

City of Madison, Wisconsin

A THIRD SUBSTITUTE RESOLUTION _____

Accepting an Offer to Sell from Friends Community Housing, Inc. for an eight-unit apartment building located at 4713-4717 Jenewein Road.

Drafted By: Heidi J. Fischer
Real Estate Agent

Date: November 15, 2004

Fiscal Note: CDBG funds in an amount not to exceed \$125,000 (previously approved via Common Council resolutions recited in the Preamble below) are available within the Housing Development Fund for the cost of this acquisition, including reimbursement of tenant relocation expenses, external debt pay-off, miscellaneous closing costs and property management. No impacts on the tax levy or cost controls.

Sponsors: Mayor David J. Cieslewicz
Ald. Cindy Thomas
Ald. Austin King
Ald. Brian Benford

Presented November 23, 2004
Referred Board of Estimates and
Plan Commission

Rereferred _____

Reported Back _____

Adopted _____ POF _____

Rules Suspended _____ Tabled _____

Public Hearing _____

APPROVAL OF FISCAL NOTE IS NEEDED
BY THE COMPTROLLER'S OFFICE
Approved By

**THIRD SUBSTITUTE
RESOLUTION NUMBER** _____
ID NUMBER 37230

PREAMBLE

On June 15, 2004, the Common Council adopted Resolution No. 61585, ID No. 36063, authorizing the Mayor to negotiate for the transfer of the property located at 4713-4717 Jenewein Road to the City of Madison for activities that support the Allied Vision and approving the provision of up to \$75,000 in additional CDBG funds to facilitate the transfer of the property for such expenses as relocation, external debt pay-off, and closing and transfer costs. On November 9, 2004, the Common Council adopted Resolution No.

62023, ID No. 36996, authorizing the provision of up to an additional \$50,000 in CDBG funds to facilitate this transfer. The City's Real Estate Section and the CDBG office have negotiated the terms of a sale with Friends Community Housing, Inc. and Friends Community Housing, Inc. has executed and delivered an Offer to Sell the subject property to the City, **which Offer to Sell was amended by Amendment Extending Offer to Sell dated January 12, 2005.**

NOW, THEREFORE BE IT RESOLVED that the City of Madison "(City)" hereby accepts an Offer to Sell, **as amended by Amendment Extending Offer to Sell dated January 12, 2005 (collectively, the "Offer")** from Friends Community Housing, Inc. (the "Seller") for the property located at 4713-4717 Jenewein Road, as shown on the attached map and described as Lots 103 and 104, 1st Addition to Allied Terrace, City of Madison (the "Property"), on the following terms and conditions:

1. Purchase Price. The total purchase price of the Seller's interest in the Property shall be \$355,000, payable in cash at closing. All existing installed appliances and other equipment are included in the Offer and will be delivered to the City at closing.
2. Title Insurance. The Seller shall provide to the City at the Seller's expense at least ten (10) business days prior to closing a commitment from a title insurance company licensed in Wisconsin to issue title insurance in the amount of the total purchase price upon the recording of proper documents.
3. Relocation of Existing Tenants. Within 120 days of acceptance of the Offer by the City, the Seller shall relocate all residential tenants of the Property in compliance with all applicable Federal and state rules and regulations. Following closing the City shall reimburse the Seller for all eligible relocation expenses paid by the Seller to the tenants of the Property.
 - a. There are currently four (4) occupied units within the Building (4713 Jenewein Road - Unit Nos. 1 and 4, and 4717 Jenewein Road - Unit Nos. 1 and 3). The Seller agrees to not rent out or otherwise allow occupancy of any other units in the Building.
 - b. The Seller is in the process of evicting the tenant of 4713 Jenewein Road - Unit No. 1. The City is the tenant of 4717 Jenewein Road - Unit No. 1 and will remain in occupancy following the closing. Within 120 days following acceptance of the Offer by the City, the Seller shall relocate the tenants of the other two occupied units (4713 Jenewein Road - Unit No. 4 and 4717 Jenewein Road - Unit No. 3) to comparable vacant dwelling units within the Seller's complex located at 2102-2106 Allied Drive, 2330-2334 Allied Drive, 2110-2114 Allied Drive and 2354-2358 Allied Drive. All relocation activities shall be conducted by the Seller in compliance with applicable Federal and state rules and regulations, including but not limited to the following general requirements:
 - (i) The Seller shall relocate the tenants into vacant units that are decent, safe and sanitary and comparable in size and rent to their existing units. In the event the Property continues to be operated by the City as a residential rental property, the tenants will not need to be relocated.
 - (ii) The Seller shall pay the tenants for all eligible moving expenses and utility reconnection charges in accordance with 24 CFR (Code of Federal Regulations) Part 570 and 49 CFR Part 24.

(iii) The Seller shall give the tenants a minimum of 90 days notice to move.

c. Within five (5) business days after closing, the City shall reimburse the Seller for all eligible moving expenses and utility reconnection charges paid by the Seller to the tenants of the Property. The Seller shall provide the City with copies of all paid receipts, etc. documenting such expenses and charges.

4. Existing Mortgages. The Property is currently subject to the following mortgages recorded with the Dane County Register of Deeds, Dane County, Wisconsin:

a. Mortgage to Madison Development Corporation (original principal amount: \$120,000.00) dated 12/28/90, recorded 1/2/91 as Document No. 2239928. Current principal balance: \$69,664.53.

b. Mortgage to the City (original principal amount: \$51,665.00) dated 12/21/90, recorded 1/2/91 as Document No. 2239929. Current principal balance: \$25,833.00.

c. Mortgage to the City (original principal amount: \$60,000.00) dated 3/18/91, recorded 4/18/91 as Document No. 2256599. Current principal balance: \$30,000.00.

d. Mortgage to the City (original principal amount: \$26,000.00) dated 7/23/96, recorded 7/29/96 as Document No. 2783072; re-recorded on 8/22/96 as Document No. 2790303. Current principal balance: \$26,000.00.

e. Mortgage to the City (original principal amount: \$88,000.00) dated 3/25/97, recorded 8/29/97 as Document No. 2884217. Current principal balance: \$88,000.00.

f. Mortgage to the City (original principal amount: \$247,500.00) recorded 12/30/97 as Document No. 2919393. Current principal balance: \$185,625.00.

At closing the Seller shall payoff the mortgages listed above as items 4.a. through 4.e., inclusive. That certain mortgage listed above as item 4.f. (Document No. 2919393) (the "Cross-Collateralized Mortgage") is also secured by other properties owned by the Seller located at 2102-2106 Allied Drive and 2330-2334 Allied Drive (collectively, the "Seller's Other Properties"). At closing the Seller shall pay down the balance of the Cross-Collateralized Mortgage by the amount of \$80,798.00. The City agrees that it shall release the Property from the lien of the Cross-Collateralized Mortgage provided that the balance remaining to be paid under the Cross-Collateralized Mortgage can be secured by the Seller's Other Properties so as not to exceed 115% of the total loan to value ratio.

5. Acceptance of Offer. The Offer may be accepted by the City delivering or mailing via certified mail, return receipt requested, a fully-executed original of the Offer to the Seller at any time on or before ~~January 31~~ **February 28**, 2005, whereupon the Offer and the acceptance thereof shall become a binding contract. If the City does not accept the Offer within the prescribed time period, the Offer shall become null and void and be of no further force or effect.

6. Closing.

- a. The transaction is to be closed within 120 days of acceptance of the Offer by the City, or at a later date agreed to by the parties, at the offices of the title company at the office of the title insurance company issuing the commitment for title insurance, unless the parties agree in writing to another date or place.
- b. The following items shall be prorated at closing: water and sewer use charges, garbage pick-up and other private and municipal charges, and fuel. Any income, taxes, and expenses shall accrue to Seller and be prorated through the day prior to closing.
- c. The Seller agrees to execute and deliver to the City at closing the following:
 - (i) A Warranty Deed conveying to the City: fee simple title to the Property free and clear from all liens and encumbrances, excepting municipal and zoning ordinances, recorded easements for the distribution of utility and municipal services, recorded building and use restrictions and covenants, taxes levied in the year of closing and all subsequent years, and exceptions to title previously approved by the City, which shall constitute "Merchantable Title".
 - (ii) A Bill of Sale conveying the personal property to the City, free and clear of encumbrances.
- d. The Seller shall be responsible for any and all special assessments, area assessments, connection charges, interceptor charges or any other charges payable to any municipality or utility with regard to the Property as of the date of closing.
- e. The Seller shall pay all real estate transfer taxes payable pursuant to Section 77.25, Wisconsin Statutes, if any.
- f. The City shall pay all recording/filing fees, except that the Seller shall pay the recording/filing fees for such documents as are required to be recorded/filed in order to cause title to the Property to be in the condition called for by the Offer.
- g. The Seller shall provide the City with a lien waiver and/or evidence of payment of all amounts owed to Wisconsin Management Company, Inc.

BE IT FURTHER RESOLVED that the Mayor and City Clerk are authorized to sign any and all documents that are necessary to complete this acquisition.

BE IT STILL FURTHER RESOLVED that all required funding for the reimbursement of the Seller's tenant relocation expenses is hereby authorized.

BE IT STILL FURTHER RESOLVED that upon acquisition of the Property, the City is authorized to implement its first priority to lease the Property to a not-for-profit or governmental entity for use as a human service center, where the not-for-profit or governmental entity would assume all costs associated with operations, maintenance, repair and improvements of the Property in exchange for a nominal lease fee. If it is determined the Property is not best used for this purpose, the City is authorized to demolish

the improvements on the Property, subject to Plan Commission approval, public works bidding and execution of a public works contract.

BE IT STILL FURTHER RESOLVED that all required funding for the acquisition, external debt pay off, reimbursement of Seller's tenant relocation costs, 2004-05 property management and related expenses is available as CDBG funds in the Housing Development Fund.