



Legislation Text

File #: 39498, **Version:** 1

Fiscal Note

No new funds are being requested, and there is no impact on the local levy.

Title

Amending a Promissory Note executed in 2000 between the City of Madison and Quaker Housing, in order to correct the Note's fair market value percentage and the calculation of the prorated share of the Community Development Division's investment.

Body

Action

WHEREAS, the intent of City of Madison Community Development Division loans that include shared appreciation or prorated share is that the recipient will repay an amount equal to the current market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds, for the acquisition of, or improvement to, the property; and,

WHEREAS, the City of Madison and Quaker Housing entered into two loan agreements in 2000; one for the addition of an elevator (\$83,240) and the other for the addition of a community room (\$50,400) at 2102 Fisher Street; and these additions were part of a larger redevelopment project which included accessibility improvements to the laundry room, a common lavatory, and the addition of office space for service agencies; and,

WHEREAS, the Promissory Note provided in 2000 in the amount of \$83,240, did not evaluate the expenditures of non-CDBG funds for rehabilitation to 2102 Fisher Street; and,

WHEREAS, Quaker Housing made a 2004 request to the CDBG Committee to alter the terms of the \$50,400 loan between the City and Quaker Housing for 2102 Fisher Street, since the value of 2102 Fisher Street after rehabilitation was completed was \$619,926, thus altering the Promissory Note by \$50,400 to a repayment value of 8.13% of fair market value; and,

WHEREAS, CDD staff have reviewed the Loan Agreement awarded in 2000 and have concluded that the prorated share of CDD funds invested for the elevator addition (\$83,240) in the rehabilitation project at that time should have been calculated with an after-rehab value of \$619,926, rather than \$400,000, and the prorated share of the CDD investment in the project for the contribution of the elevator addition was thus 13.4%, rather than 20.81%;

NOW, THEREFORE, BE IT RESOLVED, that the Common Council hereby amends the Promissory Note between City of Madison and Quaker Housing in the amount of \$83,240, from 20.81% of fair market value at repayment to a value of 13.4% of fair market value at the time of repayment.