



## Legislation Text

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**File #: 01962, Version: 3**

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### **Fiscal Note**

TIF funding expenditure for this project has not been authorized in the 2005 capital budget and therefore will require that the budget be amended. The proposed \$100,000 expenditure for the hiring of a consultant is a TIF-eligible expense. It is anticipated that sufficient resources will be available in the TID 29 fund to finance the purchase by the end of 2005. \$150,000 for property acquisition, tenant relocation and demolition is available in Federal/CDBG funds.

### **..Title**

SECOND SUBSTITUTE - Authorizing the City of Madison to use \$100,000 of available TIF funds to hire a consulting firm to assist City staff and the community in the development of a redevelopment implementation plan for the Allied area, and further authorizing the City of Madison to use up to \$150,000 of CDBG funds to acquire the property at 2330-34 Allied Drive for approximately \$35,000 and relocate the current tenants for approximately \$35,000 and demolish the property for approximately \$80,000, and amending the 2005 Planning and Development Capital Budget, project #15, "TID 29-Allied Terrace," to provide for the additional expenditure of \$100,000 from TIF funds, and authorizing staff to negotiate with Hauk Investments to receive a six-month option to purchase properties located at 2317, 2345, and 2409 Allied Drive.

### **Body**

WHEREAS, the City of Madison adopted the Allied-Dunn's Marsh-Belmar Neighborhoods Physical Improvement Plan for the Allied Dunn's Marsh area; and

WHEREAS, the City of Madison also commissioned a housing study for the Allied Dunn's Marsh area; and

WHEREAS, the Mayor's office created A Vision for the Allied Community which included five goals related to increased communication and cooperation; increased stabilization of the area and working to solve tough problems and creating immediate improvement to the area. This includes increasing the opportunity for owner-occupied housing in the Allied area and continuing to provide affordable housing in the Allied area so current residents can remain in the community; and

WHEREAS, the City of Madison has supported the creation of a new community center by providing funding to build and operate the new Boys and Girls Club, which is currently being built on the Belmar Park site; and

WHEREAS, the City of Madison also has supported the Allied Neighborhood through numerous programs and funding sources including Weed and Seed, Allied and Emerging Neighborhood Fund, Office of Community Services and the CDBG Office. Programs include support for the Neighborhood Association and various non-profit agencies that work in the area to provide services or housing in the area; and

WHEREAS, the City of Madison has also created a number of committees and staff teams to increase the level of communication both internally and externally, including City of Madison Staff Teams that work on areas such as public safety, economic development, housing, and social services. These staff teams meet regularly with the mayor to brief him on the status of the Allied Drive area. In addition, the mayor meets regularly with the other governmental entities including Dane County, Fitchburg and the Verona and Madison School Districts. This top-level group works to coordinate programs and funding across government entities; and

WHEREAS, the City of Madison successfully purchased the abandoned Super Saver site just north of Allied Drive for redevelopment; and

WHEREAS, the City of Madison worked with Gorman and Company to apply for Section 42 Tax Credit through WHEDA and is currently redeveloping the site to provide new affordable and market rate apartments in the Allied-Dunn's Marsh area without tearing down any current housing stock; and

WHEREAS, in addition to redeveloping the Super Saver site, Gorman and Company developed a Memorandum of Understanding with the Neighborhood Association. This agreement provided support for the association. In addition,

Gorman and Company sponsored a very successful job fair for the area; and

WHEREAS, the City of Madison recently created the Allied Area Task Force to give residents and the greater Madison community a forum for discussing issues in the Allied area; and

WHEREAS, the City of Madison has also been conducting systematic building inspection of every building and every unit in the Allied Drive area; and

WHEREAS, City staff has determined that the current vacancy rate in the Allied area is approximately 30%; and

WHEREAS, Friends Community Housing purchased and later improved two 8-unit apartments in the Allied Drive area with funding provided by the City of Madison and the Common Council through two series of loans in 1992/93 and in 1997; and

WHEREAS, Friends Community Housing has provided affordable housing in the Allied Drive area for 13 years with support from the CDBG Office, but currently can no longer sustain operations in the Allied area and have offered the buildings up for sale since last fall; and

WHEREAS, two 8-units that are currently owned by Friends Community Housing have a first mortgage held by Associated Bank and second mortgages owned by the City through the CDBG office; and

WHEREAS Associated Bank has moved to foreclose on these two 8-units at 2102-06 and 2330-34 Allied Drive with judgement amounts of \$19,083.41 and \$32,582.82 respectively; and

WHEREAS, a Sheriff's sale was held on August 16, 2005 for the property at 2102-06 Allied Drive. The City of Madison considered purchasing the property but concluded that the property would operate a deficit because of the high vacancy rates in the area; and

WHEREAS, the property at 2102-06 Allied Drive will eventually be torn down to make way for the extension of Raymond Road once the Verona Road project moves forward; and

WHEREAS the property at 2102-06 Allied Drive was purchased by a private landlord for approximately \$23,500, but where similar properties in the area are assessed at between \$285,000 and \$306,000 and this property will now pay property tax; and

WHEREAS, the property at 2330-34 Allied Drive is scheduled for a Sheriff's sale on October 11, 2005; and

WHEREAS, the City of Madison as the second mortgage holder can acquire this property by paying off the first mortgage of Associated Bank in the amount of approximately \$35,000; and

WHEREAS, the property at 2330-34 Allied Drive is a key parcel regarding the overall redevelopment of the area; and

WHEREAS, the City of Madison needs to create a redevelopment implementation strategy for the area and provide extensive public input into developing this strategy.

NOW, THEREFORE, BE IT RESOLVED, that the Common Council authorizes the City of Madison to purchase the property at 2330-34 Allied Drive for the redemption amount of approximately \$35,000 and to relocate the few residents that currently rent at this property for an additional \$35,000 and demolish the property for approximately \$80,000; and

BE IT FURTHER RESOLVED, that the Common Council also authorizes the City of Madison to use \$100,000 of available TIF funds to hire a consulting firm to assist City staff and the community in the development of a redevelopment implementation plan for the area. This plan will also provide extensive public input through the planning process and will come back, when complete, for the Common Council to approve; and

BE IT FURTHER RESOLVED, that the Allied Task Force will act as the Steering Committee for this planning process and will work with the consultant and City staff to go out to the community to gather input to help inform the consultant, City staff and the Committee in the recommendations of the plan and

BE IT FURTHER RESOLVED, that City staff is authorized to negotiate with Hauk Investments to receive a six-month option to purchase properties located at 2317, 2345, and 2409 Allied Drive; and

BE IT FURTHER RESOLVED, that if negotiations with Hauk Investments are mutually agreeable, that the proposed option agreement would be brought before the Common Council for further action; and

BE IT FINALLY RESOLVED, that the Planning and Development 2005 Adopted Capital Budget, project #15, "TID 29- Allied Terrace," Account #822901, be amended to provide for the additional expenditure of \$100,000, with fund sources from TID 29 funds .