

RESOLUTION NO. 2017-#(*)

A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO EASTERN PACIFIC DEVELOPMENT OR ITS ASSIGNS.

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated March 28, 2017, for use of Second Generation Enterprise Zone Assistance Funds for the following project: **Economic Development Loan to Eastern Pacific Development or its assigns;** and

WHEREAS, it is considered to be in the best interest of the City of Vineland and the community in particular that Second Generation Enterprise Zone Assistance Funds be utilized for the above-mentioned project; now, therefore,

BE IT RESOLVED by the City Council of the City of Vineland that said Council does hereby approve the use of Second Generation Enterprise Zone Assistance Funds for the following project, in accordance with the proposal submitted by the City of Vineland Revolving Loan Fund Second Generation Loan Committee:

Economic Development Loan to:	
Eastern Pacific Development or its assigns	\$450,000.00

BE IT FURTHER RESOLVED that the Mayor is hereby authorized to execute all documents associated with this loan.

Adopted:

President of Council

ATTEST:

City Clerk

MEMORANDUM



TO: City Council President and Members

FROM: City of Vineland Revolving Loan Fund
Second Generation Loan Committee

SUBJECT: **Applicant:** Eastern Pacific Development or its assigns
Loan Amount: \$450,000.00

DATE: March 28, 2017

Dear Council President Spinelli, Councilmen Acosta, Francheshini, Vargas, and Councilwomen Calakos:

On behalf of the City of Vineland Revolving Loan Fund Second Generation Loan Committee, please accept this letter recommending a commitment be given to the above applicant for a second generation loan in the amount as stated herein above.

Please note that the committee finds that the purpose of the loan meets the criteria set forth in the Statute made and provided governing Urban Enterprise Zone Loans. The committee further finds that the loan will promote economic development, creation/retention of jobs, and/or tax ratables that will benefit the City of Vineland.

Further, please note that based on the information provided, the applicant has the present ability to repay said loan and the loan would be properly protected in that the pledged collateral has a net value which equals or exceeds the amount of the requested funding.

Respectfully submitted,


Sandra Forosisky
Director of Economic Development

SF/fd

cc: Frank DiGiorgio
file



**VINELAND UEZ LOAN COMMITTEE
LOAN PROPOSAL**

Date: March 28, 2017

Borrower Name and Address (s): Eastern Pacific Development

Request: \$450,000 loan, \$250,000 parking lot acquisition

Interest Rate: 3%

Term of Loan: 15 year balloon, 30 year amortization

Background

In May 2004, the City of Vineland adopted a Redevelopment plan for its Center City Redevelopment Area. The plan included the redevelopment of the East Gateway, which included the Landis Theater and the adjacent parking lots. At the time the Landis Theater was redeveloped, the adjacent property, 818 Landis Avenue, was not developed due to the cost of acquisition. The property remained vacant and fell into disrepair over the past several years. As a result, the owners lowered the price substantially and the City purchased the property in November 2016 for \$200,000. The property consisted of 6 lots, 5 of which were utilized for parking and one that contained a two story building consisting of 6,366 square feet on the main floor and 4,110 on the second floor. The building had significant damage due to a leaking roof and the parking lots are a hazard in their current condition.

In December 2016, the City issued a Request for Proposals in which it received two responses. One was from Eastern Pacific, the developer of Landis Senior Apartments on the SE corner of East and Landis; the other response was from Grace Community Church, which rents the Landis Theater on Sundays. The Grace Community Church was rejected because it did not have a clear financial plan for the project. City Council approved Eastern Pacific as the redeveloper and amended the original redevelopment agreement for Landis Theater to include the six additional lots. The terms for financing requested by the redeveloper were approved in the amendment contingent upon UEZ approval.

Project

The City of Vineland would sell block 3022, lots 3, 4, 5, 9, 10, & 11 to the redeveloper for \$1. The City of Vineland Engineering will design a city parking lot on lots 3, 4, 5, and 9. The redeveloper will make the site improvements and sell back to the City the parking lots for \$250,000. The redeveloper will renovate the existing building on lot 10. The improvements include the demolition of the two drive-through canopies on the east and north side of the building, interior demolition, new mechanical system, new electrical system and interior renovations for a use permitted in the Main Street District.

COLLATERAL:

- a.) 1st position mortgage Block 3022, lots 10 & 11.

SIZE OF PARCEL:

- (a.) Lots 3, 4, & 5 total 125' X 150'. These lots will be sold back to the City for parking.
- (b.) Lot 9 measures 75' X 150". This lot will be sold back to the City.
- (c.) Lot 10 measures 95' X 150' and contains the building. The UEZ will have a first position mortgage.
- (d.) Lot 11 measures 30' X 150' and is driveway for lot 10. UEZ will have 1st position mortgage.

Project Costs

PARKING LOT IMPROVEMENTS

Demo of Existing	\$ 90,000
Grading	\$ 25,000
Curbs & Sidewalks	\$ 75,000
Relocate trash area	\$ 35,000
Paving	\$110,000
Parking lot lighting	\$ 45,000

Total Parking Lot Improvements **\$380,000**

INTERIOR RENOVATIONS

Demolition	\$ 65,000
Replace Roof	\$ 85,000
Electrical	\$ 55,000
Mechanical	\$150,000
Interior Carpentry	\$ 40,000
Flooring	\$ 40,000
Exterior Work	\$ 25,000
Architect/Engineer	\$ 20,000
Construction Loan Fees	\$ 20,000

Total Estimated Renovations **\$500,000**

TOTAL PROJECT COSTS **\$880,000**

Sale of Lots	\$250,000
Redeveloper's Equity	\$180,000
UEZ Loan	\$450,000

Financial Pro Forma

REVENUES

First Floor 6,100 sq. ft. @ \$10 sq. ft.	\$ 61,000
Second Floor 3,500 sq. ft. @ \$8 sq. ft.	\$ 28,000
Basement 3,000 sq. ft. usable @ \$5 sq. ft.	\$ 15,000

Total Revenue @ 100% occupancy **\$104,000**
Assume a 10% vacancy factor **(10,400)**

Total Income **\$93,600**

EXPENSES

Taxes	\$ 12,000
Maintenance	\$ 10,000
Utilities	\$ 8,000
Insurance	\$ 25,000

Total Expenses **\$55,000**

NET OPERATING INCOME **\$38,600**

Debt Service Coverage Ratio $38,600/22,767 = 1.7$

Loan to Value

Loan to Value is difficult because it is a redevelopment project and was not financially feasible under private development without assistance from the UEZ. Taxes were calculated on a value of \$450,000, which would be a LTV of 100%.

Substantiation

The City of Vineland originally purchased 818 E. Landis Avenue and the additional 5 lots with the intention of demolishing the bank building and making the 6 parcels a public parking lot. Engineering estimated the cost to develop the parking lot at approximately \$360,000. The cost of demolition was estimated to be \$175,000 due to the underground safe. In addition, the City would lose a ratable in the bank building, estimated to be \$450,000. Rather than costing the City \$535,000 plus the \$200,000 for acquisition for 95 parking spots, the City will purchase 78 parking spots for \$250,000 in addition to the \$200,000 cost of acquisition and have a ratable worth \$12,000 in taxes each year plus normal escalation.

WOOD STREET

66' WIDE R.O.W.

N. EIGHTH STREET

66' WIDE R.O.W.

SHORE/COFFIN LIFALS
MULTIPLE ADDRESSES
LOT 1

R-C RENTAL
MULTIPLE ADDRESSES
LOT 12

BLOCK 3022

FIRST PRESBYTERIAN CHURCH
800 E LANDIS AVE.
LOT 2

FIRST PRESBYTERIAN CHURCH
800 E LANDIS AVE
LOT 2

818 LANDIS AVE.

LOT 10

LOT 11

LOT 9

LANDIS THEATER

LOT 6

EAST AVENUE

100' WIDE R.O.W.

LANDIS AVENUE

100' WIDE R.O.W.



CONCEPT PARKING LAYOUT
BLOCK 3022 LOT 4, 6, 9, 10, 11

CITY OF VINELAND

COURTY OF COMMISSIONERS

DATE OF THIS ORDER: 04/23/2024

OFFICE OF THE CITY ENGINEER

DATE OF THIS ORDER: 04/23/2024

PROJECT: 23-0001-000

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