



# City of Blaine Anoka County, Minnesota

Blaine City Hall  
10801 Town Sq Dr NE  
Blaine MN 55449

## Legislation Text

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File #: EDA RES 20-11, Version: 1

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**ECONOMIC DEVELOPMENT AUTHORITY** - *Erik Thorvig, Community Development Director*

### **DEMOLITION AND SITE IMPROVEMENT LOAN FOR KINGDOM BAKING AT 10130 SUNSET AVE.**

The property at 10130 Sunset Avenue is owned by Zongo Properties. The property is 23,087 sf. and consists of a vacant, dilapidated gas station. The owner received original approvals on March 3, 2016 and subsequent approvals on April 1, 2019 to construct a new bakery on the property. The project involves removing the existing building, constructing a new building and making various site improvements. The owner obtained a building permit on March 26, 2020 to allow for construction of the new building.

Financing has been a continuous challenge for the property owner. Staff has worked with the owner since the original approval in 2016 on various financing options. Staff has offered the Blaine Small Business Loan Program along with providing him information on other financing/grant options through other entities.

It's not uncommon for a developer to ask for assistance with demolition costs under a redevelopment scenario. Demolition is an additional significant expense for developers who buy a redevelopment site. Redevelopment of blighted sites is a benefit to the city, so the EDA has provided demolition assistance in the past for various projections. Assisting a developer in demolition is often less expensive for the EDA than the EDA purchasing a blighted property.

The EDA/city council recently considered a similar request for the Fresh Picked Pizza project. In this instance, the business owner was requesting \$72,500 in assistance for demolition and site cleanup. The EDA/city council approved a loan for this project.

This topic was discussed at the June 8 workshop where direction was given to staff to prepare a loan proposal. In 2019 the EDA allocated \$250,000 to a small business loan program. This program was established for projects like this and provides the EDA flexibility on terms and rates to assist small businesses.

Staff is proposing a loan based on the following terms. These terms are the same that was provided to the Fresh Picked Pizza project.

- Amount - \$50,000
- 10-year term
- Defer first payment for two years
- 0% interest for the first three years
- 3.5% interest after the first three years.

No money would be disbursed until the actual work is complete.

Approve the attached Resolution.

**WHEREAS**, the property at 10130 Sunset Ave. NE was purchased by the owner of Kingdom Baking; and

**WHEREAS**, the property has a vacant, dilapidated building and is located within an identified redevelopment area in the 2040 Comprehensive Plan; and

**WHEREAS**, approvals were received for the construction of a new bakery; and

**WHEREAS**, the EDA recognizes that there are certain costs associated with redevelopment of the site wherein EDA assistance would facilitate redevelopment at this time;

**NOW, THEREFORE, BE IT RESOLVED**, that the Blaine Economic Development Authority hereby approves entering into a loan agreement for the demolition assistance based on the following terms and directs the president and executive director to execute the necessary documents.

- Amount - \$50,000
- 10-year term
- Defer first payment for two years
- 0% interest for the first three years
- 3.5% interest rate after year three.

**PASSED** by the Blaine Economic Development Authority this 6<sup>th</sup> day of July, 2020.