Legislation Text

File #: 41720, **Version:** 1

Fiscal Note

Up to $300,000 is authorized in the City's Adopted 2016 Capital Budget for the Economic Development Division's Project #13 (TID 42 Park/Drake). If approved, this will be the fourth loan under the Small Cap TIF program.

($90,000) 14206643-54835-00000 TID 43 PARK/DRAKE LOANS

Title

Approving a Small Cap TIF #43 Park/Drake (Greenbush) loan of up to $90,000 to Jonathan Roth, Borrower(s), for the purchase and/or renovation of the property located at 424 S. Mills Street, Madison, WI, and its conversion from rental to owner-occupied housing; and authorizing the Mayor and City Clerk to Execute a loan agreement with the Borrower(s) to effectuate this transaction.

Body

BACKGROUND

Tax Incremental District (TID) #43 (Park/Drake) was created in September 2013 (RES-13-00698, Legistar #31073) for the sole purpose of implementing a Small Cap TIF program to assist with conversion of deteriorating rental housing into renovated single-family homes. The Greenbush Housing Renovation Program, which was created in August 2014 (RES-14-00577, Legistar #34645) and subsequently amended in April 2015 (RES-15-000343, Legistar #37774), provides forgivable loans to eligible borrowers for the purchase and renovation of former single-family homes in the neighborhood that have been most recently utilized as student rental housing. Existing and planned multifamily developments in the TID provide the generation of increment to support this Small Cap TIF program.

Loan funds provided through the Program for each renovation project ("Project") are subject to the following conditions:

- TIF assistance is provided in the form of a 0% interest, ten-year note secured by subordinated mortgage on the Property, with no debt service payments. Principal balance is forgiven after the completion of renovation work has been verified by the City. A Land Use Restriction Agreement (LURA) is also executed, to ensure owner-occupancy for the entire ten-year period, and contains a penalty provision requiring loan repayment of up to $50,000 to the City if the Property is rented for more than 12 consecutive months.

- Borrower must provide a commitment for a title insurance policy of the proper type and amount of coverage to the City. The City receives a lender's policy.

- 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 must:
  - contact the City's Civil Rights Division to assure that Borrower is in compliance with the aforementioned requirements;
  - assist and actively cooperate with the Civil Rights Division in obtaining the compliance of contractors and subcontractors with such applicable provisions of the MGO; and
  - allow maximum feasible opportunity to minority/disadvantaged women business enterprises to

compete for any contract.

- Borrower must meet applicable accessibility accommodations for the Project, as required by MGO 39.05.

- Borrower must comply with all applicable local, state and federal provisions concerning Equal Opportunity and Fair Housing.

- Borrower must guarantee that the construction of the Project will be completed within one year of closing.

ACTION

WHEREAS, Jonathan Roth ("Borrower") agrees to purchase and/or renovate the property located at 424 S. Mills Street, Madison, WI ("Property") and either be the owner-occupant(s) or sell the Property to a "Qualified Buyer"; and,

WHEREAS, after review of the Borrower's Small Cap TIF application and its attachments, staff has concluded that Small Cap TIF assistance of up to $90,000 would stimulate the rehabilitation and conversion of the Property into owner-occupied housing as set forth in the adopted Small Cap TIF program for TID #43; 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;

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 TIF #43 Project Plan and that the City's loan to the Borrower will stimulate redevelopment in TID #43, thereby contributing to accomplishment of the public purpose objectives set forth in the Project Plan and its amendment, the TIF Law and City TIF Policy; and,

BE IT FURTHER RESOLVED, that funding is subject to the conditions described herein; and,

BE IT FINALLY RESOLVED, that the TIF loan to the Borrower is hereby approved in an amount not to exceed $90,000, 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.

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