



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 12/20/04
04-627

Communication No.:

Agenda Item Type: Resolution
No.:

Roll Call

Submitted by: Richard Clark, Deputy City Manager

SUBJECT—

Approving documents related to a Neighborhood Commercial Revitalization Loan (NCR) in the amount of \$200,000 to 420 East Locust, LTD (Steve and Tami Logsdon) for renovations to 420 East Locust Street, Des Moines.

SYNOPSIS—

On October 11, 2004, by Roll Call No. 04-2152, Council gave preliminary approval to a Neighborhood Commercial Revitalization Loan (NCR) for \$200,000 to Tami and Steve Logsdon as part of the permanent financing of renovations to the commercial building located at 420 East Locust Street, Des Moines. This action approves documents related to funding the NCR Loan to the Logsdons and their company 420 East Locust, LTD.

FISCAL IMPACT—

The Neighborhood Commercial Revitalization Loan (NCR) for \$200,000 will be funded from TIF dollars contained in the Eastern Gateway Redevelopment Account and the Development Opportunities 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 Prosperi (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 and City of Des Moines participation for \$200,000 under the NCR Loan program. The appraisal has been received and sets a fair market value, upon completion of the building stabilization and finishing of the ground floor commercial space, that allowed the Bank to satisfy its conditional approval and move forward with funding the permanent financing, as outlined herein. Additionally, Iowa State Bank has also approved a separate loan for \$56,250 to provide equipment and working capital for the new restaurant.