



Legislation Text

File #: ID 20-0465, **Version:** 1

Public Hearing for a Resolution Authorizing a Long-Term Vacant Big Box Revitalization Mezzanine Loan in the Amount of \$500,000 and Economic Development Grant in the Amount of \$250,000 to S & S Capital LLC

Council Priority: Create an Environment to Promote Economic Development Opportunities and Job Creation

Department: Planning

Council District: 1

Public Hearing: June 16, 2020

Advertising Date/By: June 6, 2020/City Clerk

Contact 1 and Phone: David Parrish, 373-2002

Contact 2 and Phone: Kimberly Sowell, 373-7753

PURPOSE:

The City of Greensboro has been requested to consider a Big Box Revitalization Loan in the amount of \$500,000 and an Economic Development grant in the amount of \$250,000 for S & S Capital LLC for the revitalization of a long-term vacant big box shell in east Greensboro, investment of at least \$1,665,000 by the developer S & S Capital LLC and the creation of at least 17 new full-time equivalent jobs (by Lessee).

BACKGROUND:

Mr. Shahzad Akbar, President, S & S Capital LLC, has requested assistance from the City of Greensboro for the redevelopment of the Freeman Mill Shopping Center, located at the intersection of Freeman Mill Road and Florida Street.

Specifically, the developers are requesting funding totaling \$750,000, consisting of a \$250,000 grant and a \$500,000 loan to support the redevelopment of the shopping center. The \$250,000 grant would be used for demolition, roof replacement, parking lot, signage and security upgrades. The \$500,000 loan would support a general building upfit for an eventual grocery store tenant. The development pro-forma provided by S & S Capital LLC estimates a total project renovation cost of \$1,655,000. S & S Capital LLC has pledged \$505,000 in owner's equity and identified \$400,000 in investor contributions toward the project. The proposed City contribution of \$750,000 would cover the balance of the projected project development costs.

The project is expected to generate public benefit to the City of Greensboro by positively impacting the property and sales tax revenues and creation of at least 17 new full-time equivalent jobs. This project is subject to the City's Minority/Women Business Enterprise Program Plan as it applies to Economic Development Project M/WBE Subcontracting Goals.

BUDGET IMPACT:

Funding for the grant and loan could come from the 2016 Community & Economic Development Bonds, funds designated to East Greensboro, and/or the Community Development Block Grant (CDBG). The addition of 17 new full-time equivalent positions and investment of \$1,655,000 for renovations are expected to generate public benefit by increasing taxable property and employment in the City.

An amount not exceeding \$500,000 to be advanced to the developer as a loan upon presentation of eligible contractor receipts and will be funded by the 2016 Community & Economic Development Bond. The City will realize revenue over the 5 year life of the loan to include interest only payments for the first 12 months and principal and interest payments as the loan over the remaining 4 years of the 5 year term. The loan will amortize over a 10 year period with the outstanding balance due in full as a balloon payment at the end of the original 5 year term. An amount not exceeding \$250,000 will be advanced to the developer upon presentation of eligible receipts.

RECOMMENDATION / ACTION REQUESTED:

The project meets all base eligibility criteria for consideration of City support. Planning Staff recommends City Council consider providing a mezzanine loan to S & S Capital LLC in an amount not exceeding \$500,000 and consider a grant in an amount not exceeding \$250,000 for development and upfit for a new grocery store to be located in the Freeman Mill Shopping Center.