



Legislation Text

File #: 30298, **Version:** 1

Fiscal Note

The Resolution will authorize the conversion of a City administered CDBG deferred payment rehabilitation loan of \$28,700 to an installment loan, with \$8,000 of original principal forgiven upon completion of the new loan terms. Total principal repayment will be \$20,700, no interest will be paid, and \$8,000 will be forgiven. There is no impact on the City levy.

Title

Authorizing the approval of the re-structuring of the Tenney Nursery and Parent Center, Inc. deferred loan to an installment loan.

Body

Tenney Nursery and Parent Center, Inc (TNPC) owns a property located at 1321 E. Mifflin St. TNPC occupy the first floor and leases the second floor of the building. In 1996, Centro Hispano wanted to lease the second floor but needed accessibility modifications to their space so program participants could access their services.

TNPC, as owner of the property, needed to be the applicant agency to CDBG to access rehab funds to install a wheelchair lift to make Centro Hispano services accessible. As part of receipt of the rehab funds, TNPC signed a promissory note for a deferred loan in the amount of \$28,700. The loan was deferred until such time that the property would be sold, had a change of use or discontinued eligible use.

WHEREAS, on February 20, 2013, TNPC requested a subordination of the City of Madison loan as part of a refinance of the property debt.

WHEREAS, CDBG staff reviewed this request and determined that Centro Hispano had moved out of the property and the second floor was leased to two new tenants.

WHEREAS, in order for the City's loan to continue to be deferred the new tenants would need to serve at least 51% low and moderate income persons.

WHEREAS, the new tenants did not meet this threshold so the loan would become due and payable.

WHEREAS, TNPC stated they could not afford to pay the loan in full.

WHEREAS, CDBG staff worked with TNPC to determine a repayment schedule that they could afford.

WHEREAS, the repayment schedule that was negotiated between CDBG staff and TNPC included a restructuring of the \$28,000 loan to TNPC from a deferred loan to an installment loan with monthly payments of \$260/month for five years, totaling \$15,600, and a balloon payment at the end of the fifth year of \$5,100 and forgiveness of \$8,000 at the end of the five year period and full repayment of the \$20,700.

WHEREAS, since the loan is being converted to an installment loan, the request for subordination was no longer needed.

WHEREAS, the CDBG staff and committee have reviewed the proposed new loan terms and find them necessary and reasonable while still adequately ensuring a reasonable risk to the City

WHEREAS, the CDBG Staff and Committee have reviewed these new loan terms and found that they further

the goals expressed in the Five-Year Community and Neighborhood Development Plan

NOW THEREFORE BE IT RESOLVED that the Common Council authorize CDBG staff to proceed with executing a new promissory note with Tenney Nursery and Parent Council, Inc .which allows for monthly payment of \$260/month for five years with a \$5,100 balloon payment at the end of the fifth year. \$8,000 will be forgiven at the end of the five year period and full repayment of the \$20,700.