



Legislation Text

File #: 48604, Version: 1

Fiscal Note

The proposed resolution approves a Small Cap TIF loan of \$90,000 to Wenxin Chen and Bin Zhou ("Borrower") for renovation of the property located at 513 S Brooks Street in the Greenbush Neighborhood. This renovation includes conversion from rental to owner-occupied housing. The 2017 Adopted Capital Budget includes \$250,000 for the Small Capital Loan Program in Tax Increment District 43 - Park/Drake. A Council-adopted resolution (File ID: 46804) and subsequent budget amendment added \$600,000 to the aforementioned program in May 2017. The Small Capital Loan Program in TID 43 has awarded \$80,000 to date and disbursement of \$90,000 for the proposed loan will leave a balance of \$680,000.

Title

Approving a Small Cap TIF #43 Park/Drake loan of up to \$90,000 to, Wenxin Chen and Bin Zhou Borrower(s), for the renovation of the property located at 513 S Brooks 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

The Greenbush Neighborhood Revitalization Program, part of the approved plan for Tax Incremental District #43 (Park/Drake) was created in August 2014 (RES-14-00577, Legistar #34645) for the purpose of assisting with conversion of deteriorating rental housing into renovated owner occupied. The program was amended in April 2015 (RES-15-00343, Legistar #37774) and November 2016 (RES-16-00857, Legistar #44935). It provides forgivable loans to eligible borrowers for the purchase and/or renovation of rental properties in the Greenbush neighborhood.

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

- TIF assistance is provided in the form of a 0% interest 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 or becomes non-owner occupied.
- 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.
- 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, or City approves an extension.

ACTION

WHEREAS, Wenxin Chen and Bin Zhou ("Borrower") agrees to renovate the property located at 513 S Brooks 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 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; 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 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.