



Legislation Text

File #: 58250, **Version:** 1

Fiscal Note

This resolution authorizes a development agreement with Stone House Development related to the private element of Block 88 to be constructed in the air right above the existing publicly-owned below-ground Wilson Street Garage and above ground retail space and parking facilities. The development agreement includes a \$6 million payment for purchase of the air rights and the above-ground Podium structure consisting of ground floor retail space and two floors of above ground parking (\$5 million paid at closing and \$1 million paid fifteen years after the certificate of occupancy is issued for the private development).

A total of \$50.4 million has been appropriated from Parking Utility Reserves (\$23.4 million), TID 25 incremental revenues (\$24 million), city general obligation borrowing (\$2.3 million), and remaining Federal TIGER grant funds (\$0.7 million), for the underground publicly-owned parking garage, ground floor retail space and two floors of above ground accessory parking. Of the \$50.4 million allocated by the city for the project, \$11 million is related to design and construction of the Podium structure and funded from Parking Utility reserves. As enacted by the Council (see RES-18-00403; Legistar 51484), the cost of the Podium structure will be repaid to the Parking Utility, with interest, through a combination of the proceeds from the purchase of the Podium and air rights included in the Block 88 development agreement to be approved in this resolution and ground lease payments included in the previously adopted development agreement for Block 105.

The draft development agreement requires that the city provide a \$450,000 loan from the Affordable Housing Fund to support the affordable housing component of the development (20 apartments restricted to persons earning at or below 60% of the median income in Dane County). The development will also include 17 apartments restricted to persons earning at or below 80% of the median income in Dane County and 124 market rate apartments.

See the attached draft development agreement and staff team report for further information.

No additional appropriations are required by this resolution or the associated development agreement.

Title

Authorizing the Mayor and City Clerk to Execute the Development Agreement with Stone House Development, or its assigns, for the Purchase of the Podium and Air-Rights above the City's Wilson Street Garage on Block 88 and Directing Follow-up Actions by the City as Described and Agreed to in the Development Agreement

Body

WHEREAS, on February 26, 2019, the Common Council adopted RES-19-00161 to authorize the issuance of a Request for Proposals (RFP) to seek a developer to complete the private portion of the Judge Doyle - Block 88 project; and

WHEREAS, on March 1, 2019, the City issued the RFP, with a due date of April 15, 2019; and

WHEREAS, on April 15, 2019, three proposals were received by the City of Madison from Gebhardt Development of Madison, WI, Mandel Group of Milwaukee, WI, and Stone House Development of Madison, WI; and

WHEREAS, on September 3, 2019, the Common Council adopted RES-19-00593, accepting the proposal from Stone House Development and authorizing the Block 88 City Negotiating Team to initiate negotiations with Stone House Development; and

WHEREAS, the Block 88 Negotiating Team completed the negotiations with Stone House Development and presented a draft development agreement to the Finance Committee on November 11, 2019 (the "Development Agreement"), which includes the provision of twenty apartments restricted to persons earning at or below 60% of the Dane County median income for thirty years financed with a City Affordable Housing Fund loan of up to \$450,000, and a purchase price for the Podium and air-rights of \$6.0 million; and

WHEREAS, on November 25, 2019, the Finance Committee considered the Development Agreement and recommended approval of the Development Agreement with Stone House Development; and

NOW, THEREFORE BE IT RESOLVED that the Common Council does hereby accept the recommendations of the Finance Committee and authorizes the Mayor and City Clerk to execute the Development Agreement with Stone House Development, or its assigns, for the purchase and development of the Podium and Air-Rights above the City's Wilson Street Garage on Block 88 for the Judge Doyle Project and directs follow-up actions by the City including negotiating and executing the purchase agreement, condominium documents and any other necessary contracts and the recording of the same to fulfill the objectives as described and agreed to in the Development Agreement subject to final approval by the City Attorney.