



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 3/8/2004

Communication No.: 04-133

Agenda Item Type: Resolution, Ordinance, or Receive/File Roll Call No.:

Submitted by: Richard Clark, Deputy City Manager

SUBJECT—

Resolution Giving Preliminary Approval for a Neighborhood Commercial Revitalization (NCR) Program Loan in the amount of \$175,000 for renovations to 428 and 430 East Locust Street, Des Moines

SYNOPSIS—

On the March 8, 2004, Council Agenda is a roll call providing preliminary approval for a \$175,000 Neighborhood Commercial Revitalization (NCR) Program Loan to Darryl Thieland and Betty Thieland as principals for Developer -- Gayland Properties, LLC. The Developer is renovating the commercial buildings located at 428 and 430 East Locust for improved first floor retail and 2nd floors residential units. The properties are located in the East Village Study Block.

FISCAL IMPACT—

The Neighborhood Commercial Revitalization (NCR) Loan Program is part of the CDBG funded Economic Development Financial Assistance Program administered by the City's Office of Economic Development. The proposed loan would be repaid with three percent (3%) interest over a term of 15 years and secured by a real estate mortgage on the properties subordinate to the Bank financing and the personal guaranties of the Developer's principals.

RECOMMENDATION—

Approval

BACKGROUND—

Darryl Thieland and Betty Thieland are principals in Gayland Properties, LLC that owns the commercial buildings located at 428 and 430 East Locust Street, and located in the East Village Study Block. The Thieland's propose to improve these properties by doing extensive structural, facade and internal mechanical renovations to enable new 1st floor commercial retail use and improve the four loft apartments located on the buildings 2nd floor.

The Thieland's have entered into leases with two new commercial tenants to occupy the improved 1st floor retail areas. The new tenants, Kitchen Collage (430 East Locust) and Delicious (428 East Locust), expect to occupy the space and begin their tenant improvements by May 16, 2004 and August 1, 2004, respectively.

Project costs are currently estimated to be about \$440,000. The Developer has bank financing in place that will provide approximately \$175,000 to finance improvements and is requesting financing under the Neighborhood Commercial Revitalization (NCR) program for \$175,000 to complete the proposed renovations. The Developer is seeking final construction bids, which may reflect higher than anticipated costs. If costs exceed initial estimates, additional financing may be required and the proposed financing structure may need to be revised.