

Request for Revitalization Grant- City of Durham

Habitable Space LLC
902 Burch Avenue
Durham, NC, 27701

February 26th, 2016

Chris Dickey
Economic Development Coordinator
Office of Economic and Workplace Development
807 E. Main Street
Suite 5-100
Durham, NC, 27701

Dear Mr. Dickey,

Habitable Space, LLC is pleased to present you with this request for a grant from the City's Neighborhood Revitalization Fund to assist with our efforts to renovate and expand the property at 1200 West Chapel Hill Street. We're excited about the work the city has already supported in this corridor, and look forward to contributing to the renaissance of West Chapel Hill Street.

Some of our project's highlights include:

- Full renovation and expansion of a vacant, outdated commercial building.
- New restaurant and catering kitchen to be opened on the property; owner has successful track record of two other restaurants and 17 years in business in the City of Durham.
- Creation of 36 new full time jobs.
- Project has complete schematic designs and will be shovel-ready by June 2016.
- Outdoor dining patio will bring life and vibrancy to the street level.
- Project will revitalize a key property located at western "gateway" to West Chapel Hill Street and downtown Durham.

As our attached images show, 1200 West Chapel Hill Street was home to a Pure gas station in the 1960s, when the corridor had a thriving business district. The gas station closed in the 1990s as businesses began to struggle, and the property has been in declining use since then. A church held services there on Sundays between 2004 and 2013, but the building was vacant on weekdays and has been fully vacant since 2013. It is currently a 1288 sf shell in need of a gut level renovation.

With the successful turnaround of downtown Durham and its nearby neighborhoods, West Chapel Hill Street is now primed for revitalization. A vibrant restaurant would be a catalyst to stimulate a new wave of small business growth in the corridor. As our attached conceptual drawings show, we plan to create a dynamic new look for the building by adding a second story and an outdoor dining patio. The restaurant will be open seven days a week, and will serve quality food reasonably priced so that neighbors from Burch Avenue, the West End and other nearby neighborhoods can

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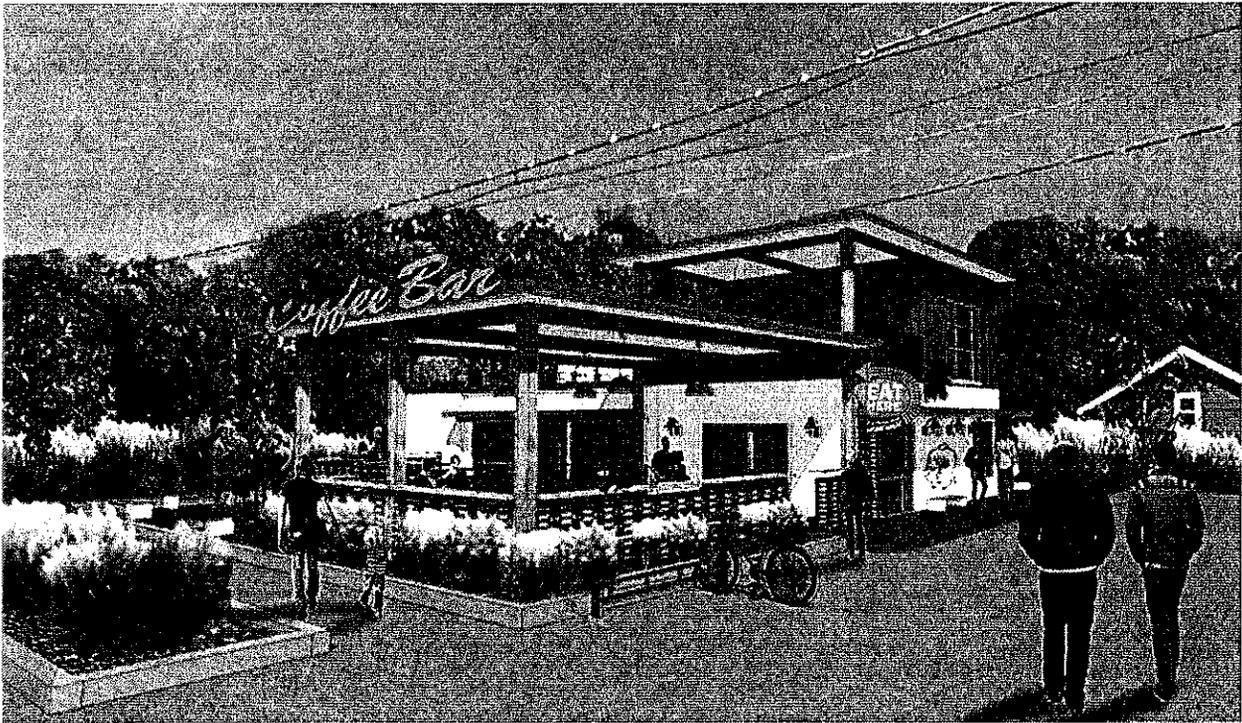
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1200 West Chapel Hill Street

A Conversion of a Vacant Gas Station into Vibrant Restaurant Space

1200 West Chapel Hill Street, Durham, NC



Prepared by for Habitable Space LLC

By

N. Christine Westfall

February 2016

Project Sources and Uses Statement/Development Budget

<u>Sources</u>	<u>Debt</u>	<u>Equity</u>	<u>Grant</u>	<u>Total Sources</u>	<u>Percent</u>	<u>Status</u>
Habitable Space LLC		\$52,550		\$ 52,550	6%	Committed
City of Durham			170,000	\$ 170,000	21%	Requested
Yadkin Bank Acquisition loan	\$200,000			\$ 200,000	24%	Committed
Yadkin Bank Perm. Financing	\$400,000			\$ 400,000	49%	Requested
				\$ 822,550		

Uses

Acquisition Costs **\$ 181,000**

Construction Costs

Environmental Remediation \$ 65,000

Architecture & Engineering \$ 35,000

Demolition \$ 3,000

Builder's Risk Insurance \$ 1,000

Building Permits/Fees \$ 1,061

Roofing \$ 40,000

Framing \$ 30,000

Sheetrock \$ 15,000

Interior Flooring \$ 17,000

Windows & Doors \$ 30,000

Electrical \$ 23,000

HVAC \$ 15,000

Plumbing \$ 20,000

Painting - interior & exterior \$ 18,000

Hoods & hood ventilation \$ 60,000

Walk in Coolers \$ 23,000

Service Counters \$ 9,000

Total Construction Costs **\$ 405,061**

Equipment & Soft Costs

Ovens, Slicers, Smallwares \$ 124,000

Printing Materials- Advertising, Menus \$ 8,000

Office Supplies \$ 4,000

Point of Sale System \$ 12,000

Furniture \$ 25,000

Security System \$ 2,500

Music/Intercom System \$ 2,000

Wiring – Telephone, Fax, Registers \$ 2,000

Real Estate Taxes \$ 1,989

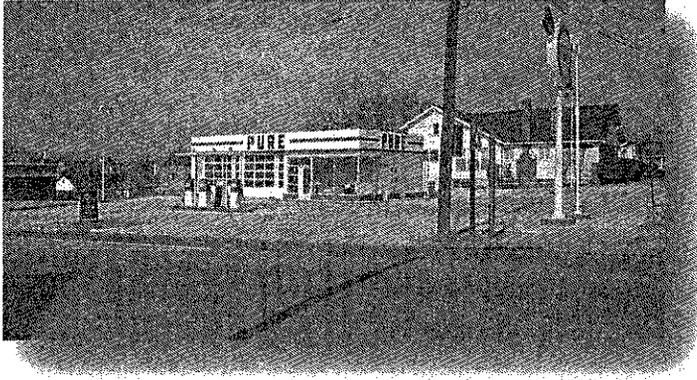
Legal & Professional Fees \$ 5,000

Opening food paperware \$ 50,000

Total Equipment/Soft Costs **\$ 236,489**

Total Uses **\$ 822,550**

Images, Site Map and Floor Plans



1200 West Chapel Hill Street in the 1960s



1200 West Chapel Hill Street Today



The Property Sits at the Western "Gateway" to Downtown

1200 WEST CHAPEL HILL STREET

The building currently on the site was constructed in 1956 as a Pure gas station. The property was used as a gas station until 2004. It has undergone full environmental remediation.

The property is located at the intersection of Kent Street and West Chapel Hill Street, the western "gateway" to downtown Durham. Its restoration will have a strong positive visual impact on the gateway.

Currently the building is a shell space in need of a gut level renovation. The building has been vacant since 2013.

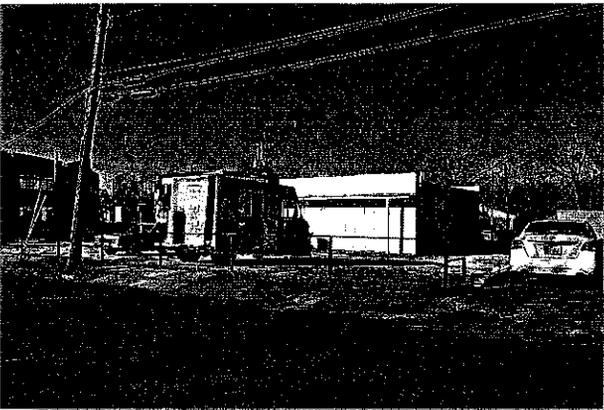
Statement of Need

The property at 1200 West Chapel Hill Street will cost more to renovate and equip than restaurant revenues in this location will support. Our projected revenues for the space, based on our seventeen years of owning and operating restaurants in Durham, will not support a debt service to cover the full costs of the project. Furthermore it is our intention to maintain prices at levels affordable to the moderate income neighborhoods that surround the site.

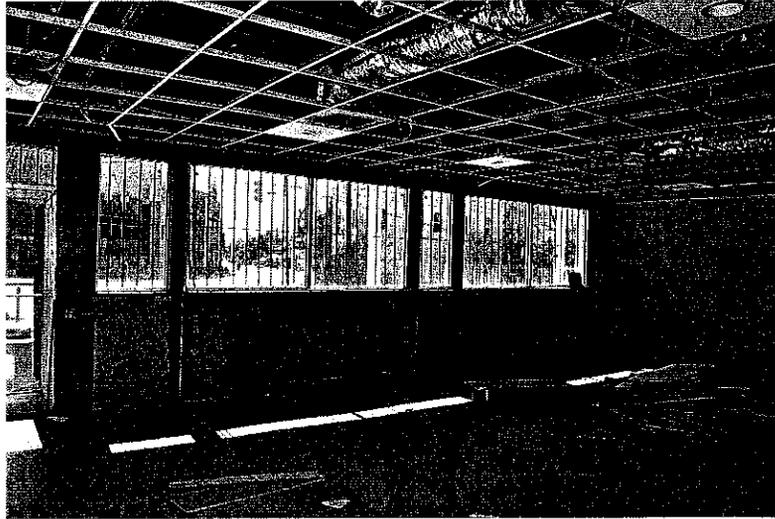
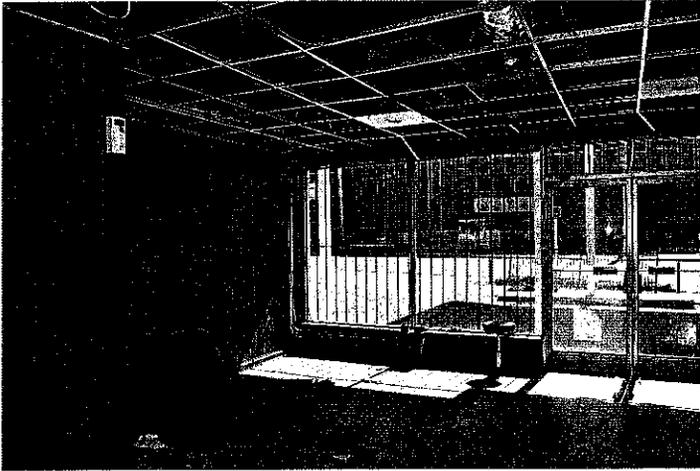
A yearly profit margin of at least 7% is needed to ensure success in the first five years of restaurant operation. As our business pro forma shows, our profit margins are not projected to reach this threshold until year 5. Due to this narrow margin, our lender is only willing to commit to financing \$400,000 beyond the \$200,000 acquisition loan. This leaves a \$170,000 gap in our project sources.

We are seeking \$170,000 in Neighborhood Revitalization Grant funds to fill this gap. Public funds will be used to renovate the building in first-class condition and deliver an attractive, exciting new gathering space to the community. We plan to develop a high quality space that will encourage more business growth on the corridor, thus providing an even greater "return" for city dollars invested.

1200 West Chapel Hill Street Exterior Images



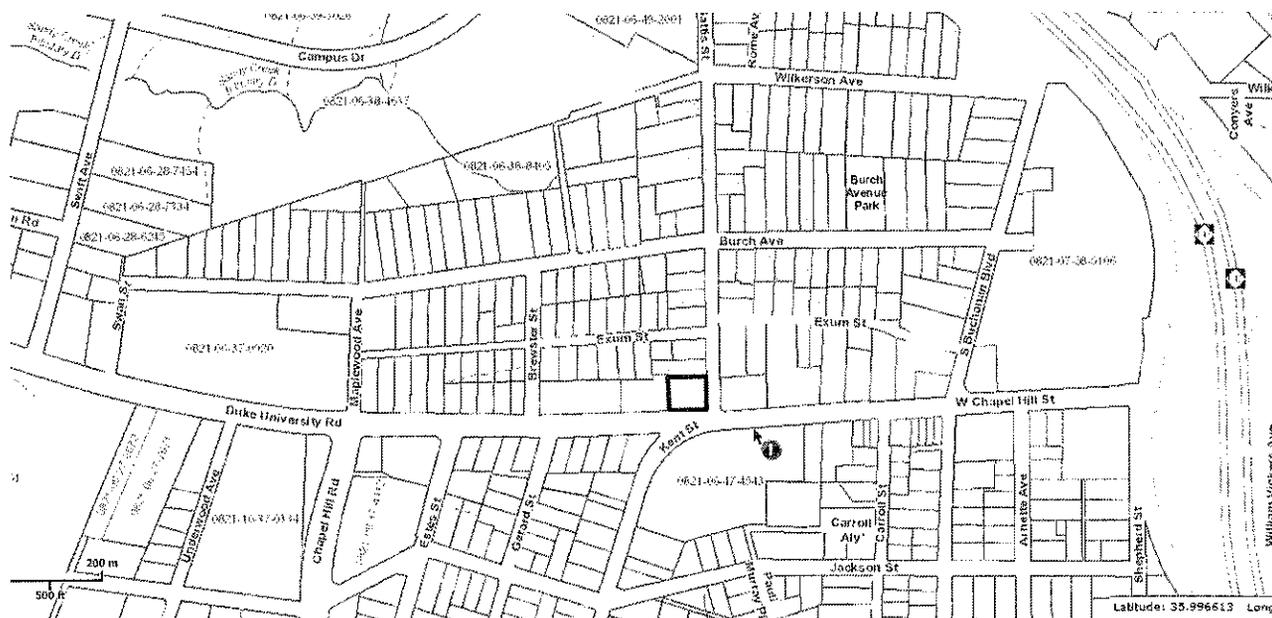
1200 West Chapel Hill Street Interior Images



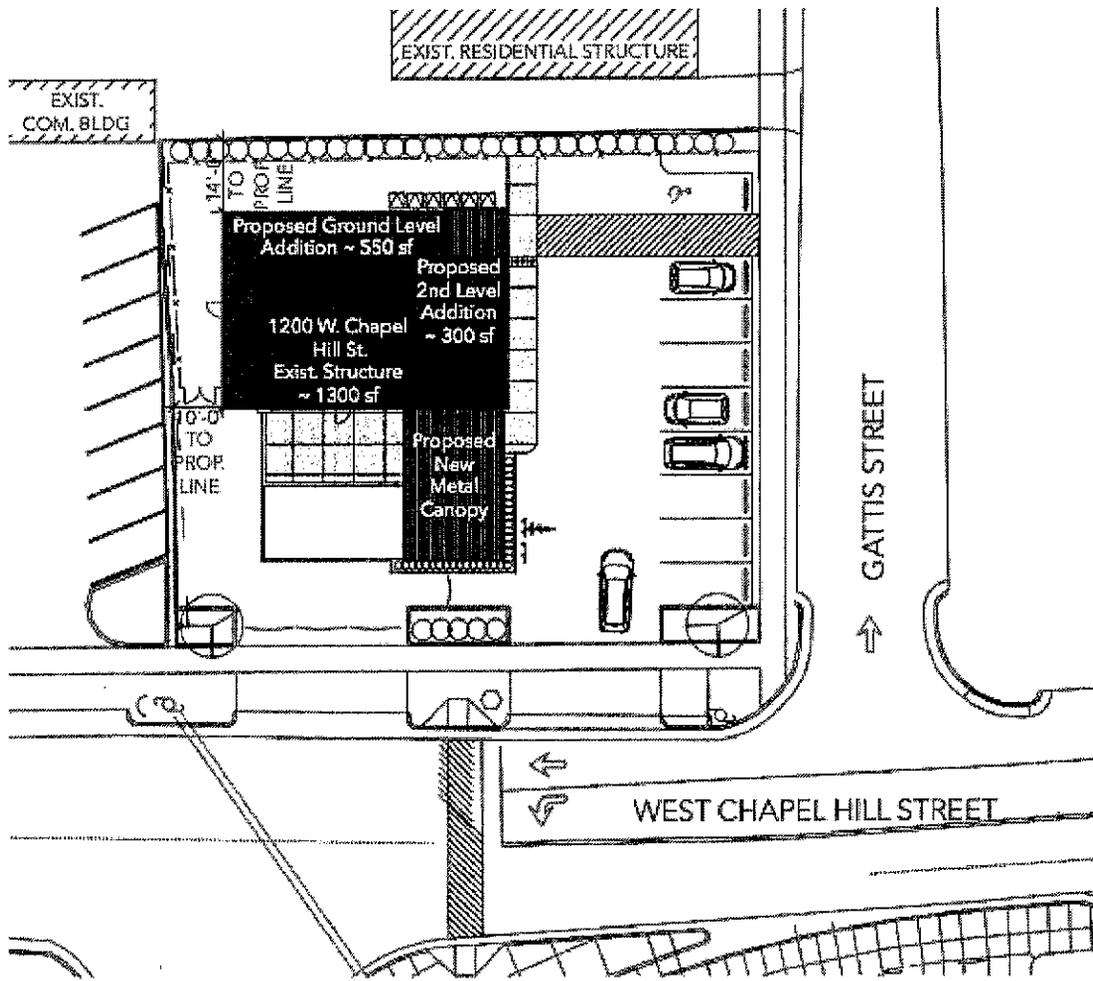
Project Site Map



1200 West Chapel Hill Street, Pin # 0821-0647-3840



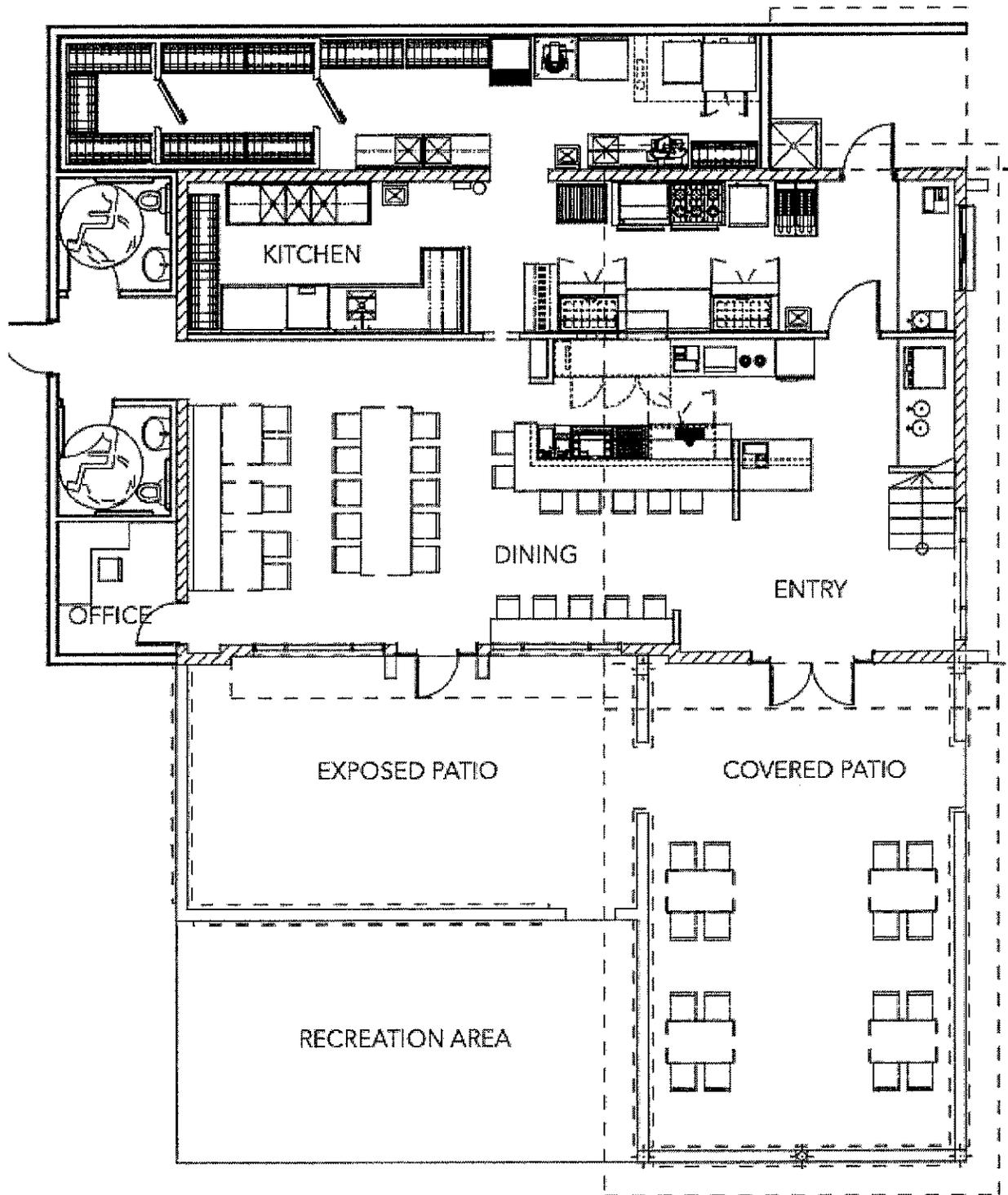
The Site in Relation to the Larger Neighborhood



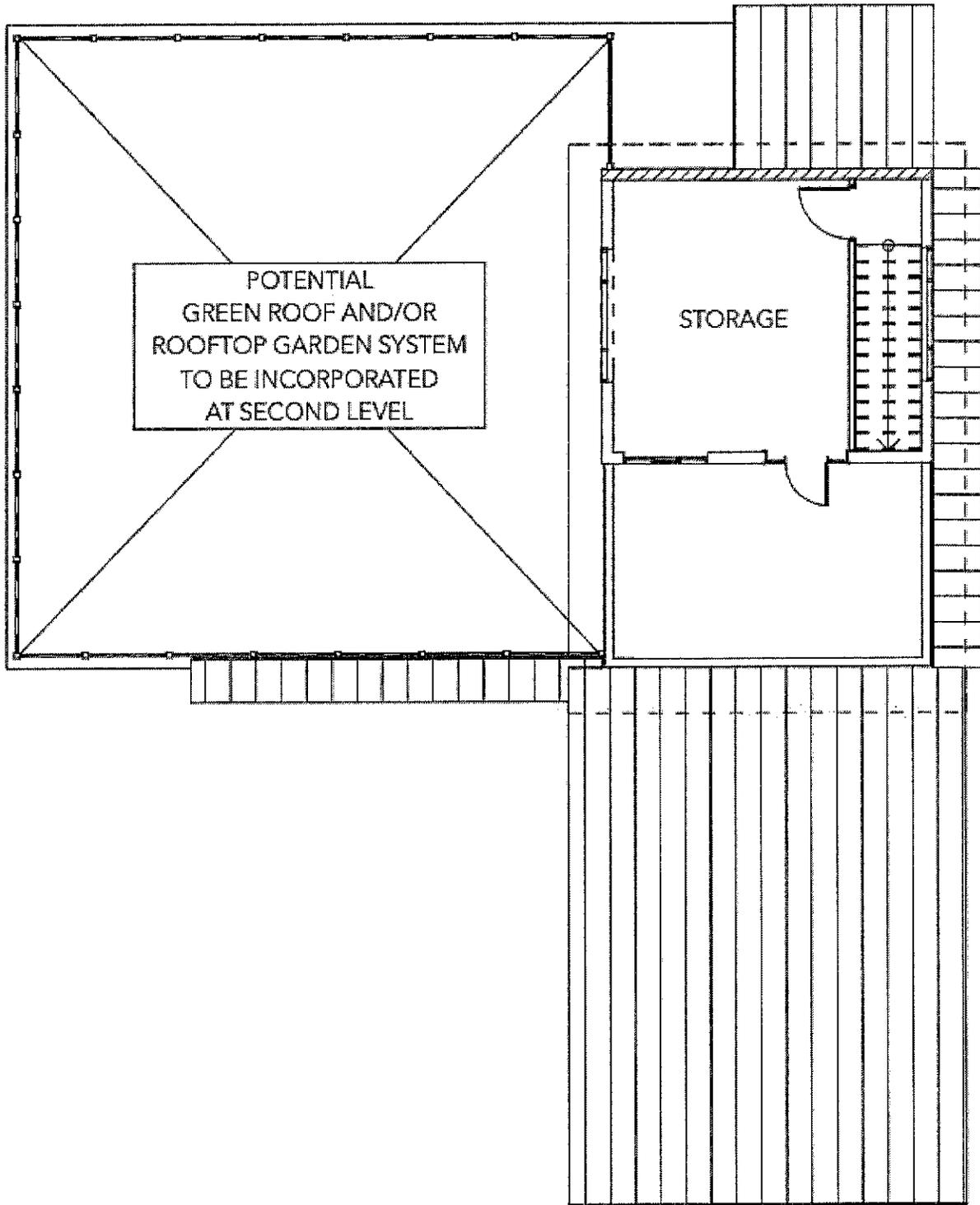
1 Proposed Site Plan
SCALE: 1/32" = 1'-0"



2 Image of Existing Site



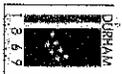
1 Ground Level
 SCALE: 1/8" = 1'-0"



1

Second Level

SCALE: 1/8" = 1'-0"



City of Durham

Office of Economic and Workforce Development
302 East Pettigrew Street, Ste. 190
Durham, NC 27701

Received 2-29-16

APPLICATION FOR ECONOMIC DEVELOPMENT INCENTIVES FOR JOB CREATION AND CAPITAL INVESTMENT

Thank you for your interest in expanding or locating within/to the City of Durham. Please complete this application for consideration of incentives and return to Darrell Solomon at Darrell.solomon@durhamnc.gov or 807 East Main St, Suite 5-100, Durham NC 27701.

Company Information

Name of Company Requesting Incentive (Required)	Name and Address of Parent Company
Habitable Space LLC	Same, Habitable Space LLC 902 Burch Ave. Durham NC 27701
Address of Company Requesting Incentive (Required)	Primary Project Contact for Company Requesting Incentive
902 Burch Ave, Durham NC, 27701	Name Christine Westfall
	Title Development Manager
	Phone 919 949 4332
	Fax
	Email chwestfall@gmail.com
	Website Address http://www.habitablespacedurham.com/

Product Manufactured or Service Provided by Company Requesting Incentive

Restaurant and Catering Kitchen

Product to be Manufactured or Service to be Provided at Project Site

Restaurant and Catering Kitchen

Is Request for Incentive Due to Capital Investment, Job Creation or Both?

Capital Investment

Job Creation

Both

Is Request for Incentive Due to Your Company:

Expanding Within City of Durham Limits? Yes No

Locating Within City of Durham Limits? Yes No

Capital Investment (If no capital investments are to be considered for incentive, skip to page 4)

Indicate facility type the proposed project is considered: corporate headquarters office building health care facility business incubator
 hotel/motel research & development financial institution manufacturing/assembly/fabrication/processing warehouse/distribution retail commercial component of mixed-use development residential parking deck

Physical Address of Project Site: 1200 West Chapel Hill Street, Durham NC 27701

Project Parcel PIN Number: 0821-06-47-3840

Total Planned Project New Square Footage and Acreage: New SQ 1288 newly renovated and 850 new construction, 2138 sf total Acreage .25

Breakdown of Square Footage if Mixed Use: Retail 100% Residential Number of Apartments Number of Condo Units

Number of Parking Spaces 11

Parking Deck (Square Footage, Number of Spaces and Levels) Square Footage Number of Spaces Number of Levels

If Hotel/Motel: Number of Rooms Square Footage of Rooms: Lounge/Restaurant Area Square Footage:

Pool: Yes No Square Footage of Storage:

If Commercial: Square Footage of Laboratory/Clean Rooms: Square Footage of Office Space:

Square Footage of Manufacturing Space:

Is Personal Property Included within Investment: Yes 6 No

Describe Scope of Project. Phase I Describe Scope of Work

If project involves phases please describe what aspects of project will be completed during each phase and define start and end dates for each phase. Also, indicate whether a certificate of compliance or occupancy will be issued at the end of the phase.

1200 West Chapel Hill Street will be a single phase redevelopment of an existing vacant gas station into a full service restaurant and catering kitchen. The Pure Gas Station on the site closed operations over 18 years ago. No substantial renovations have been made to the building or site since that time. Our project will preserve the shell of existing building, which is mostly structurally sound. The owner purchased the property in October 2015, and their cost of acquisition (including removing 6 underground storage tanks) was \$246,000. The projects renovation and lift budget, including equipment and furnishings, is \$576,550 for a total project budget of \$822,550. The Scope of Work for the renovation of the building and site will include the following items:

- All new wiring
- All new flooring
- New roof (replace roof membrane)
- Structural reinforcements for roof
- New Stairs to access rooftop
- All New replacement windows
- Demolition of some interior walls

Add additional phases if needed and attach on separate sheet using the format provided.

- Creation of new interior walls for kitchen and bathrooms
- All new plumbing
- All new HVAC
- New walk-in-cooler for cold food storage
- New commercial kitchen space, including ovens, ranges, hood, storage, racks and smallwares
- Grease trap
- Service counters
- Point of Sale equipment
- Restaurant furnishings
- Security System
- Telephone and fax system
- 2 new ADA compliant accessible bathrooms
- Repainting of entire interior and exterior
- Patching and re-striping of parking lot
- Addition of outdoor awning and seating area
- Streetscape improvements pending availability of grant funds.
- Signage and facade improvements.

Start Date 6/15/16 End Date 11/30/16

15

Will a Certificate of Compliance be Issued at Completion Yes No
 Will a Certificate of Occupancy be Issued at Completion Yes No

Phase 2 Describe Scope of Work

Start Date mm/dd/yy End Date mm/dd/yy

Will a Certificate of Compliance be Issued at Completion Yes No
 Will a Certificate of Occupancy be Issued at Completion Yes No

Phase 3 Describe Scope of Work

	Start Date mm/dd/yy	End Date mm/dd/yy	Will a Certificate of Compliance be Issued at Completion Will a Certificate of Occupancy be Issued at Completion	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
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Estimated Value of the Building(s) to be Constructed \$ 700,000 Building, \$100,000 Land	Current Durham City/County Real Property Tax Bill – Land \$ 68,062	Current Durham City/County Real Property Tax Bill – Improvements \$ 109,539	Current Durham City/County Personal Property Tax Bill \$ 0
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Qualified Capital Investment: The following three (1, 2, 3) sections detail qualified capital investment under the City's incentive policy. Please provide yearly expenditures for each category. Define year as calendar year.

1. Related Development Fees Charged by the City of Durham for the Project	Year 1 2016	Year 1 Expenditure \$1,061
	Year 2	Year 2 Expenditure \$
	Year 3	Year 3 Expenditure \$
	Year 4	Year 4 Expenditure \$
	Year 5	Year 5 Expenditure \$
	Year 6	Year 6 Expenditure \$
	Year 7	Year 7 Expenditure \$
	Total Expenditure \$1,061	

2. On-site and off-site public infrastructure improvements; site preparation; site clearing; grading; installing and/or expanding water and sewer utilities; installing and/or expanding drainage facilities; new construction; rehabilitating and/or demolishing existing structures; facade improvements; streetscape improvements; moving existing utility facilities; constructing sidewalks or walkways; constructing parking facilities; constructing bicycle paths; constructing urban trails; constructing transportation facilities; installing street lighting; improving public open space; and constructing public plazas.	Year 1 2016	Year 1 Expenditure \$405,061
	Year 2	Year 2 Expenditure \$
	Year 3	Year 3 Expenditure \$
	Year 4	Year 4 Expenditure \$
	Year 5	Year 5 Expenditure \$
	Year 6	Year 6 Expenditure \$
	Year 7	Year 7 Expenditure \$
	Total Expenditure \$	

3. Estimated Costs for Engineering and Design Fees	Year 1 \$2016	Year 1 Expenditure \$35,000
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	Year 2 Year 3 Year 4 Year 5 Year 6 Year 7	Year 2 Expenditure \$ Year 3 Expenditure \$ Year 4 Expenditure \$ Year 5 Expenditure \$ Year 6 Expenditure \$ Year 7 Expenditure \$
		Total Expenditure \$

Please Submit the Following With the Application:

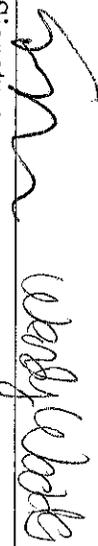
- Statement defining the funding need or gap constituting a bonafide inducement for company to expand or locate in the City of Durham
- Project Area Map showing location and PIN Number of the parcel on which this project is located
- Proposed site design or physical layout of the project
- Information to compare the City of Durham with other jurisdictions you may be considering locating in, such as the cost of preparing the land for business use, tax rates, utility rates, labor supply, lease amounts and wage data
- Any additional information you may want us to consider to reasonably describe the enterprise or economic development project

City staff to complete: Project is: In Targeted Portion of CDA In CDA In Urban Growth Area Outside the Urban Growth Area and Outside a CDA
In Historic Building In SDZ Downtown Parish Street Project Area Within Eligible Facility Type as Defined by Policy
 Targeted Industry as Defined by Labor market Information Division of the Employment Security Commission of NC

I authorize the Office of Economic and Workforce Development for the City of Durham to research such information about my company as may be needed to provide the City with sufficient due diligence and to assure the appropriate and proper expenditure of performance-based incentive funds. I agree to supplement this application with such additional information as may be requested in order to provide the most accurate and complete picture of my company and the timing of the project for which I am seeking incentive funding. I understand that my project will be the subject of a Public Hearing by the Durham City Council and will be made public at a City Council Work Session prior to the Public Hearing. I further understand that no monies expended prior to City Council approval of my project can be counted toward my investment threshold or job creation amounts. I acknowledge the requested incentives constitute a bonafide inducement for my company to expand or locate in the City of Durham, without which inducements my company would be less likely to expand or locate in the City. I further acknowledge I have received relevant information regarding the City's practice related to public records and the protection of confidential information for economic development projects.

Wendy Woods and Stacey Poston
Print Name of Company Representative

Title Owners, Habitable Space LLC

Signature 

Date



Job Creation Estimate

Job Creation									
Current Global Company Employment	39								
Current Durham County-Based Employment FT		8		PT		0		Current Durham City-Based Employment FT	31
								PT	3
<p>List below the timeline for hiring, position titles, wage and number of positions by title. Define years as calendar years. Jobs must be considered new, permanent, full-time and pay a salary equal to or greater than the City's prevailing livable wage rate (pursuant to Section 18-23 of the City Code).</p>									
Hiring Timeline	Wage	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	
Administrative	\$ 13	1	0	1	0	0	0	0	
Line Cooks	\$ 13	2	1	0	1	1	0	0	
Dish/Prep Cook	\$ 13	1	0	1	0	0	0	0	
Bartender	\$ 13	0	0	0	1	0	0	0	
Food Runner/Busser	\$ 13	2	0	0	0	0	0	0	
Host/Cashier	\$ 13	2	0	0	0	0	0	0	
Manager	\$ 20	1	0	1	0	0	0	0	
Prep/Baker	\$ 13	2	0	0	0	0	1	0	
Catering	\$ 13	1	1	0	0	1	0	1	
Total Positions/Per Year		12	2	3	2	2	1	1	
Cumulative Positions Total: 23									