

**Memorandum
Community and Economic Development**

To: Thomas Thomas, City Manager
Subject: 1806 3rd Avenue Redevelopment
Date: May 14, 2014



JDH of Rock Island LLC has a contract to purchase 1806 3rd Avenue. The intent is to rehab the building into one upper story apartment and one commercial space. This property being smaller and has no economy of scale costs are greater. The project will comply with the city ordinance requiring the electrical services to be buried underground which is very costly for a small project. The request is for \$55,000 to support the redevelopment of both the commercial space on the ground floor and the creation of a second floor apartment. The total investment for the project will be at least \$178,500. The project will create one market rate unit and file a ground floor commercial space.

JDH of Rock Island recently completed the rehabilitation of 1808 and 1810 3rd Avenue with an investment of \$550,000. This new project will continue the investment along this block in downtown Rock Island

RECOMMENDATION:

The Community and Economic Development Department recommends the Council Adopt Ordinance No. ____ (approving a development agreement) subject to minor attorney modification and authorize execution by the City Manager.

Funding Source: Account # 201-312801-55218-0000000

Requisition Number: R004635

Submitted by: Jeffery A. Eder, Assistant City Manager / CED Director

Approved by: Thomas Thomas, City Manager

May 15th, 2013

Jeff Eder
Community and Economic Development Director
City of Rock Island
1528 3rd Avenue
Rock Island, IL 61201

Subject: 1806 3rd avenue Rock Island

Dear Jeff,

Please accept this letter as a request from JDH of Rock Island LLC to enter into a development agreement with the City of Rock Island for the purchase and renovation of 1806 3rd avenue Rock Island. If funded, this will contribute to revitalization efforts and capitalize over \$550,000 investment in 1808 and 1810 3rd avenue Rock Island.

JDH of Rock Island currently has site control of the property and is in the process of finalizing the scope of work and total development budget. Projected development cost is as follows:

- Acquisition Cost 82,750
- Improvements 95,750

Total development cost 178,500

The project description includes the renovation of one 2 bedroom 2 bath market rate unit, improvement to the commercial space on the first floor and significant improvements to the front and rear facades.

A loan has been secured from Bank Orion in the amount of \$118,500. It is for these reasons JDH of RI request financial support of \$55,000. The per unit cost is a bit higher since the renovation for the building is tied to one residential and one commercial space. (lacks economy of scale)

If you have any questions, please do not hesitate to contact me.

Sincerely,

JDH of Rock Island LLC

Enc

CITY OF ROCK ISLAND

ORDINANCE NO. _____-2014

**AN ORDINANCE APPROVING AND AUTHORIZING THE EXECUTION OF THE
REDEVELOPMENT AGREEMENT BY AND BETWEEN JDH of Rock Island, LLC
AND THE CITY OF ROCK ISLAND, ROCK ISLAND COUNTY, ILLINOIS**

WHEREAS, JDH of Rock Island, LLC (the “Developer”) desires to enter into a redevelopment agreement (“Redevelopment Agreement”) with the City of Rock Island, Rock Island County, Illinois (the “City”) for purposes of redeveloping of a portion of the Downtown Redevelopment Project Area (the “Redevelopment Area”) with a mixed use development (the “Project”); and

WHEREAS, the Corporate Authorities of the City find it is in the best interests of the City to enter into the Redevelopment Agreement.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Rock Island, Rock Island County, Illinois, as follows:

Section 1. That the foregoing recital clauses to this Ordinance are adopted as the findings of the Corporate Authorities of the City of Rock Island and are incorporated herein by specific reference.

Section 2. That upon receipt from the Developer of four (4) executed copies of the Redevelopment Agreement, the City Manager is hereby authorized to execute, and the City Clerk is hereby authorized to attest to, the Redevelopment Agreement in substantially the form of such agreement appended to this Ordinance as Exhibit “A,” with such changes therein as shall be approved by the officials of the City executing the same, their execution thereof to

constitute conclusive evidence of their approval of any and all changes or revisions therein from and after the execution and delivery of such Redevelopment Agreement.

Section 3. That the officials, officers and employees of the City are hereby authorized to take such further actions and execute such documents as are necessary to carry out the intent and purpose of this Ordinance and of the Redevelopment Agreement.

Section 4. That this Ordinance shall be in full force and effect upon and after its passage and approval in the manner provided by law.

PASSED AND APPROVED on May _____, 2014.

Thomas Thomas
CITY MANAGER, CITY OF ROCK ISLAND

ATTEST: _____

APPROVED: _____

ATTEST: _____
Aleisha Patchin
CITY CLERK

EXHIBIT "A"

REDEVELOPMENT AGREEMENT

Redevelopment Agreement
(1806 3rd Ave)

THIS AGREEMENT is entered into this ____st day of May, 2014 by and between JDH of Rock Island LLC ("Developer ") and the CITY OF ROCK ISLAND, an Illinois Municipal Corporation ("City").

WHEREAS, the Developer intends redevelop a mixed use building known as "1806 3rd Avenue" within the Downtown Redevelopment Project Area (the "Downtown TIF") as part of the implementation of the Downtown Plan, and;

WHEREAS, it is in the best interest of the City to support development within the Downtown Redevelopment Project Area;

NOW THEREFORE, the parties, in exchange for the promises herein contained the receipt and sufficiency of which are hereby acknowledged agree as follows:

1. The Developer shall acquire the real property legally described in Exhibit A, attached hereto and made a part hereof, and will develop a mixed use development which shall include one market rate lease residential unit and first floor commercial space (the "Project").
2. The Developer agrees that the total costs of the Project, including but not limited to land acquisition, site development, planning, engineering, legal services, marketing, professional fees, mortgage interest, construction loan interest, labor and construction materials is estimated at \$178,500.
3. Developer shall commence work on the Project no later than August 1, 2014 and the Project completed and all units ready for occupancy no later than June 30, 2015. Failure to complete construction by the date specified herein shall be considered a material breach of this Agreement and shall entitle the City to terminate this Agreement by written notice to Developer at his address of such intention not less than fourteen (14) days prior to the desired termination date.
4. The City shall provide economic incentive to the Developer in an amount not to exceed Fifty-Five Thousand Dollars and 00/100 (\$55,000) to be used to reimburse the Developer for eligible Project costs, with said contribution derived from the funds in the Special Tax Allocation Fund for the Downtown TIF. If the Project does not proceed as contemplated by this Agreement, all funds contributed by the City to the Developer shall be paid back to the City not less than fourteen (14) days following Developer's receipt of written notice from the City.

5. All funds will be paid out on a reimbursement basis.
6. Prior to the payment of the economic incentives provided for herein by the City to the Developer, the Developer shall, not less than thirty (30) days prior to the payment dates set forth above, provide the City with documentation evidencing the expenditure of eligible redevelopment project costs, as defined in the Illinois Tax Increment Allocation Act (65 ILCS 5/11-74.4-1 et seq.), in an amount in excess of the payment to be received. Such documentation shall include closing statements, paid invoices, receipts, cancelled checks, sworn statements, lien waivers, engineer's certificates, or other such documentation demonstrating the payment of eligible redevelopment project costs by the Developer.
7. To the extent required by law, the Developer agrees to pay, and to contractually obligate and cause any and all general contractors and subcontractors to pay, the prevailing rate of wages as established by the City pursuant to the Illinois Prevailing Wage Act [820 ILCS 130/0.01 et seq. (Illinois State Bar Ed. 2010)].
8. This Agreement shall be governed and construed in accordance with the laws of the State of Illinois with jurisdiction and venue in Rock Island County.
9. In the event of a default under this Agreement by either party hereto which default is not cured within thirty (30) days of the date of receipt of notice to the defaulting party specifying that said party has failed to perform a particular obligation, the other party shall have an action for damages or, in the event damages would not fairly compensate the non-defaulting party of this Agreement, the non-defaulting party shall have such other equitable rights and remedies as are available at law or in equity.
10. Delays by the Developer or the City in performing obligations hereunder due to acts of God or strikes, fires, floods, explosions, wars, differences with workers, delays in transportation or accidents during construction, military arrest or restraints, acts, demands or requirements of the United States or any state or territory thereof, or any governmental subdivision thereof, or due to any other causes whatsoever, whether similar or dissimilar to those above enumerated which are beyond the Developer or the City's control and not resulting from the Developer or the City's fault shall cause an automatic extension of the starting and/or completion dates for the period attributable to any such cause. The affected component of this Agreement shall be deemed suspended for so long as its extension is prevented or delayed by such cause.
11. Time is of the essence of this Agreement.

12. The rights and obligations of the Developer are fully assignable by means of written notice to the City, provided that no assignment shall be deemed to release the Developer of its obligations to the City under this Agreement unless the written consent of the City to release of the Developer obligations is obtained.
13. Either party to this Agreement may elect to waive any remedy it may enjoy hereunder, provided that no such waiver shall be deemed to exist unless the party waiving such right or remedy does so in writing. No such waiver shall obligate such party to waive any right or remedy thereafter, nor shall it be deemed to constitute a waiver of other rights and remedies provided said party pursuant to this Agreement.
14. If any term or provision of this Agreement is held to be invalid or unenforceable, to any extent, the remainder of this Agreement shall continue to be fully valid and enforceable.
15. Notices, demands, consents, approvals or other instruments required to permitted by this Agreement shall be in writing and shall be executed by the party or an officer, agent, attorney of the party, and shall be deemed to have been effective as to the date of actual delivery, if delivered personally, or as of the third day from and including the date on which it is mailed by registered or certified mail, return receipt requested, with postage prepaid addressed as follows:

To Developer: JDH of Rock Island LLC
 1808 3rd Avenue, Unit 102
 Rock Island, IL 61201

To City: City Clerk
 City of Rock Island
 1528 3rd Avenue
 Rock Island, IL 61201

16. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their devisees, successors and assigns.
17. The preambles contained herein are incorporated in this Agreement by this express reference and made a part hereof.

18. This Agreement embodies the entire agreement between the parties and supersedes any written or oral agreement and may be amended or supplemented only by an instrument in writing executed by the parties hereto.

City of Rock Island

JDH of Rock Island LLC

Thomas Thomas, City Manager

Brian Hollenback

ATTEST:

Aleisha Patchin, City Clerk

Exhibit A

Legal Description

Exhibit B

Conceptual Drawings