



City of Madison

City of Madison
Madison, WI 53703
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Master

File Number: 34644

File ID: 34644

File Type: Resolution

Status: Items Referred

Version: 1

Reference:

Controlling Body: BOARD OF ESTIMATES

File Created Date : 06/26/2014

File Name: Mansion Hill Housing Rehabilitation Program

Final Action:

Title: Authorizing the Mayor and City Clerk to execute an amendment to the Mansion Hill-James Madison Park Neighborhood Small Cap TIF Program in Tax Incremental District #32 (Upper State Street) and amending Enactment No.RES-11-00042.

Notes:

CC Agenda Date: 07/01/2014

Sponsors: Ledell Zellers, Denise DeMarb and Lucas Dailey

Effective Date:

Attachments: Mansion Hill Map TID 32 - Small Cap TIF.pdf

Enactment Number:

Author: Matthew Wachter, Housing Initiatives Specialist

Hearing Date:

Entered by: afreedman@cityofmadison.com

Published Date:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Economic Development Division	06/26/2014	Referred for Introduction				
	Action Text:		This Resolution was Referred for Introduction				
	Notes:	Board of Estimates					
1	COMMON COUNCIL	07/01/2014	Referred	BOARD OF ESTIMATES			
	Action Text:	This Resolution was Referred to the BOARD OF ESTIMATES					
	Notes:						
1	BOARD OF ESTIMATES	07/07/2014	Refer	BOARD OF ESTIMATES			Pass
	Action Text:	A motion was made by Verveer, seconded by Schmidt, to Refer to the 7-28-14 BOARD OF ESTIMATES meeting. The motion passed by voice vote/other.					

Text of Legislative File 34644

Fiscal Note

There is no direct fiscal impact or appropriation required to amend the qualifying loan criteria for the TID #32 Small Cap TIF program. The change in criteria will broaden the eligibility pool and potentially increase loan activity. The 2014 adopted capital budget of the Planning and Community and Economic Development agency authorizes expenditures of \$332,000 for Small Cap TIF loans and facade improvements (Project No. 25, "TID 32 - Upper State Street

Corridor," Acc't No. 823201).

Title

Authorizing the Mayor and City Clerk to execute an amendment to the Mansion Hill-James Madison Park Neighborhood Small Cap TIF Program in Tax Incremental District #32 (Upper State Street) and amending Enactment No. RES-11-00042.

Body

On January 20, 2011, the Common Council adopted Enactment No. RES-11-00042 (the "2011 Resolution") that authorized the creation of the Mansion Hill-James Madison Park Neighborhood Small Cap TIF Program ("Program"). Under the terms of the 2011 Resolution, the borrower cannot already own the property, is required to occupy the property as their primary residence within twelve (12) months of loan closing, and must occupy the property for ten (10) years. The amount of the loan is limited to renovation costs plus up to 15% of purchase price not to exceed \$60,000 for a single family residential property, \$70,000 for a two-unit property, and \$80,000 for a three-unit property. To date the program has made two loans. Staff met with previous Small Cap TIF borrowers, realtors, real estate professionals, and alders to discuss the program structure to facilitate greater utilization. The recommended changes were to allow developers to apply to the program, allow current landlords to apply to the program, increase the loan amount, allow flexibility for a borrower to sell the property without penalty, and utilize a land use restriction to ensure owner-occupancy.

NOW, THEREFORE, BE IT RESOLVED that:

1. Enactment No. RES-11-00042 is amended to change the objectives and policies of the Program for future borrowers to:
 - 1) Program Objectives: Elimination of blighting influences and conversion of rental properties to long-term owner-occupied properties.
 - 2) Program Definition: Provide forgivable loans for the purchase and/or renovation of a rental property ("Property") that:
 - Are located within the TID# 32
 - Will have no more than three (3) dwelling units after renovation
 - Have at least one (1) unit being owned and occupied by the Borrower as a principal residence or sold by the Borrower to an owner-occupant buyer within twelve (12) months of loan closing
 - Have a land use restriction and subordinated mortgage to ensure owner-occupancy
 - 3) Program Area: TID# 32 (Upper State Street) boundary (see attached map)
 - 4) Amount of Loan: Renovation costs plus up to 10% of purchase price not to exceed \$80,000 for a single unit property, \$90,000 for a two-unit property, and \$100,000 for a three-unit property in the aggregate per Property.
 - 5) Loan Terms:
 - Five (5) year note secured by second mortgage on the Property
 - 0% interest
 - No debt service payments
 - Principal balance owed declines by 20% for each year the Property remains owner-occupied and is forgivable after five (5) years
 - The mortgage and remaining balance will be transferred with the property upon sale to a qualified buyer
 - At loan closing, funds are available for purchase and escrowed for renovation

- 6) Requirements:
- No Borrower income limits.
 - Borrower must invest a minimum down payment of 3% of the purchase price if they do not already own the property.
 - At least 10% of City loan funds must go towards exterior renovation(s).
 - Borrower must demonstrate credit-worthiness in the form of a bank commitment or other documentation acceptable to staff to purchase and/or convert the Property to owner-occupied, or to renovate the Property.
 - Property after renovation shall contain no more than three (3) units, with at least one (1) unit being owner occupied.
 - If, within 12 months of loan closing, the Borrower fails to use the Property as his or her principal residence or sell to a qualified buyer, the outstanding loan balance is due to the City. The Borrower will be allowed to file for an extension of up to twelve (12) months requiring staff approval based on proof of good faith efforts to market the property for sale or construction delay.
 - Borrower may lease his/her unit once during the 5-year loan period for a period not to exceed twelve (12) months. Borrower shall notify City thirty (30) days in advance of such intention to lease prior to executing the lease. If leased beyond this period the declining balance formula is revoked and original loan amount is immediately due and payable.
 - Borrower shall comply with all applicable City ordinances including, but not limited to: Affirmative Action, Accessibility, Non-Discrimination, Best Value Contracting, Equal Opportunity and nondiscrimination against recipients of government housing subsidies.
 - Borrower agrees to sign a Land Use Restriction Agreement and mortgage at loan closing
 - Borrower shall allow the maximum feasible opportunity to small business enterprises to compete for any contracts entered into as a part of this Program.
2. All other terms and conditions of Enactment No. RES-11-00042 shall remain the same.