



Legislation Text

File #: 11076, **Version:** 2

Fiscal Note

\$400,000 is authorized in the 2008 PCED Adopted Capital budget for the TID 28 Small Cap Loan program, Project No. 12, "TID 28 - Bassett Neighborhood," Account No. 822801. If approved, this will be the second loan issued under the program.

Title

SUBSTITUTE - Authorizing the Mayor and City Clerk to execute a loan agreement to fund not to exceed \$47,204 Bassett Neighborhood Small Cap TIF Loan to Scott and Megin McDonell ("Borrower") to purchase and rehabilitate the property located at 404 W. Doty Street to convert it from a rental to owner-occupied housing.

Body

WHEREAS on September 19, 2000, the Common Council adopted Resolution No. 56,644 creating a boundary and Project Plan for Tax Incremental District (TID) #28 - Bassett Neighborhood ("District") as set forth by Wisconsin Statutes 66.1105 ("TIF Law"); and

WHEREAS on December 14, 2004, the Common Council adopted Resolution No. 62,098 adopting an amendment to the boundary and Project Plan for the District as set forth by TIF Law; and

WHEREAS on September 18, 2007, the Common Council adopted RES-07-01102 creating the Bassett Neighborhood Small Cap TIF Loan Program; and

WHEREAS Scott and Megin McDonnell ("Borrower") shall purchase and rehabilitate the property located at 404 W. Doty Street ("Property") and be the owner-occupant(s) ("Project"); and

WHEREAS after review of the Small Cap TIF Application and its attachments, staff concluded that Small Cap TIF assistance in the amount not to exceed \$47,204 would stimulate the conversion of the Property into owner-occupied housing as set forth in the adopted Small Cap TIF program for TID #28; and

WHEREAS RES 07-01102 established that the Program loan amount would be 15% of purchase price and/or conversion costs not to exceed \$60,000 per Property ("Loan Amount Formula"); and

WHEREAS the proposed project involves acquisition of a property at a purchase price of \$265,000. Approximately \$67,690 in rehabilitation cost less \$18,000 escrowed from Seller towards rehabilitation costs equals an adjusted rehabilitation cost to borrowers of \$49,690. The Loan Amount Formula is calculated as follows: $(\$265,000 + \$49,690) \times 15\% = \$47,204$. The Borrowers will obtain a first mortgage of \$240,000 and the City loan proceeds of \$47,204 will be escrowed for rehabilitation costs and

WHEREAS in addition to any other powers conferred by law, the City may exercise any power necessary and convenient to carry out the purpose of the TIF law, including the power to cause Project Plans to be prepared, to approve such plans, and to implement the provisions that effectuate the purpose of such plans; and

NOW, THEREFORE, BE IT RESOLVED that the City hereby finds and determines that the Project is consistent with the public purposes, plans and objectives set forth in the TID #28 Project Plan and that the City's loan to the Borrower will stimulate redevelopment in TID #28, thereby making more likely an accomplishment of the public purpose objectives set forth in the Project Plan and its amendment, the TIF Law and City TIF Policy.

BE IT FURTHER RESOLVED that funding is subject to the following conditions:

1. The Project. Borrower agrees to purchase and rehabilitate the Property located at 404 W. Doty Street.
2. Form of Assistance. TIF assistance shall be provided in the form of a ten-year deferred zero interest (0%) forgivable loan ("TIF Loan") at closing from the City to Borrower, in the amount not to exceed \$47,204 to partially finance Borrower's development of the Project. Borrower shall execute a Note, Mortgage, Loan Agreement, and Land Use Restriction in favor of the City.
3. Property Insurance. Prior to funding, evidence must be provided that a property insurance policy of the proper type and amount of coverage to protect the City's participation has been obtained. The policy shall name the City of Madison as an additional insured mortgagee.
4. Title Insurance. At funding, Borrower must provide a commitment for a title insurance policy of the proper type and amount of coverage to the City. The City shall receive a lender's policy.
5. Affirmative Action [MGO 39.02(9)]. Borrower and its contractors/subcontractors must comply with all applicable provisions of the Madison General Ordinance (MGO) 39.02(9), concerning contract compliance requirements. Prior to commencing construction, Borrower shall contact the City's Affirmative Action Division to assure that Borrower is in compliance with the aforementioned requirements. Borrower shall assist and actively cooperate with the Affirmative Action Division in obtaining the compliance of contractors and subcontractors with such applicable provisions of the MGO. Borrower shall allow maximum feasible opportunity to minority/disadvantaged women business enterprises to compete for any contracts.
6. Accessibility (MGO 39.05). Borrower agrees to meet applicable accessibility accommodations for the Project as required by MGO 39.05.
7. Equal Opportunity and Fair Housing. Borrower shall comply with all applicable local, state and federal provisions concerning Equal Opportunity and Fair Housing.
8. Project Completion. Borrower must guarantee that the construction of the Project will be completed by July 18, 2009.
9. Best Value Contracting. Borrower and its contractors/subcontracts must comply with all applicable provisions of MGO 33.07 concerning Best Value Contracting.

BE IT STILL FURTHER RESOLVED that the TIF loan to the Borrower is hereby approved in an amount not to exceed \$47,204 and that the Mayor and City Clerk are hereby authorized to execute a loan agreement and other documents as may be necessary to effectuate the transaction, all of which are subject to the approval of the City Attorney.