



CITY OF DURHAM | NORTH CAROLINA

Date: November 21, 2013

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Kevin Dick, Director – Director, Office of Economic and Workforce Development
Subject: Amendment to the Economic Development Incentive Agreement with UDI Community Development Corporation

Executive Summary

This item recommends the approval of a contract to amend the agreement between UDI Community Development Corporation (UDI) and the City of Durham relating to the Economic Development Incentive Contract that was awarded to UDI.

Recommendation

The Office of Economic and Workforce Development (OEWD) recommends that the City Council authorize the City Manager to:

1. Execute an amendment to the agreement between UDI Community Development Corporation and the City of Durham that would extend the date of completion of Capital Investment to no later than February 4, 2014 and extend the contract expiration date to June 1, 2014; and
2. Hold a public hearing on the proposed amendment to an economic development economic incentive agreement per G.S. 158-7.1.

Background

On June 4, 2012, the City Council approved a Neighborhood Revitalization Grant for \$100,000.00 for UDI to renovate a blighted building at 727 North Magnum Street. This location is a gateway corridor heading into downtown Durham. UDI's plan is to renovate a 1500 SF building into a 4500 SF mixed- use commercial/ residential, three level building. The first and second levels are slated for retail and office space and the third floor will be residential. The project has experienced a number of delays which has impacted UDI's ability to meet the deadlines that are stipulated in the contract. The UDI contract stipulates that capital investments totaling \$577,000 would need to be made by June 14, 2013 and the project close out must be finalized by December 4, 2013; in order to receive the \$100,000 grant.

Issues and Analysis

In a letter received on October 24, 2013, UDI informed OEWD that it was unable to complete the project within the required contract time due to delays, many of which have been beyond its control.

UDI provided the following reasons for the project delays:

- The requirements for construction projects in the Historic District require approximately eleven months to properly address.
- The inability to gain access to the project site via the adjacent properties was an existing issue because of the “zero lot line” space between UDI’s property and the properties on both sides. This issue was addressed by leasing the required space from the adjacent tenants during the construction.
- The theft of electrical wiring in the building, on two occasions, required reworking of the renovation and further delayed the project.
- Rainy weather caused lost work days.

Staff recommends an approval of an extension to this contract to promote the continued revitalization and vitality of downtown Durham and its surrounding neighborhoods. This project, when completed, will stimulate new business development and home ownership opportunities for Durham residents in this Targeted Neighborhood Commercial Corridor.

Alternatives

Council may choose to reject the recommendation to extend the agreement or to approve a different length of time for the extension. Not extending the agreement will impact UDI’s ability to carry out their financial commitments to the project.

Financial Impact

The grant amount will not change; therefore, there will be no financial impact to the City of Durham as a result of extending this agreement.

SDBE

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

Attachments:

Amendment to Agreement between UDI Community Development Corporation and the City of Durham for Economic Development Incentive for Neighborhood Revitalization.