



CITY OF MADISON
Commercial Ownership Assistance (COA) Program
Program Guidelines

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PROGRAM SUMMARY

The Commercial Ownership Assistance Program (COA) is a new City of Madison effort focused on helping business owners expand their enterprises by transitioning from renting space to owning commercial property for their business. The program will be structured as a 0% interest loan with no payment due to the City unless the property is sold. The loan can be used for businesses to purchase an existing space or to develop a new building for their businesses. The program will focus resources toward communities that have historically faced barriers to accessing capital to start or grow a business enterprise. These targeted populations for this program include communities of color, immigrant communities, women, disabled residents, and veterans. The program will also prioritize investments that support businesses in under-invested geographic areas.

STATEMENT OF NEED

Over the last several years, the City of Madison has made some progress in addressing racial economic disparities. Further, recent city-sponsored initiatives have focused on conditions for Madison's most vulnerable populations through programs addressing affordable housing, workforce training, food access, and transportation.

However, Madison still has progress to make in equalizing economic quality of life indicators between white residents and residents of color. In particular, Madison needs to do more to support diverse business and property ownership. Data shows that while Communities of Color represent approximately 27% of the City of Madison's population, business ownership rates for People of Color are much lower (between 3-9% using varying metrics) within the City (*Source: Reference USA Business Database*).

Business and property ownership is a vital pathway to economic empowerment. For Madison to make meaningful progress in addressing racial 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. The City designed the COA initiative to address these inter-related issues by identifying, supporting, and capitalizing business owners seeking to purchase or develop commercial space.

FUNDING

The City of Madison 2020 Capital Budget allocated \$500,000 to the COA program. The City secured these funds by transferring funds from the City's Capital Revolving Loan Program. The City launched the COA program as a pilot project in 2021. Additional resources may be allocated in future years depending on success.

PROGRAM GUIDELINES

Eligible Applicants	<ul style="list-style-type: none">• Applicants must be City of Madison residents, own a business located within the City of Madison and not have received funds in any way through this program in the past.• The program is designed for existing business owners to support them in taking the next step toward owning or developing a business property. As such, applicants should be established businesses with two or more years of operating experience.• Applicants will be required to demonstrate the viability of their business concepts through a business plan, financial statements, and/or other documentation.• If an applicant currently owns their commercial property the proposal must be an expansion of this property and the applicant shall not own or partially own any other property beyond their primary residence.• Applicants if eligible are encouraged to be certified with The MADcertification Program through the City of Madison's Department of Civil Rights.• The COA Program is an Economic Development initiative focused on supporting for-profit businesses to build community wealth by expanding their enterprises.• Other projects may be deemed eligible if it can show a high impact on the community.
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Priority Applicants	A focus of the COA program is to cultivate commercial ownership among communities that face historically rooted barriers. As such, the program will prioritize applicants who are people of color, immigrants, women, the disabled, veterans and any other underrepresented groups. These individuals will have a majority ownership in the business and property.
Eligible Uses	Funds can be used by businesses to purchase their existing building, buying a new building, sizeable expansion or redevelopment of an existing building the business presently owns, or purchasing a condominium unit.
Eligible Locations	The program may be used for any commercial property located within the City of Madison.
Priority Locations	Properties located anywhere within the City of Madison are eligible to apply for this program. Priority scoring will be given to applications for projects located within under-invested communities, as defined by the City of Madison's federally designated Opportunity Zone census tracts, Food Access Improvement Areas, and/or Neighborhood Resource Team areas. Again, any location in the City is eligible but these areas will be given priority.
Loan Amount	Loans of up to \$250,000
Match	The COA Loan cannot be more than 25% of the total price of the building or cost of the project. The City will work with applicants to support efforts to seek additional financing from other sources including traditional lenders, non-traditional lenders, and equity partners.
Loan Terms	All loan repayments are deferred until sale, cash-out refinance for other than property improvements, 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.
Multi-Tenant Buildings	Applicants are allowed and encourage to use the COA funding to purchase or develop multi-tenant buildings that would include space for their existing business as well as space for additional tenants.

Training and Technical Assistance	The City of Madison Office of Business Resources, in partnership with other city agencies and non-profit partners, will work with select applicants to provide training and technical assistance related to the City of Madison development process and help connect them to any other assistance needed.
Paying it Forward Clause	Applicants who are selected will be asked to speak with future recipients on lessons learned and their experience.

COA TEAM

The COA program is implemented by a multi-agency staff team including the Mayor's office, the Economic Development Division and Community Development Division. EDD staff will coordinate the program and Michael Miller, Business Development Specialist, is the project manager for the program.