

Legislation Text

File #: 15-14538, Version: 1

Corridors of Opportunity Rehab Loan and Community Development Grant to E-Fix Development Corporation for 2023 Beatties Ford Road

Action:

- A. Authorize the City Manager to negotiate and execute a Community Development Grant agreement with E-Fix Development Corporation (Developer) in an amount not to exceed \$250,000 for costs associated with revitalizing the property located at 2023 Beatties Ford Road (the Property), which will facilitate the rehabilitation of an aging building and the preservation of a historic neighborhood, and**
- B. Approve a Rehab Loan in an amount not to exceed \$500,000 to the Developer for rehabilitating the Property.**

Staff Resource(s):

Tracy Dodson, City Manager's Office
Todd DeLong, Economic Development

Explanation

- In 2007, City Council adopted the policy for the city to take a leadership role in developing and implementing public and private collaborative strategies and investments that aim to:
 - Attract private sector investment to grow jobs, businesses, and services;
 - Expand the tax base in the business corridors; and
 - Support the revitalization of the corridors into mixed use areas promoting the adjacent neighborhoods as safe, viable, and sustainable.
- In 2020, City Council enhanced the city's commitment to corridor revitalization through the Corridors of Opportunity initiative.
 - The city is concentrating its resources at the intersection of Beatties Ford Road and LaSalle Street by investing and facilitating initiatives in specific locations within each corridor to ensure long-lasting and positive impacts are realized sooner than they would be through a piece-meal approach. This includes work in transportation and infrastructure, talent and employment, public Wi-Fi, placemaking, etc.
- The Developer acquired the Property, which is located in Council District 2, in April 2020.
- The Property is a commercial strip center that was built in 1971 and has approximately 6,600 square feet.
- The Developer proposes a full rehab of the interior and exterior space of the property located at the intersection of Beatties Ford Road and LaSalle Street.
- The Developer has signed JPMorgan Chase as the Site's anchor tenant, which is planned to open in early 2021.
- City staff is coordinating with the Developer throughout the development review process
- The city awarded the following 50 percent matching grants to the Developer in June 2020:
 - Façade Improvement - \$130,000,
 - Security - \$20,000,
 - Interior Upfit - \$30,000,
 - Total Matching Grant Awards = up to \$180,000,
 - An additional 10 percent match may be applied if the developer engages certified MWSBE

- firms for eligible work, and
- Matching grants will be reimbursed by the Business Corridor Revitalization Fund.
- Pursuant to the city's desire to rehabilitate, restore, and preserve buildings and properties in its Corridors of Opportunity and authority found in the North Carolina General Statute on community development programs and activities (N.C.G.S § 160A-456), the city identified the need for financial support for the rehabilitation of the Property and building, which will support the preservation of this historic neighborhood and aging property.
 - The city is recommending Council support a Community Development Grant in an amount not to exceed \$250,000 that would reimburse the Developer for applicable costs, which will be in line with N.C.G.S. § 160A-456 and will be finally determined by the actual costs incurred by the Developer.
 - Applicable reimbursement expenses must be above and beyond those accounted for in the Developer's request for reimbursement associated with the previously awarded Business Matching Grants.
 - The Community Development Grant will be reimbursed from the Corridors of Opportunity funds.
- The Developer is seeking additional financial support to renovate the site located at the Beatties Ford Road / LaSalle Street intersection.
- The Developer has requested a \$500,000 loan from the city to support its revitalization efforts.
 - Staff recommends that Council consider an interest-only Rehab Loan with the following general terms:
 - Interest at prime + 1 percent (4.25 percent),
 - Full repayment of principal balance upon second refinance, sale of property, assignment of ownership of the property, or 20 years, whichever occurs first,
 - The city will require interest only payments on monthly basis,
 - Deed of trust will be placed on the property until such time the principal balance is paid in full,
 - Loan funds must be specifically applied to rehabilitation of commercial space located at 2023 Beatties Ford Road, and may not be allocated to any other use,
 - The city will retain a third party to service the loan on behalf of the city,
 - The applicant will be subjected to the third party's underwriting criteria, and
 - The loan will be funded by the Corridors of Opportunity.

Fiscal Note

Funding: General Capital Investment Fund

Attachment(s)

Map