



Legislation Text

File #: 09549, **Version:** 1

Fiscal Note

\$400,000 is authorized in each of the 2007 and 2008 PCED Adopted Capital budgets for the TID 28 Small Cap Loan program, Project No. 12, "TID 28 - Bassett Neighborhood," Account No. 822801. If approved, this \$60,000 loan will be the second loan issued under the program. Loan disbursements under this program must be completed prior to Dec. 31, 2008.

Title

Authorizing an exception to the Bassett Neighborhood Small Cap TIF Loan program for the project described herein to exceed 15% of purchase price and/or conversion costs and authorizing the Mayor and City Clerk to execute a loan agreement to fund a \$60,000 Bassett Neighborhood Small Cap TIF Loan to Matthew Sweeney ("Borrower") to purchase and renovate the property located at 306-308 S. Broom 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 ("Program"); and

WHEREAS Matthew Sweeney ("Borrower") shall purchase and renovate the property located at 306-308 S. Broom 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 of \$60,000 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 costing approximately \$270,000, with loan proceeds of \$40,500 applied to down payment assistance and \$19,500 applied to rehab costs; and

WHEREAS the Program brochure provided incorrect information to the Borrower as to how the Loan Amount Formula was applied, such that the Borrower anticipated a \$60,000 loan rather than \$43,425 loan that would constitute the correct application of the formula; 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 renovate the Property located at 306-308 S. Broom 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 of \$60,000 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 April 11, 2009.
9. Best Value Contracting. Borrower and its contractors/subcontractors must comply with all applicable provisions of MGO 33.07 concerning Best Value Contracting.

BE IT STILL FURTHER RESOLVED that the City of Madison hereby authorizes an exception to RES 07-01102 to exceed the Loan Amount Formula described herein, not to exceed \$60,000.

BE IT STILL FURTHER RESOLVED that the TIF loan to the Borrower is hereby approved in an amount not to exceed \$60,000 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.