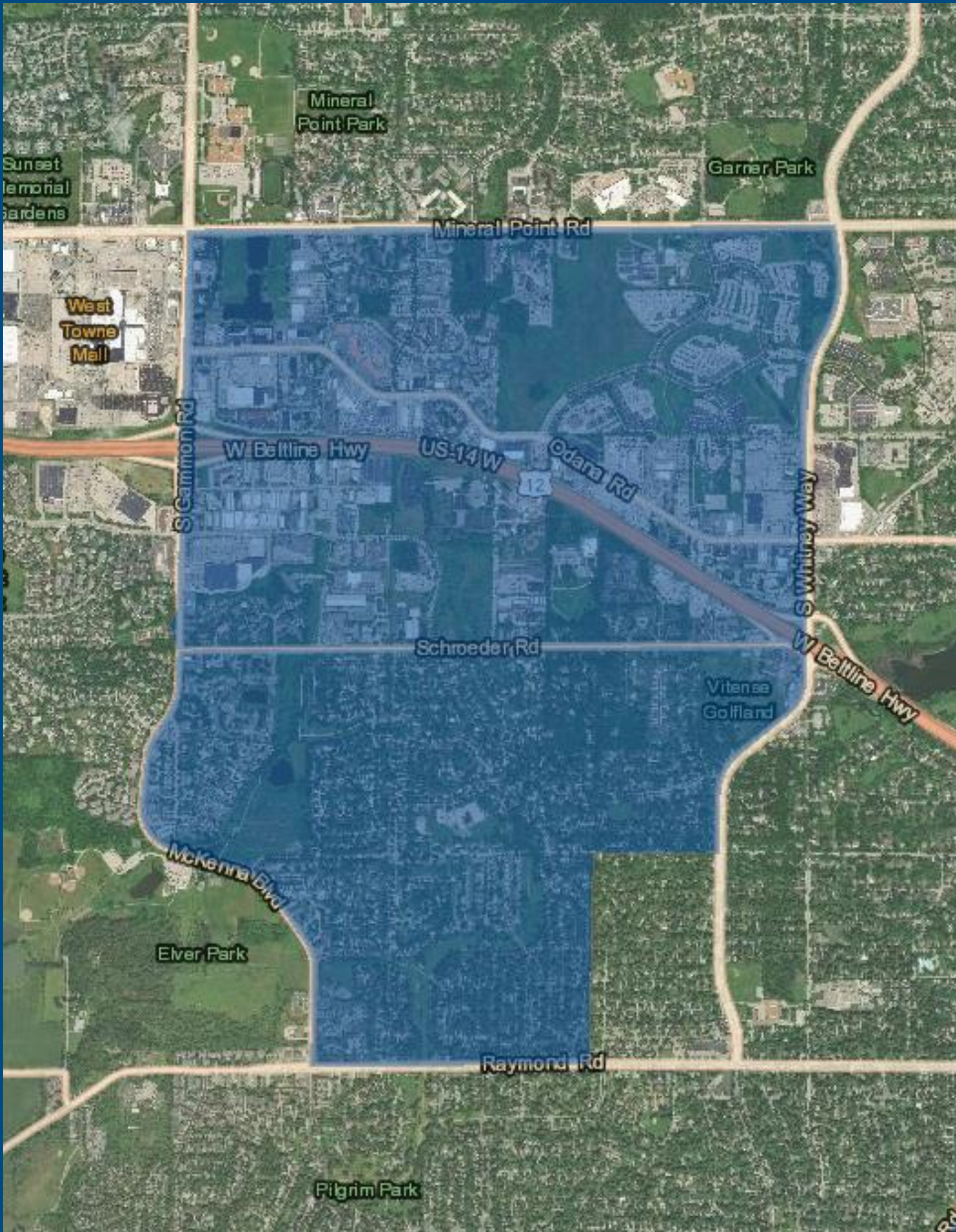




Area 1: Southside, Expo Center, Allied

- 4 Tracts
- 150 acre+ event destination
- Medical corridor
- Diverse Neighborhoods
- Development-ready industrial





Area 3:

UW Research Park +

- 2 Tracts
- UW Research Park 150 companies and 3800 employees
- Exact Sciences
- Merlin Mentors
- MGE Innovation Center
- MadWorks Co-Working
- Forward BIOLABs (shared startup lab)



OZs – What We're Doing

1. Develop Investment Prospectus, post online, share widely
2. Host summit and present to stakeholders
3. Working with Community Partners (DMI, Chamber, MadREP, etc.)
4. Connect with national resources, funds, etc.
5. Share information and make local connections between projects, funds, land-owners, etc.
6. Create special area plans
7. Monitor rules, regulations, and practices
8. Overlay local tools, policies, and resources to achieve community goals

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More info and copy of the Madison Area Opportunity Zone
Investment Prospectus at:

<http://www.cityofmadison.com/dpced/economicdevelopment/madison-opportunity-zones/2916/>