



STAFF REPORT

1/22/2020

TO: Honorable Mayor and City Council Members

FROM: Gabriel D. Martin, Economic Development Manager

SUBJECT: Structural Property Improvement Program (SPIP) – Approval of Funding for Jesus R. Gonzalez Property located on 772 Vine Avenue

STAFF RECOMMENDATION:

Staff recommends that the City Council approve the Structural Property Improvement Program (SPIP) funding for a forgivable matching grant of \$20,000 to the Jesus R. Gonzalez and to authorize the City Manager to execute the associated documents on behalf of the City.

BACKGROUND:

General Program Summary: The Structural Property Improvement Program (SPIP) is designed to incentivize private property owners to invest in seismic retrofits of their properties in downtown on Sixth St. in the Pueblo Viejo area, east of Orchard Avenue and West of Grapefruit Blvd. This forgivable matching grant uses some of the features used successfully by other California municipal governments to incentivize business/property owners to rehabilitate properties over the past 30 years. The structure of an incentive program often determines its success and matching grant programs have the highest success rate as opposed to a low interest loan based programs. Downtown Revitalization often entails designing a program to meet the needs of the specific municipality's circumstances. In a challenged commercial real estate market, with a high percentage of absentee investors as property owners, it can be difficult to reach significant adoption rates with low interest loan programs, as opposed to matching grant or forgivable loan programs.

Specific SPIP Action Items: The Mayor Pro Tem and Council received a presentation on the SPIP at the City Council meeting of July 9, 2014. At that meeting, Council provided comments and suggestions that staff incorporated into the program. On July 23, 2014, City Staff presented the SPIP and City Council approved the program. Economic Development and Development Services staff then began working with stakeholders to provide information to the property owners to obtain program adoption and in August the City received applications from property owners that fully subscribed the allotted funds for the program, \$100,000. The Economic Development Manager worked with the City Attorney to create the legal documents to secure the forgivable matching grant, such as: 1.) Operating Covenant, 2.) Deed of Trust, and 3.) Promissory Note and presented these to the City Council who approved them on December 10, 2014.

DISCUSSION/ANALYSIS:

The owners (Jesus R. Gonzalez) of commercial building, located at 772 Vine Avenue in the City of Coachella (APN: 778-060-003), submitted an SPIP application on September 24, 2019. The Economic Development Manager subsequently coordinated with the owners over the next few months as they reviewed prior building studies, title reports and design options needed to complete the seismic/structural work. Due to the SPIP policies and guidelines this property is eligible for Twenty Thousand (\$20,000) dollars due to it having a frontage of over 90 linear feet.

The owners' engineers and contractors will submit plans to the Development Services Department to perform the necessary seismic retrofits and structural work, which were primarily installation of "positive roof to wall connections". The scope of work will include, but not limited to; foundation and slab work; construction of new interior load bearing walls to directly support the roof and associated new floor tile. The retrofit work will be inspected and approved by the City Building Inspector once completed. The owner has met with the Economic Development Manager and City Attorney to review the necessary legal documents; the Promissory Note, Operating Covenant and Deed of Trust and Fixture Filing, which is to be executed, notarized and returned to the City. Upon receipt of the legal documents and financial receipts, the City will process the paperwork to disburse the funds to the owner.

ALTERNATIVES:

1. Modify the SPIP funding request as deemed appropriate and authorize the City Manager to execute the documents.
2. Do not approve the SPIP funding request.

FISCAL IMPACT:

The current action is authorizing additional specific funding (\$20,000) as a portion of the total \$100,000 previously approved for the SPIP on July 23, 2014, and as approved, this will be drawn from the City's General Fund Reserves.

RECOMMENDED ALTERNATIVE(S):

Approve the SPIP funding request as presented.

Attachments:

1. Operating Covenant Agreement
2. Deed of Trust
3. Promissory Note
4. SPIP Application
5. Proof of Ownership