



CITY OF MADISON
Commercial Ownership Assistance (COA) Program
Program Guidelines

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PROGRAM SUMMARY

The Commercial Ownership Assistance Program (COA) is a new City of Madison effort focused on helping business owners and non-profits expand their enterprises by transitioning from renting space to owning commercial property for their business. The program will be structured as a 0% interest loan with no payment due to the City unless the property is sold. The loan can be used for businesses to purchase an existing space or to develop a new building for their businesses. The program will focus resources toward communities that have historically faced barriers to accessing capital to start or grow a business enterprise. These targeted populations for this program include communities of color, immigrant communities, women, disabled residents, and veterans. The program will also prioritize investments that support businesses in under-invested geographic areas.

STATEMENT OF NEED

Over the last several years, the City of Madison has made some progress in addressing racial economic disparities. Further, recent city-sponsored initiatives have focused on conditions for Madison's most vulnerable populations through programs addressing affordable housing, workforce training, food access, and transportation.

However, Madison still has progress to make in equalizing economic quality of life indicators between white residents and residents of color. In particular, Madison needs to do more to support diverse business and property ownership. Data shows that while Communities of Color represent approximately 27% of the City of Madison's population, business ownership rates for People of Color are much lower (between 3-9% using varying metrics) within the City (*Source: Reference USA Business Database*).

Business and property ownership is a vital pathway to economic empowerment. Further, business and property ownership has positive impacts on stabilizing neighborhoods and preventing displacement. For Madison to make meaningful progress in addressing racial disparities the City must go beyond programs focused on addressing basic needs, and direct more resources and strategies toward building wealth and economic empowerment among communities that are not sharing in the City's prosperity. The City designed the COA initiative to address these inter-related issues by identifying, supporting, and capitalizing business owners and non-profits seeking to purchase commercial space or develop

FUNDING

The City of Madison 2020 Capital Budget has allocated \$500,000 to the COA program. The City secured these funds by transferring funds from the City's Capital Revolving Loan Program. The City will launch the COA program as a pilot project in 2020. Additional resources may be allocated in future years depending on success.

OUTREACH AND APPLICATION PROCESS

The City will continue to refine and develop requirements and program guidelines through the end of 2019 and into early 2020. Concurrently, the project team will conduct active outreach to inform community members about the program, gather feedback, and begin identifying potential applicants. The COA Application will be released in the second quarter of 2020. City staff will develop an application and scoring process and will review and score applications. The City's Office of Business Resources Manager make a recommendation to award loans to selected applicants. That recommendation will go before the City's Economic Development Committee for review and ultimately to the Common Council for final approval.

PROGRAM GUIDELINES

Eligible Applicants	<ul style="list-style-type: none">• All applicants must be City of Madison residents and current or prospective owners of businesses located within the City of Madison.• The program is designed for existing businesses and non-profits to support them in taking the next step toward ownership of property. As such, applicants should be established businesses with two or more years of operating experience.• Applicants will be required to demonstrate the viability of their business concepts through a business plan, financial statements, and/or other documentation.• Applicants must not currently own commercial property.
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	<ul style="list-style-type: none"> For-profit businesses applying to the program must meet the City of Madison Small Business Enterprise (SBE) guidelines. Non-profit applicants must have fewer than 20 employees.
Priority Applicants	A focus of the COA program is to cultivate commercial ownership among communities that face historically rooted barriers. As such, the program will prioritize applicants who are people of color, immigrants, women, the disabled, and veterans.
Eligible Uses	Funds must be used toward the purchase, renovation, or construction of commercial real estate for existing and potential businesses. Funds can be used by businesses to purchase their existing building, buying a new building, expanding their existing building, developing a property, or purchasing a condominium unit.
Eligible Locations	The program may be used for any commercial property located within the City of Madison
Priority Locations	Properties located anywhere within the City of Madison are eligible to apply for this program. Priority scoring will be given to applications for projects located within under-invested communities, as defined by the City of Madison's federally designated Opportunity Zone census tracts, Food Access Improvement Areas, and/or Neighborhood Resource Team areas. Again, any location in the City is eligible but these areas will be given priority.
Loan Amount	Loans of up to \$250,000
Match	The COA Loan cannot be more than 25% of the total price of the building or cost of the project. The City will work with applicants to support efforts to seek additional financing from other sources including traditional lenders, non-traditional lenders, and equity partners.
Loan Terms	All loan repayments are deferred until sale, cash-out refinance for other than property improvements, the property is transferred or ceases to be a location for a business owned by the borrower. Repayment amount will be the original loan amount. There will be no interest rate. The City may require repayment to begin after 5 years? 10 years? 20 years? (FURTHER DISCUSSION REQUIRED ON THIS ITEM)

Multi-Tenant Buildings	Applicants are allowed and encourage to use the COA funding to purchase or develop multi-tenant buildings that would include space for their existing business as well as space for additional tenants.
Training and Technical Assistance	The City of Madison Office of Business Resources, in partnership with other city agencies and non-profit partners, will work with select applicants to provide training and technical assistance related to the City of Madison development process.

NEXT STEPS AND TIMELINE

Q4 2019	Engage community and gather input	The COA team will schedule meetings with stakeholder organizations to gather input and feedback on the proposal
Q1 2020	RESJI Analysis	The COA team will complete the City's RESJI analysis to evaluate the program concept and identify potential changes
Q2 2020	Council Authorization	Draft Resolution and Seek approval from the Madison Common Council to launch the program
Q2 2020	Finalize Guidelines and Release Application	Based on community feedback and the results of the RESJI analysis, the COA team will finalize the program guidelines, release an application, and actively seek applicants for the program.
Q3 2020	Review and select participants	The COA team will collect applications. An advisory panel will score applications and make a recommendation to the Common Council.
Q4 2020	Award Loans	Loans will be awarded to selected applicants
2021 - 2024	Distribute funds, Program monitoring and expansion	Loan funds will be provided as project plans are finalized. The loans will be monitored for compliance and consideration will be given to expanding the program for future years.
<p>Timeline Note: Developing commercial real estate for a business can take several years. The process may include selecting sites, designing the building, securing all financing, obtaining city approvals, etc. It is possible that businesses receiving COA support in 2020 may not complete their projects until some time later.</p>		

COA TEAM

The COA program will be implemented by a multi-agency staff team including the Mayor's office, the Economic Development Division and Community Development Division. EDD staff will coordinate the program and Mike Miller, Business Development Specialist, will be the project manager for the program.

