

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	September 11, 2017
	Agenda Item No.	35
	Roll Call No.	<u>17-1573</u>
	Communication No.	<u>17-647</u>
	Submitted by:	Erin Olson-Douglas, Economic Development Director

AGENDA HEADING:

Resolution approving subordination agreement between Community Business Lenders, LLC, Cosmopolitan Holdings, LLC and the City of Des Moines to facilitate façade renovations at 301 East Walnut Street.

SYNOPSIS:

Cosmopolitan Holdings, LLC (Angela Campbell, Managing Member), 301 Walnut Street, Des Moines is requesting that the City subordinate its second real estate mortgage securing a Neighborhood Commercial Revitalization (NCR) Loan with a balance of \$70,400 to a new mortgage totaling \$660,000, which refinances the existing first mortgage loan balance of \$600,000 and provides \$60,000 in new funds to assist in the building’s façade renovations. All repayment terms of the City’s NCR loan remain the same and are unaffected by the subordination request.

FISCAL IMPACT:

Amount: \$ 70,400

Funding Source: The NCR Program is funded from allocation of Community Development Block Grant (CDBG). The subordination agreement does not alter the original repayment terms of the City NCR Loan. The NCR loan was originally for \$100,000, the outstanding balance is being amortized over 20 years at 3% interest with a maturity date of April 2030.

ADDITIONAL INFORMATION:

- In 2009, Cosmopolitan Holdings, LLC purchased the commercial building located at 301 East Walnut, and improved the property by doing extensive structural, internal mechanical renovations and façade improvements to convert the first floor from a former auto related repair facility to commercial office. In 2104, the second level of the building was converted to residential uses.
- By Roll Call No. 09-1556, dated August 24, 2009, City Council approved a \$100,000 NCR Loan to Cosmopolitan Holdings, LLC as part of the financing for the initial redevelopment of the property. Subsequently, by Roll Call No. 14-0699, dated May 5, 2014, City Council approved a Subordination Agreement that allowed the Developer to redevelop the second level of the building for residential uses.

- The Developer has obtained first mortgage financing for all the building renovations from Community Business Lenders, a NCR program loan for \$100,000 secured by a second real estate mortgage subordinate to the first mortgage, and a NCR Façade Grant for \$15,000. The balance of funding was provided by the Developer.

PREVIOUS COUNCIL ACTION(S):

Date: May 5, 2014

Roll Call Number: [14-0699](#)

Action: [Subordination](#) Agreement with Community Business Lenders, LLC and Cosmopolitan Holdings, LLC to facilitate new renovations to 301 E. Walnut Street. ([Council Communication No. 14-206](#)) Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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