



CITY OF DURHAM | NORTH CAROLINA

## MEMORANDUM

**Date:** March 22, 2011

**TO:** Thomas J. Bonfield, City Manager

**THROUGH:** Keith Chadwell, Deputy City Manager

**FROM:** Kevin Dick, Director – Director, Office of Economic and Workforce Development  
Christopher Dickey, Senior Manager - Economic Development  
Peter Coyle, Cultural and Business Initiatives Coordinator

**SUBJECT:** Public Hearing per G.S. 158-7.1 to Receive Comments on Economic Development Grant Incentive and approval of a Building Improvement Grant for Samuel and Sons Barber Shop, LLC.

### **Executive Summary**

This item recommends the approval of a Building Improvement Grant (BIG) for Samuel and Sons Barber Shop, LLC.

### **Recommendation**

The Office of Economic and Workforce Development (OEWD) recommends that a Public Hearing on Economic Development Incentives be held per G.S. 158-7.1 and that Council authorize the City Manager to execute a contract with Samuel and Sons Barber Barber Shop, LLC in the amount of \$75,000.00 for a building renovation project at 2110 Angier Avenue, Durham, NC 27703.

### **Background**

On May 17, 2010, the City Council approved an economic incentive policy, which included among its grant programs, the Building Improvement Grant (BIG) program designed to encourage and provide financial assistance for building improvements to small businesses located Downtown and in Community Development Areas. Grants are to be used to upgrade and revitalize commercial buildings and, in doing so, to enhance these areas of the community, attract additional investment and assist in overall economic

improvement in the City. BIGs are designed for building owners and can have a maximum amount of \$75,000.00.

On January 18, 2011, OEWD announced the availability of Building Improvement Grants with an application deadline of February 18.

A committee reviewed each of seven BIG proposals provided to them. The committee included representatives of the Office of Equal Opportunity and Equity Assurance, the Office of the City Manager and the Office of Housing and Community Development. After analyzing all responsive grant applications, the committee recommended the following allocations be distributed among the following proposals. The list shows total project costs as well as those costs which are eligible for reimbursement under the grant.

300 E. Main Street, LLC	\$375,000.00	\$75,000.00
ClearSense Properties, LLC	\$965,149.00	\$75,000.00
CRANC	\$188,500.00	\$75,000.00
Samuel and Sons Barber Shop	\$195,419.00	\$75,000.00
307 W. Main St., LLC	\$729,636.00	\$49,000.00
<b>TOTAL</b>	<b>\$2,453,704.00</b>	<b>\$349,000.00</b>

A BIG for Samuel and Sons Barber Shop, LLC would improve the appearance of the Angier/Driver area, make rental ready a currently vacant building and advance the City's goal for the development of retail and office space, in the CDA. The applicant operates the barber shop/retail clothing store and leases a portion of the building to the Triangle Trophy Center. The businesses are part of the rebirth of retail businesses in the Angier/Driver Corridor. The building was severely damaged by fire. The grant, along with insurance and other funds developed by the owner, will allow for the restoration.

### **Issues and Analysis**

A major priority of the City of Durham is increasing and strengthening the economic stability of the City. Staff endorses the funding recommendations of the committee which would serve to promote the continued revitalization and vitality of downtown Durham and its surrounding neighborhoods. The proposed project will include \$120,419.00 in private investment with a \$75,000.00 BIG for a total project investment of \$195,419.00.

Increased capital expenditures by small retail businesses on items that are non-removable real property or personal property, will add to tax values in the City. Visible improvements to these business properties also will act as catalysts for additional investment, and added tax base, by others. The BIG program was created to serve and encourage this type of private investment. It is supported by the RKG Neighborhood Assessment Plan of March 2006, the Updated Downtown Master Plan of January 2008, and the City Center Market Retail District Study of January 2010.

The committee members are satisfied that there is a reasonable likelihood for business success for this project. While, there is no guarantee that any individual small startup

business will survive in the current economic climate, the capital improvements to the building will raise the assessed value for tax purposes even if the currently projected business tenant closes or moves to other locations over time. The renovated spaces still would offer high quality business locations for future tenants.

**Alternatives**

The City Council may reject the recommendation to approve the funding or may choose to award a grant for a different amount. Not funding the project would undermine the ability of the Department to carry out the objectives of the Economic Development Financial Assistance and Incentive Policy program and objectives of downtown retail development. The applicant's project will have a positive effect on the appearance and business climate of the affected location.

**Financial Impact**

FY 2010/11 funding for this project comes from the Neighborhood Revitalization Fund Org Code 07300000 and Object Code 728600.

**SDBE Summary**

An SDBE summary is inapplicable because no project-specific goals have been set and no SDBEs are involved in this item.

**Attachments:**

- Building Improvement Contract for Samuel and Sons barber Shop, LLC
- Samuel and Sons Barber Shop, LLC Building Improvement Grant Application