File #: 86614, **Version:** 1

Fiscal Note

The proposed resolution authorizes a Commercial Ownership Assistance Program no-interest loan in the amount of $117,500 to Silk Road Restaurant to purchase a commercial property at 1920 S Park St. The TID 51 Project Plan includes $1.5 million for Commercial Ownership Assistance Program loans. At loan closing, the City shall disburse an amount equal to 15% of the principal amount of loan to MDC from Program funds for servicing, and 15% of the principal amount of the loan to MDC from Program funds for servicing and closing fees. The aggregate (30%) of all such loan fees for this loan will be $35,250.

The TID 51 Project Plan includes $1.5 million for Small Cap TIF Loans. The Common Council approved the TID 51 Project Plan in 2023 (RES-23-00208, Leg file 75809). Council further authorized Madison Development Corporation (MDC) to administer the program in TID 51 (RES-23-00470, Leg file 78323). Four other Small Cap TIF loans in TID 51 have been approved by Council: $212,500 (RES-23-00651, Leg file 80079), $250,000 (RES-23-00776, Leg file 80813), $80,000 (RES-24-00060, Leg file 81363), and $113,500 (RES-24-00061, Leg file 81366).

No additional City appropriation is required.

Title

Providing Silk Road Restaurant or its assigns a $117,500 loan to purchase a commercial property at 1920 South Park Street through the Commercial Ownership Assistance program funded by the TID 51 Small Business Development programs using TID #51 incremental revenue as authorized in the TID #51 Project Plan (RES-23-00208) adopted by the Common Council on March 7, 2023). (District 14)

Body

WHEREAS, business and property ownership is a vital pathway to economic empowerment. For Madison to make meaningful progress in addressing racial and gender disparities the City must go beyond programs focused on addressing basic needs, and direct more resources and strategies toward building wealth and economic empowerment among communities that are not sharing in the City's prosperity; and

WHEREAS, Silk Road Restaurant will operate its business out of this location. The Business invites customers to embark on a culinary journey through the vibrant flavors and rich cultural heritage of Central Asia and doing so for the last three years; and

WHEREAS, Silk Road Restaurant would utilize Commercial Ownership Assistance funds to assist with the acquisition of the property located at 1920 South Park Street, hereby meeting the requirements of the Commercial Ownership Assistance (COA) Program; and

WHEREAS, the COA program guidelines stipulate these funds can be no more than 25% of the total project package and all loan repayments are deferred until sale, cash-out refinance for other than property improvements, and the property is transferred or ceases to be a location for a business owned by the borrower. If any of the above happen within the first 7 years repayment of the full amount is required. If any of the above happen between years 7-15 repayment of one-half the borrowed amount will be required. If the applicant still owns the property after year 15, the original loan amount will be forgiven. There will be no interest rate; and

WHEREAS, the Director of the Department of Planning, Community, and Economic Development recommends an investment of $117,500 of Commercial Ownership Assistance Funds to this project.

NOW, THEREFORE BE IT RESOLVED, that the Common Council authorizes a $117,500 Commercial Ownership Assistance Program Loan to Silk Road Restaurant and/or its assigns for the purchase of the property at 1920 South Park Street; and

BE IT FINALLY RESOLVED that the Mayor and City Clerk are hereby authorized to execute a loan agreement and/or any other documents as may be necessary to effectuate the transaction, all of which are subject to the approval of the City Attorney.