



Agenda Item:

054

## COUNCIL COMMUNICATION City Manager's Office

### GENERAL INFORMATION

Agenda Date: 6/7/04

Communication

No.: 04-285

Agenda Item Type: Resolution

Roll Call

No.:

Submitted by: Richard Clark, Deputy City Manager

### SUBJECT—

Resolution Approving Documents related to 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—

This action would approve documents for a \$175,000 Neighborhood Commercial Revitalization (NCR) Program Loan to Darryl Thielen and Betty Thielen as principals for Developer -- Gayland Properties, LLC. By Roll Call 04-541, dated March 8, 2004, Council gave preliminary approval to the NCR Loan.

### 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 documents require the loan to be repaid with three percent (3%) interest over a term of 15 years. The loan is secured by a real estate mortgage on the properties that is subordinate to the Bank financing. The loan is also personal guaranteed by Darryl Thielen and Betty Thielen.

### RECOMMENDATION—

Approval

**BACKGROUND—**

Darryl Thielen and Betty Thielen 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 Thielands propose to improve these properties by doing extensive structural, facade and internal mechanical renovations to enable new 1<sup>st</sup> floor commercial retail use and improve the four loft apartments located on the buildings 2<sup>nd</sup> floor.

The Developer has entered into leases with two new commercial tenants to occupy the improved 1<sup>st</sup> 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.

Eligible project costs have been documented at \$507,500. The Developer has bank financing in place that will provide approximately \$246,000 to finance improvements and is requesting financing under the Neighborhood Commercial Revitalization (NCR) program for \$175,000 to purchase materials related to the renovations. The Developer is investing \$90,000 and will be responsible for any additional costs and cost overruns to complete the improvements.