



Legislation Text

File #: 51410, **Version:** 1

Fiscal Note

The proposed resolution authorizes awarding \$500,000 of Community Development Block Grant (CDBG) funds to Common Wealth Development, Inc. to help finance the roof replacement of Main Street Industries located at 931 East Main Street in Madison. Funding for this project will be available through unused CDBG allocations (\$57,370) in the Economic Development Revolving Loan Fund administered by Common Wealth Development and CDBG program income (\$442,630) in the Madison Development Corporation (MDC) Loan Fund. The MDC Loan Fund will be replenished with 2018 CDBG entitlement funds once received.

Title

Authorizing an allocation of up to \$500,000 from the City's Community Development Block Grant Program to remove and replace the existing roof of a business incubator owned by Common Wealth Development, Inc.

Body

BACKGROUND

Common Wealth Development is a local non-profit organization that provides a range of community development services supporting low- and moderate-income households in Madison and Dane County, affecting affordable housing, youth employment and small business assistance. The organization owns and manages a 50,000 square foot business incubator at 931 East Main Street, known as Main Street Industries, which it renovated in 1994 with the aid of Community Development Block Grant funding.

Main Street Industries serves a vital role in east Madison by improving economic opportunities for small businesses through the provision of quality, affordable spaces to companies that would not traditionally be able to lease market-rate space. Since its establishment, the property has supported over 150 small businesses, many of which have graduated from Main Street Industries to create hundreds of jobs.

Common Wealth Development recently completed a Capital Needs Assessment of its Main Street Industries property, which identified the replacement of the roof as the top priority item necessary to extend the property's useful life. These requested Community Development Block Grant (CDBG) funds, along with contributions from the property's existing replacement reserve account, will address this capital need and ensure that the incubator's current tenants and new businesses will be able to receive technical assistance and resource-matching services from Main Street Industries.

The City of Madison Community Development Division has provided funds to support Common Wealth Development for Main Street Industries in the past, dating back to 1994. That assistance includes \$703,000 in loans from CDBG funds and a \$100,000 loan financed through the City's former Business Energy Incentive Program (BEEP), which used funds supplied by the Department of Energy. The current request of \$500,000, if approved, would permit the agency to continue to provide quality, affordable commercial spaces to Madison's small businesses, and would increase the number of job opportunities available to low- and moderate-income individuals. The loan will draw on CDBG Economic Development Reserve funds.

ACTION

WHEREAS, Common Wealth Development, Inc, a local non-profit organization submitted a request to the Community Development Division, through the CDBG Economic Development Reserve Fund, seeking a \$500,000 loan to help finance a proposed \$641,000 project to replace the roof of its Main Street Industries

business incubator, located at 931 East Main Street, in which Common Wealth leases space to small businesses; and,

WHEREAS, Common Wealth Development intends, through the continued operation of this facility, to maintain a specific focus of assisting businesses owned by women, persons of color, veterans, and/or other business owners who are not otherwise able to secure commercial space in the City of Madison; and,

WHEREAS, within 24 months of receiving CDBG funds to undertake the proposed renovation of the incubator, Common Wealth Development anticipates that assisted businesses will create at least 14.5 new full-time equivalent jobs, of which 51% will be offered to or filled by persons with household incomes not exceeding 80% of the county median income: and,

WHEREAS, CDD staff and the CDBG Committee have reviewed Common Wealth Development, Inc.'s proposal and find that it furthers the Economic Development and Employment Opportunities goals expressed in the 2015-2019 City of Madison Consolidated Plan; and,

WHEREAS, there are sufficient funds available within the CDD Economic Development Reserve Fund to provide the requested support.

NOW, THEREFORE, BE IT RESOLVED, that the Common Council hereby approves the award to Common Wealth Development, Inc. of up to \$500,000 in CDBG Program funds, to be drawn from available Economic Development Reserve funds, for the purpose of helping to finance replacement of the roof of the Main Street Industries property at 931 East Main Street in Madison; and

BE IT FURTHER RESOLVED, that the funds will be offered to Common Wealth Development, Inc. in the form of a long-term deferred loan re-payable upon the sale, transfer, or change in use of the property; that the loan will be secured by a mortgage and a promissory note; and that the promissory note will require repayment of either a percentage of the appraised value after-rehab based on the amount of the CDD funds invested in the property or a percentage of the net proceeds, whichever is less; and

BE IT FINALLY RESOLVED, that the Mayor and the City Clerk are hereby authorized to execute a contract and related loan documents with Common Wealth Development, Inc. to accomplish the intent of this Resolution.