



Agenda Item:

39

## COUNCIL COMMUNICATION City Manager's Office

### GENERAL INFORMATION

Agenda Date: 2/23/04

Communication

No.:04-098

Agenda Item Type: Resolution, Ordinance, or Receive/File

Roll Call

No.:

Submitted by: Richard Clark, Deputy City Manager

### SUBJECT—

**Resolution Approving A Predevelopment Loan Program Loan in an amount not to exceed \$6,528.00 for proposed renovations to 420 East Locust Street, Des Moines.**

### SYNOPSIS—

On the February 23, 2004, Council Agenda is a roll call approving a Predevelopment Loan Program Loan in an amount not to exceed \$6,528.00 to Tami and Steve Logsdon. The predevelopment loan is to assist in payment of up to 85 percent of the costs associated with determining the feasibility of proposed renovations to the property located at 420 East Locust Street, Des Moines. The Logsdons are proposing to renovate the vacant and dilapidated building for a mixed use project with first floor retail/commercial and 2<sup>nd</sup> floor residential. If the project is determined to be financially feasible, the predevelopment loan will be repaid to the City through other project financing.

### FISCAL IMPACT—

The Predevelopment Loan will be funded from the Eastern Gateway Redevelopment Account. The loan in an amount not to exceed \$6,528.00 will be at zero percent interest and repaid from final project financing, if the renovation project is found to be feasible and moves ahead.

**RECOMMENDATION—**

Approval

**BACKGROUND—**

The Predevelopment Loan Program provides loans of up to \$30,000 for a variety of predevelopment costs. Funding is provided through the Eastern Gateway Redevelopment account. The program was designed to assist projects in the Eastern Gateway for which predevelopment costs are a significant barrier to rehabilitation.

Eligible activities include costs related to consultant fees; site assessments, environmental, architectural and engineering reports; and preparation of plans and specifications. The loans are zero percent (0%) interest loans. They are non-recourse to the borrower and at the option of the City Council, may be converted to a grant if the project does not go forward. All costs paid by predevelopment loan funds must be reimbursed to the City under the sources of permanent financing proposed for the project.

This project is the first that has accessed the program. It is anticipated that other developers and/or property owners in the Eastern Gateway will also utilize the program to defray predevelopment expenses.