



City of Madison

City of Madison
Madison, WI 53703
www.cityofmadison.com

Master

File Number: 07172

File Number: 07172

File Type: Resolution

Status: Council New Business

Version: 1

Reference:

Controlling Body: Community and Economic Development Unit

Requester: COMMUNITY DEVELOPMENT AUTHORITY

Cost:

Introduced: 08/07/2007

File Name: Allied Drive Neighborhood Redevelopment Plan Master Developer-CDA

Final Action:

Title: Authorizing the City to Negotiate with the CDA to act as Master Developer of the City properties located at 2317, 2345, and 2409 Allied Drive and 4705 and 4713 Jenewein Drive.

Notes:

Code Sections:

Agenda Date:

Indexes:

Agenda Number:

Sponsors: David J. Cieslewicz and Brian L. Solomon

Enactment Date:

Attachments:

Enactment Number:

History of Legislative File

Version:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Community and Economic Development Unit	08/01/2007	Fiscal Note Required / Approval	Comptroller's Office/Approval Group		08/01/2007	
1	Comptroller's Office/Approval Group	08/01/2007	Approved Fiscal Note By The Comptroller's Office	Community and Economic Development Unit		08/01/2007	
1	Department of Planning and Community and Economic Development	08/01/2007	Refer for Introduction				

Text of Legislative File 07172

..Fiscal Note

Any redevelopment of Allied Drive area properties by the City or CDA is expected to have a significant budgetary impact. Until a more specific development plan or proposal is completed, however, it is impossible to speculate on how much such redevelopment would cost. There is \$500,000 budgeted in TIF District #29 for Allied Drive redevelopment in 2007, of which about \$50,000 has been spent to date. Expenditures for the redevelopment of these properties beyond that amount would require separate Council authorization.

This resolution would authorize the CDA to spend its own resources to create a not-for-profit LLC and to hire outside professional services including legal counsel, architectural, engineering, construction management, property management and financial consultants. The CDA does not presently have sufficient resources available to accomplish these efforts.

..Title

Authorizing the City to Negotiate with the CDA to act as Master Developer of the City properties located at 2317, 2345, and 2409 Allied Drive and 4705 and 4713 Jenewein Drive.

..Body

WHEREAS, the Allied Drive Neighborhood redevelopment plan must address the entire neighborhood, not just the City property. In order to capture WHEDA; tax credits derive and secure funding from other sources; and gain strong community and public support a strategy and vision focused on a more comprehensive plan than one that may target the City property is needed; and

WHEREAS, the CDA created the Allied Drive Redevelopment District on May 11, 2006, and which was adopted by Council on July 18, 2006; and

WHEREAS, it is the CDA's intent to be prepared to respond to any anticipated projects and other opportunities in a timely and orderly fashion in order for development to occur. To implement this strategy, the City of Madison ("City") has used and will continue to use various tools such as the CDA's tax-exempt bonds, Madison Capital Revolving Fund (MCRF) and where necessary and appropriate, the CDA's eminent domain powers and the City's tax incremental financing (TIF) authority; and

WHEREAS, the purpose of the Allied Drive Redevelopment District ("Redevelopment District") is to ensure that development occurs in a timely and orderly fashion that assists in the elimination of blighted conditions within the Redevelopment District; and

WHEREAS, the creation of the redevelopment plan meets several objectives as set forth in the City's Comprehensive Plan including, but not limited to the following:

- Guide the processes of preservation, rehabilitation and redevelopment in established City neighborhoods through adoption and implementation of neighborhood plans, special area plans and major project plans consistent with the Comprehensive Plan.
- Maintain and enhance economically viable neighborhood business centers as a source of local employment, a focal point for neighborhood activities and a centralized convenience shopping and service center for area residents.
- Create safe neighborhoods through good planning, design, community programs, services and intervention when appropriate to respond to identified problems.

WHEREAS, under the Redevelopment Act, the City may "furnish service or facilities, provide property, lend or contribute funds" to the CDA to assist any redevelopment project located in a Redevelopment District; and

WHEREAS, The CDA has a proven, successful, and long-standing track record of related and similar developments (e.g., Broadway-Lake Point) in addressing large-scale neighborhood revitalization activities and currently operates and manages the City's 900 plus units of affordable public housing program; and

WHEREAS, the CDA has access to financing that will be the financial catalyst in the redevelopment of the City-owned properties within the larger vision of designing and providing for a successful larger neighborhood revitalization activity; and

WHEREAS, the CDA is the best structure to recapture existing City investment in the Hauk Property while at the same time improving housing opportunities for a diversity of households in the Allied area; and

WHEREAS, the CDA would be able to refocus that investment and other CDA-generated revenue resources back into additional acquisition and development opportunities within the neighborhood; and

WHEREAS, no additional TIF is available for prospective developers at this point. To repay and replenish the current TIF invested in the neighborhood, there needs to be at least \$15 million of new development occurring in the near future. Project-based Section 8 Vouchers may not be possible to other developers outside the CDA.

Without direct development cost write-downs and what would likely be additional substantial City funding, the ability to create affordable rental or ownership property opportunities as envisioned by the City and the Allied Area Task Force cannot be achieved; and

WHEREAS, that while there has been interest expressed by local non-profit housing developers and providers to get involved, there are no local non-profit providers who can handle the entire project. Thus, being able to consider the City-owned property, with CDA as Master Developer, with a well thought-out and planned set of development phases will allow successful non-profit participation; and into more manageable phases to permit local developers and agencies to be involved is critical; and

WHEREAS, the CDA will retain ownership of all the land under the rental units so as to be able to provide long-term affordability of the units, guard against blight, and provide a reliable source of long-term income to contribute to the much needed community services so necessary to continue with the redevelopment and strengthening of the Allied neighborhood; and

WHEREAS, the CDA must prepare and submit to Council for approval a relocation plan for any families that will need to be relocated because of redevelopment or clearance; and

WHEREAS, in order to have an application for Section 42 Low-Income Housing Tax Credits in the 2008 round, that an application be prepared and submitted by February 2008, so timing of the CDA as Master Developer is critical; and

WHEREAS, the CDA has the ability and wherewithal to form a partnership and prepare an application in time for funding of the 2008 Section 42 Tax Credit round with the Wisconsin Housing and Economic Development Authority (WHEDA), that will have broad City and neighborhood support; and

WHEREAS, the CDA may, within its role as Master Developer, issue RFPs for the redevelopment of the balance of the site that contains standards and benchmarks.

NOW THEREFORE BE IT RESOLVED that the City agrees to negotiate with the CDA to act as the Master Developer of the City-owned properties at 2317, 2345, and 2409 Allied Drive and 4705 and 4713 Jenewein Drive.

BE IT FURTHER RESOLVED that in the discussions of the transfer that a portion of the current City property will be redeveloped into a mix of 40-48 lower-income rental units to provide housing assistance to the households in need of very affordable housing, with priority given to tenants of the existing City property and Allied area residents. The WHEDA application will be submitted in February 2008.

BE IT FURTHER RESOLVED that in order to apply for Tax Credits, the CDA is authorized to create or use a not-for-profit limited liability corporation and authorizes the CDA to hire the professional expertise needed in order to timely file a tax credit application, involving, but not limited to, legal counsel, architectural/engineering/construction management firms, property management, and financial consultants.

BE IT FURTHER RESOLVED, that the rental units will be developed by the CDA using traditional real estate development models. Excess revenues and land investment recapture fees earned by the CDA for all phases of the redevelopment will be systematically redeployed into the neighborhood.

BE IT FURTHER RESOLVED that the CDA will formulate and submit to Council for approval a relocation plan for all families that will need to be relocated because of redevelopment or clearance.

BE IT FURTHER RESOLVED, that the remaining City property will be redeveloped into a mix of 50-70 owner-occupied units to continue the goal of adding a mix of owner and rental units to the neighborhood. Redevelopment of these sites may be a joint effort between the CDA and public, or private, or developers, which will be developed through the RFPs, as needed.

BE IT FURTHER RESOLVED, that it is anticipated that the total redevelopment of these sites will add another \$15-\$17 million of value to the neighborhood tax base, thereby improving the fiscal condition of the City related to the purchase of the former Hauk property.

BE IT FURTHER RESOLVED that the Common Council hereby finds and determines that this transfer of the City properties is consistent with the public purposes, plans and objectives set forth in the adopted TID 29 Project Plan and the adopted Redevelopment Plan for Allied Drive.

BE IT FURTHER RESOLVED that staff is authorized to negotiate an agreement to provide for the conveyance of the City properties to the CDA, for all associated terms and conditions.

BE IT FURTHER RESOLVED, that that if negotiations for the transfer of the properties are agreeable that the proposed agreement will be brought before the Common Council for further action.