



Department of Planning & Community & Economic Development

Office of the Director

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Ald. Sheri Carter

City of Madison – 14th District

RE: Status Update on Madison on Broadway & Bridge-Lake Point-Waunona Neighborhood Center Project

Dear Alder Carter:

Per your request, this letter seeks to convey to you an official update on the status of the Madison on Broadway housing development project, which proposed to include first floor space to house a new Bridge-Lake Point-Waunona Neighborhood Center. The project was proposed last year by Movin' Out, Inc. and Mirus Partners. Please feel free to share this communication as you deem appropriate.

As you know, in the spring of 2015, Movin' Out, Inc. and Mirus Partners approached the City of Madison seeking financial support for a proposed affordable multifamily rental housing project, Madison on Broadway. City zoning requirements mandated that the development include first-floor commercial space. City staff, the development team, and officials from the Bridge-Lake Point-Waunona Neighborhood Center (BLWNC) explored the feasibility of meeting that obligation by dedicating space on the first floor of the building to BLWNC to replace the outdated, under-sized neighborhood facility which currently serves the neighborhood.

Specifically, the City and BLWNC worked with the developers on a proposal to provide 14,000 square feet of space for the neighborhood center. The City looked to secure about two million in funding to support this aspect of the project from an existing tax incremental financing district, and with the understanding that if the support would materialize, the developers agreed to proceed. They assembled the other necessary financial commitments for the project (Federal Section 42 tax credits, funds from the Federal Home Loan Bank of Chicago, City of Madison and Dane County affordable housing funds, private construction and first mortgage loan commitments, etc.) and were prepared to begin construction in early 2017.

The development team also submitted a formal request to the City for TIF support to help finance that portion of the project that would provide space for the neighborhood center. Unfortunately,

however, closer review by the City's legal counsel determined the proposed use of TIF to provide space for a neighborhood center was not possible under state law. City staff and the development team searched long and hard to find an alternative solution to finance that space, but were unsuccessful. Regrettably, we have mutually reached the conclusion that the housing project must move forward without space for a neighborhood center.

The development team has now turned its attention back to altering its proposed project to develop 48 units of affordable rental housing on the property located at 2230 West Broadway. They will need to gain required approvals for the new plans from the City's Plan and Urban Design Commissions. The developers are still obligated to have commercial space within the development but at a much reduced scale than what had previously been contemplated. It will likely be used to accommodate a local business or non-profit organization and the developers have signaled their intent to seek a more modest level of TIF assistance to support it. Delays in the project will also force the developers to request timeline extensions from the various financing sources. No such extension is required for the City's Affordable Housing Funds, however. They were conditioned upon receipt of Section 42 tax credits, which were secured last spring, and will remain available to support the revised project. In the coming weeks and months, we anticipate working with the development team, and with you, to resume conversations with neighborhood residents about how the project will proceed, and how it might be changed to best serve the community.

In the meantime, we will continue to explore other opportunities that might become available to help the neighborhood center improve its physical space and its ability to serve the neighborhood. I will keep you apprised on the progress of this effort.

I greatly appreciate your involvement in discussions around this project and the patience you have shown over the past year. If you have any questions about the contents of this memo, please don't hesitate to contact me.

Sincerely,



Natalie Erdman, Director
Department of Planning & Community & Economic Development

Cc: Tim Radelet & Dave Porterfield, Movin' Out, Inc.
Chris Jaye, Mirus Partners
Tom Solyst, Bridge-Lake Point-Waunona Neighborhood Center
Jim O'Keefe, City of Madison Community Development Division Director
Heather Stouder, City of Madison Planning Division Director
Matt Mikolajewski, City of Madison Economic Development Division Director