



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 10/11/2004

Communication No.: 04-498

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 Loan (NCR) in the amount of \$200,000 to Tami and Steve Logsdon for proposed renovations to 420 East Locust Street, Des Moines.

SYNOPSIS—

On the October 11, 2004 Council Agenda there is a roll call giving preliminary approval to a Neighborhood Commercial Revitalization Loan (NCR) for \$200,000 to Tami and Steve Logsdon (4100 Cottage Grove, Des Moines 50311). On February 23, 2004 by Roll Call 4-390, Council approved a Predevelopment Loan Program Loan in an amount not to exceed \$6,528.00 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 move forward with the renovations for a mixed-use project with first floor retail/commercial and 2nd floor residential.

FISCAL IMPACT—

The Neighborhood Commercial Revitalization Loan (NCR) for \$200,000 will be funded from the Eastern Gateway Redevelopment Account. The NCR Loan will incorporate the previously approved and funded Predevelopment Loan in the amount of \$6,528.00, resulting in a new maximum fund disbursement of \$193,472 for a total loan of \$200,000. The NCR loan for

\$200,000 will be repaid with three percent interest over a term of 20 years and secured by a second real estate mortgage on the property.

RECOMMENDATION—

Approval.

BACKGROUND—

Steve and Tami Logsdon own and operate the East 5th Street Bakery, located at 407 East 5th Street, Des Moines and Basil Proserpi, located at 801 Grand, Des Moines. The Logsdons are renovating the vacant and dilapidated building located at 420 East Locust for use as a new first floor restaurant, with the second floor used as their personal residence. The Logsdons have been working with Kirk Blunck, HLKB Architects, in determining the costs to renovate the building.

Total project costs eligible under the NCR Loan Program are estimated as follows:

Purchase price	\$ 40,000
Payment of City Predevelopment Loan	\$ 6,528
Stabilization of the building shell and reconstruction of the second floor:	\$235,290
Interior construction and mechanicals for first floor restaurant:	\$268,121
<u>Construction interest and Contingencies:</u>	<u>\$ 37,048</u>
Total	\$586,987

Iowa State Bank approved first mortgage financing of \$387,000 (66% of project costs), subject to the loan not exceeding 80% of an MAI appraisal (yet to be completed) and City of Des Moines participation for \$200,000 under the NCR Loan program. Iowa State Bank has also approved a separate loan for \$45,000 to provide equipment for the new restaurant.

The Logsdons anticipate investing an additional \$190,800 to finish the second level interior for their personal residence. The costs associated with the interior finish of the residential unit are not eligible for funding under the NCR Loan program guidelines. The Logsdons' are working with Iowa State Bank to secure residential financing for this portion of the project.