



Legislation Text

File #: 49064, **Version:** 1

Fiscal Note

The proposed resolution amends the terms of a \$300,000 CDBG loan authorized by Common Council adopted RES-17-00783 (Legistar File #48603) to provide a long-term deferred loan payable upon sale, transfer, or change in use of the property plus two (2) percent interest accrued over the life of the loan. The \$300,000 loan is funded by CDBG program income and the 2017 Adopted Operating Budget has been amended pursuant to adopted RES-17-00783.

Title

Amending the terms of a \$300,000 CDBG loan to be made to the Wil-Mar Neighborhood Center, Inc.

Body

WHEREAS, on September 19, 2017, the Madison Common Council adopted RES -17-00783 (Legistar File #48603), authorizing the Community Development Division (CDD) to offer a \$300,000 loan to the Wil-Mar Neighborhood Center, Inc. (Wil-Mar) for the acquisition of property to support the Center's programming, using funds from the City's Community Development Block Grant Program (CDBG); and

WHEREAS, loans made from the Capital Improvements for Community Organizations category under the CDBG Program take the form of a non-recourse, deferred re-payment loan that is due and payable upon the sale, transfer, or change in use of the property, with the loan secured with a promissory note and a mortgage on the property; and

WHEREAS, borrowers of these funds are offered a choice of repayment options, either 1) to repay the lesser of the net proceeds from the sale of the property or the sum of the loan principal plus a percent of the appraised value based on the amount of the CDBG funds invested in the property; or 2) to repay the loan plus 2% interest accrued over the life of the loan; and

WHEREAS, though the terms of the loan authorized by RES-17-00783, adopted on September 19, 2017, call for repayment based on shared appreciation, subsequent conversations with officials from Wil-Mar indicated a preference for repayment terms based on 2% interest, accrued over the life of the loan.

NOW, THEREFORE BE IT RESOLVED, that the CDD is authorized to extend a \$300,000 loan to the Wil-Mar Neighborhood Center as previously authorized and for the purposes specified under RES-17-00783 with the terms altered to provide a long-term deferred loan payable upon sale, transfer or change in use of the property plus 2% interest accrued over the life of the loan; and

BE IT FURTHER RESOLVED that the Mayor and City Clerk are hereby authorized to execute a contract and related loan documents with the Wil-Mar Neighborhood Center to accomplish the purpose of this resolution