

Name of Project: VILLAGER MALL – Madison, Wisconsin
Name of CDE: Impact Seven, Inc.

Project Size: \$10 million commercial development project – 169,000 square feet

Project: Villager Mall is a one-story building built in the 1960s. In its heyday, the Villager Mall housed a department store and other shopping venues. In time, construction of East Towne, West Towne and South Towne Malls created competition for many freestanding, strip shopping centers. The shopping center hosts various commercial enterprises as well as governmental and social service agencies that include Dane County Human Services Department, South Madison Health and Family Center, the South Madison Branch of the Public Library. Neighborhood residents would like to see the Villager Mall transformed into a retail, office and service center. In the long term, the demolition of the entire center would facilitate the overall redesign of the site. A new design that incorporates a main street atmosphere would strengthen the overall vitality of this site by improving its internal circulation system, creating new buildable out lots, and improving the type of business mix that would attract customers from a larger trade area. An emphasis on an international mix of businesses, cultural facilities, and public gathering spaces should be encouraged as part of the makeover of this strategic redevelopment site. The property currently suffers from deferred maintenance and functional obsolescence. The current owner is not interested in making improvements to the facility due to the large investments of capital required. The multiple tenant property has a mix of public and private tenants with leases of varying lengths.

NMTC Solutions: Through the utilization of the NMTC program, the City of Madison will purchase the Villager Mall and redevelop it into a City center for the South Madison community. The City of Madison will stabilize the property and maintain the tenancy as well as rehabilitate the property. They will position the property such as to add a grocery store as an anchor tenant and pharmacy as well as add a new structure for a public library. These changes are part of a second phase in the restructuring of this core neighborhood asset. The primary value of the NTMC's is



provided at the end of the 7-year interest only period due to the allowance of the present value prepayment of the extended maturity equity note. The overall combined debt rate will have a fixed interest rate of 3.2 percent, allowing a lower rental rate to the end tenant, thus making the commercial and office spaces more viable for business prospects.

Impact: The main impact from this project is the neighborhood stabilization. It will also result in retaining 18 tenants comprising approximately 200 full-time positions. An additional 5 jobs will be created through a new lease to Space Place, a University of

Wisconsin educational facility and an estimated 15 temporary jobs will be created based on renovations to be performed. There is 40,000 square feet of vacant space remaining, which will create additional jobs when leased. The facility is located in an area of higher distress based on its location in a SBA designated HUBzone and an unemployment rate at 1.47 times the national average.