



Legislation Text

File #: ID 21-0285, **Version:** 1

Resolution Authorizing a 9 Year Reduction to the Repayment Period on a \$150,000 Forgivable Loan Provided to AZ Development, LLC for The Redevelopment of Properties at 120 W Lewis St and 215 W Lewis St and Elimination of a Multi-Tenant Use Restriction for the Property at 120 W Lewis St

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

Department: Planning
Council District: 2

Public Hearing: N/A
Advertising Date/By: N/A

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PURPOSE:

The Planning Department requests that City Council reconsider the repayment period remaining for the \$150,000 Urban Development Investment Forgivable Loan awarded to AZ Development, LLC. This request is based on review of documentation received of additional sales tax revenues and net new taxes paid for the property at 120 W Lewis St. Reconsideration is a provision of the forgivable loan contract that requires City Council approval. Additionally, it is requested that City Council approve eliminating a use restriction in the original loan agreement requiring 120 W Lewis St be utilized as a multi-tenant property. The use restriction that not more than one-third of the floor space of the building be used as a nightclub would not be eliminated as part of this request.

BACKGROUND:

AZ Development, LLC was awarded a \$150,000 Urban Development Investment Forgivable Loan on November 11, 2015 for the renovation of the building at 120 W Lewis St. and revitalization of the property at 215 W Lewis St. The Company received the loan on April 13, 2016. The original repayment period for this loan is 17 years and was calculated based on anticipated net new property tax revenues from the forecasted improvements on the property.

The original terms of the contract stipulate that \$8,823.54 is forgiven annually provided the Company fully meets its contractual obligations related to investment, job creation, and job retention. Staff has verified that the Company is currently in full compliance with all terms of the contract. As of April 13, 2021 there are 12 years remaining on the repayment period for this loan and the remaining loan balance is \$105,882.30.

AZ Development, LLC has provided documentation demonstrating that the local tax impact of the redevelopment has been greater than originally projected and has formally requested reconsideration of the repayment period remaining on the loan based on this evidence. Planning and Finance have reviewed the sales tax revenues paid by the tenant business and the net new taxes paid on the property since 2017. The total tax impact realized by the City of Greensboro since the loan was provided is approximately \$104,719. If accepted

under a reconsideration of the repayment period, the loan balance would be readjusted to \$45,281. Using projections of the annual future net new property and sales taxes to be collected it is estimated that a \$45,281 balance would be paid off in full within 3 years.

In order to prevent future problematic uses of the property at 120 W Lewis St., the contract also included a clause restricting that the building be designed and used solely as a multi-unit and multi-tenant development, with not more than one-third of the floor space of the building to be used as a nightclub, as defined in the Greensboro Land Development Ordinance. A current tenant at the property, Boxcar GSO Holdings, LLC, has interest in expanding its operations to occupy the entire building. AZ Development is requesting elimination of only the multi-tenant use portion of the use restriction to facilitate that expansion possibility.

BUDGET IMPACT:

There is no budget impact

RECOMMENDATION / ACTION REQUESTED:

Staff recommends City Council approve modification of the forgivable loan balance from \$105,882.30 to \$45,281.00 and reduction of the remaining repayment period on the loan from a 12 year term to a 3 year term. Staff also recommends amending the existing loan agreement to eliminate the requirement that the building at 120 Lewis Street be utilized as a multi-tenant property.