



Legislation Text

File #: 75563, **Version:** 2

Fiscal Note

The proposed resolution would authorize a \$400,000 loan to Centro Hispano, Inc. from the Community Facilities Loan (CFL) Program. The CFL program was established in the Community Development Division's (CDD) 2022 Capital Budget, which allocated \$1 million in GO Borrowing to support smaller capital projects proposed by non-profit partners to meet facility needs. No funds were expended in 2022, and the unused appropriation was reauthorized in the 2023 budget.

Since the program was established, CDD has developed CFL program guidelines and an application process. The program guidelines set a maximum loan amount of the lesser of \$400,000 or 20% of total eligible project costs, in the form of a zero percent long-term deferred loan. If the resolution is adopted, there would be \$600,000 remaining in the CFL program budget to support requests from other applicants. No additional City appropriation would be required.

The proposed resolution also amends two prior resolutions (RES-22-00757 and RES-22-00758) related to the redevelopment of Centro Hispano, Inc.'s new community facility. The current resolution would remove Paragraph 12 from the prior resolutions related to requirements for simultaneous closings in order to accommodate the execution of a CFL loan agreement.

Title

SUBSTITUTE: Authorizing a \$400,000 loan to Centro Hispano, Inc. from the Community Facilities Loan Program to help finance the construction of a community facility at 2403 Cypress Way, authorizing the Mayor and City Clerk to sign an agreement for that purpose, and amending previously enacted Resolutions 22-00757 and 22-00758 to accommodate a new closing schedule.

Body

WHEREAS, the City of Madison's Community Facilities Loan (CFL) Program provides low-cost financing to support non-residential development projects undertaken by non-profit organizations in the City of Madison that involve the acquisition of property or substantial expansion, redevelopment, improvement or rehabilitation of property the organizations currently own or lease; and,

WHEREAS, the City's objective through the CFL Program is to create or improve safe, accessible, energy efficient and well-maintained community and neighborhood facilities; and,

WHEREAS, Centro Hispano, Inc. has applied to the CFL Program for assistance to help finance construction of a new building at 2403 Cypress Way to increase its capacity to provide services to its constituents in Dane County; and,

WHEREAS, per the CFL Program guidelines, Centro Hispano Inc. intends to provide programming and support at the community facility primarily to low and moderate income households, and meets all other eligibility requirements of the CFL Program; and,

WHEREAS, Centro Hispano Inc. presents a total project budget of approximately \$18 million and the CFL Program guidelines limit offers of financial assistance for acquisition and new construction to not more than the lesser of \$400,000 or 20% of total eligible project costs; and,

WHEREAS, funds under the CFL Program are offered to awardees in the form of a zero percent long-term

deferred loan, repayable upon the sale or change of use of the property; and,

WHEREAS, the City holds a promissory note for financing of building improvements made to Centro Hispano's current location at 810 W. Badger Road ("Centro Property"), due upon sale, and intends to acquire the Centro Property in early 2023 for future redevelopment purposes; and,

WHEREAS, the City's acquisition of the Centro Property is conditioned upon Common Council approval of the aforementioned CFL loan and satisfaction of the existing promissory note.

NOW, THEREFORE, BE IT RESOLVED, that the Common Council authorizes a \$400,000 loan from the Community Facilities Loan Program to Centro Hispano, Inc. for its use in construction of a new building to be constructed at 2403 Cypress Way; and,

BE IT FURTHER RESOLVED that, in order to accommodate the execution of a CFL loan agreement, the Resolutions previously approved by the Common Council on November 1, 2022, Resolutions 22-00757 and 22-00758 (Legistar File [74309 <https://madison.legistar.com/LegislationDetail.aspx?ID=5890647&GUID=C7A18CF3-6731-469F-B932-70A86155A21B&Options=ID|Text|&Search=74311>](https://madison.legistar.com/LegislationDetail.aspx?ID=5890647&GUID=C7A18CF3-6731-469F-B932-70A86155A21B&Options=ID|Text|&Search=74311) and [74311 respectively\) <https://madison.legistar.com/LegislationDetail.aspx?ID=5890660&GUID=95A2E2C6-4699-4243-9B0F-338F543C8C9C&Options=ID|Text|&Search=74311>](https://madison.legistar.com/LegislationDetail.aspx?ID=5890660&GUID=95A2E2C6-4699-4243-9B0F-338F543C8C9C&Options=ID|Text|&Search=74311), shall be amended to remove Paragraph 12 from each resolution related to the requirements for simultaneous closings; and, BE IT FINALLY RESOLVED that the Council authorizes the Mayor and City Clerk to execute a loan agreement and/or any other documents as may be necessary to effectuate the transactions described herein, all of which are subject to the approval of the City Attorney.