



Legislation Text

File #: 28837, Version: 2

Fiscal Note

Funds for the purchase of the Property including closing costs and holding costs resulting from the purchase of the Property are estimated at a net cost of \$151,500 and are authorized in the 2013 adopted Capital Budget of Planning and Community and Economic Development (PCED), Project No. 8, "Neighborhood Centers," Account No. 810559, which authorizes total expenditures of \$1,743,089 for Neighborhood Center projects. No additional appropriation is required.

Title

SUBSTITUTE Authorizing the exercise of the Option to Purchase with John P. Schneider LLC for the acquisition of a condominium duplex located at 1409-1411 Theresa Terrace for potential use as a neighborhood center.

Body

The Common Council of the City of Madison adopted Substitute RES-12-00831 on November 7, 2012 which authorized the execution of an Option to Purchase Agreement (the "Agreement") with John P. Schneider LLC for the City's acquisition of the condominium duplex located at 1409 and 1411 Theresa Terrace (collectively the "Property") for potential use as a neighborhood center. The "Purchase Price" of the Property is One Hundred Thirty-five Thousand Dollars (\$135,000). The Agreement provided the City with a ninety (90) day period (and one (1) thirty (30) day extension period) to exercise its Option to Purchase to enable it to assess the feasibility and cost of renovating the Property for a neighborhood center, to obtain an appraisal which supports the Purchase Price, to determine an operator of the center and to approve funding for the acquisition and renovation of the Property for a neighborhood center. The City has exercised its right to the Option Extension period and has until February 28, 2013 to exercise its Option to Purchase. If the City exercises its Option to Purchase, the Initial Option Payment of \$7,500 for the ninety (90) day Option Period and \$1,000 of the \$2,500 Option Extension Payment for the thirty (30) day Extension period (collectively the "Option Payments") will be applied as a credit against the Purchase Price at closing. The City has obtained an appraisal that supports the Purchase Price.

A neighborhood center study is under development and the Common Council, its policy committees and various community groups are still in discussions concerning the shape and nature of the City's support of community centers. It is anticipated that the conclusion of this study will not occur until after the City's Option to Purchase the Property expires. Should the Option expire and the City does not purchase the Property the potential for providing a neighborhood center in a fragile neighborhood could be lost. Should the City acquire the Property and decide not to use it for a neighborhood center the City could develop alternative uses for the Property, such as affordable housing or resale to a private owner(s). The benefits of securing the Property for possible use as a neighborhood center prior to the completion of the neighborhood center study are seen to outweigh the potential loss of the Property should the City not exercise its Option to Purchase the Property. The adoption of this resolution would authorize the exercise of the Option to Purchase the Property.

NOW, THEREFORE, BE IT RESOLVED that the Common Council of the City of Madison hereby authorizes the exercise of the Option to Purchase with the John P. Schneider LLC for the purchase of the condominium duplex located at 1409-1411 Theresa Terrace, legally described in Exhibit A below and depicted on the attached Exhibit B, for the operation of a neighborhood center.

BeE IT FURTHER RESOLVED that funds in the amount of ~~\$127,000~~ \$126,500 are authorized for the purchase of the Property (\$135,000 Purchase Price minus credit of ~~\$8,000~~ \$8,500 for the Option Payments), \$5,000 for miscellaneous closing costs (prorated real estate taxes, recording fees, etc.), and \$20,000 for

miscellaneous holding expenses associated with the ownership of the Property until such time that the use of the Property has been determined.

BE IT STILL FURTHER RESOLVED that the Mayor and City Clerk are authorized to execute, deliver and record such documents and to take such other actions as shall be necessary or desirable to accomplish the purposes of this resolution.

EXHIBIT A

Legal Description of the Property:

Unit 1 and Unit 2, in Amore Condominium, together with the undivided interest in the common elements appurtenant to said units, in the City of Madison, Dane County, Wisconsin, being a condominium created under the Condominium Ownership Act of the State of Wisconsin by a "Declaration of Condominium for Amore Condominium" dated March 19, 1998, and recorded on March 24, 1998, in the Office of the Register of Deeds for Dane County, Wisconsin, as Document No. 2947942, and by a Condominium Plat therefor, and any amendments thereto.