



Legislation Text

File #: ID 15-0241, **Version:** 1

Resolution Authorizing Release of a Request for Proposals “RFP” Seeking Industrial Site Development Submissions, From Private Developers, of Sites to be Graded via a City Funded Loan of up to a Maximum of \$1,200,000.00

Department: CMO
Council District: Citywide

Public Hearing: March 17, 2015
Advertising Date/By:

Contact 1 and Phone: Jim Westmoreland, Manager - City of Greensboro 373-2002
Contact 2 and Phone: Kathi Dubel 373-4579

PURPOSE:

In order to address a critical lack of large shovel-ready industrial development sites, the Economic Development Committee of the Greensboro City Council has recommended that Council consider requests for an economic development loan(s) of up to a maximum amount of \$1,200,000.00 that would be made available to private developers to assist in grading industrial sites.

BACKGROUND:

Council’s Economic Development Committee met on March 2, 2015 to discuss economic development strategy and plans. During the meeting, the Committee reviewed the status of various projects associated with the City’s Shovel Ready Site loan program Phase I and discussed the merits of the City / Council authorizing funding and an request for proposals (RFP) for a Phase II of the program using a portion of the remaining 2006 Economic Development Bond funds. Based on unanimous Committee direction and support, staff was asked to develop and provide (for full Council consideration) a draft resolution that captured the essence of the phase II proposal and to authorize the City Manger to initiate a Phase II RFP process.

In light of the improving economic conditions in the United States, the City wants to proactively act to increase our shovel-ready industrial site inventory. Our model has been and remains to develop public-private partnerships with private developers where the private sector purchases and develops the land and the City assists in bringing infrastructure to the site. Due to increased underwriting requirements, it is currently not possible for developers to obtain private sector financing to grade speculative industrial sites.

The loans will be made based on site needs and until all funds are used. The loan will bear interest at a fixed rate equivalent to the 5 year treasury bond + 50 basis points annually compounded quarterly to be set as of the date of closing of the loan. The loan will be payable in full at the time the graded site is sold. It will be secured by no less than a second lien against the property being improved. Interest will accrue from the date of disbursement. No principal or interest payments will be due until the date of sale. The developer will be required to either (1) cap the maximum sale price of the land at the current appraised value of the land with the

improvements or (2) agree to begin repaying the loan + capitalized interest over a 5 year fully amortizing term to begin 5 years after the date the loan funds are disbursed.

BUDGET IMPACT:

A maximum amount of up to \$1,200,000.00 to be advanced as grading costs are incurred and progress is made in developing shovel-ready industrial site (s). The loan will be funded by the November 2006 voter approved Economic Development Bond.

RECOMMENDATION / ACTION REQUESTED:

City Council is requested to consider the attached resolution.