

Information Item

Date: October 14, 2019

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Evan Raleigh, Assistant City Manager
Ken Millett, Office of Business Inclusion and Advancement Director

Subject:

Information on Resolution Authorizing the Allocation of Commercial Redevelopment of Blighted Areas 2018 Bond Money for a Project in the College Village Area

Strategic Focus Area: Economic Vitality and Diversity

Strategic Objective: Promote Commercial Development in Economically Disadvantaged Areas

Strategic Plan Action Item: No

Key Work Item: No



In 2006, City Council established the Revitalizing Urban Commercial Areas (RUCA) Program to help revitalize some of the city's declining urban commercial areas. The original program designated 33 areas as RUCAs, including College Village at the corner of Avalon Road and Spring Valley Road, and divided them into three tiers based on need. The general obligation bonds approved in 2014 designated \$2 million for a third round of RUCA projects. Modifications by City Council in 2017 retained the designated areas, but removed College Village from the areas eligible for round III funding.

College Village Holdings LLC, the owner of 753 Avalon Road, is requesting financial assistance for site improvements, including parking lot paving, driveway aprons and sidewalks, and exterior lighting. Current tenants include Diamondback Grill and Buie's Market. The property owner engaged an architect for site plan drawings that have been approved by Inspections. The project was competitively bid by the owner and is estimated to cost \$152,000, including contingency. City staff has reviewed the bid information and deemed the cost reasonable.

The owner is requesting financial assistance for the project totaling \$152,000. Although the project is not eligible for RUCA III funding, the proposed use of funds is similar to improvements for previous RUCA projects. An allocation totaling \$2 million for the Commercial Redevelopment of Blighted Areas (CRBA) was approved as part of the 2018 bonds. Criteria for the allocation of funds has not yet been determined by City Council.

A potential funding source could utilize CRBA funds in a similar way as a RUCA Low Interest Loan. The interest rate would be the same as RUCA (3%), but rather than a ten-year repayment period the owner has committed to repayment over a two-year (24 month) period. No portion of the loan would be deferred or forgivable. City staff proposes that, if approved, the principal and interest repayments for this project be used to replenish funds available for future CRBA projects.