

RESOLUTION NO. 2023- 475

A RESOLUTION APPROVING VINELAND REVOLVING
LOAN FUNDS FOR 65-67 W CHESTNUT, LLC (OR
ASSIGNS).

WHEREAS, the Vineland Revolving Loan Fund, LLC Committee has submitted a proposal dated September 26, 2023, for use of Vineland Revolving Loan funds for 65-67 W Chestnut, LLC (or assigns); and

WHEREAS, it is considered to be in the best interest of the City of Vineland and the community in particular that Vineland Revolving Loan Funds be utilized for the above-mentioned project; now, therefore,

BE IT RESOLVED by the City Council of the City of Vineland that said Council does hereby approve the use of Vineland Revolving Loan Funds for the following project, in accordance with the proposal submitted by the Vineland Revolving Loan Fund, LLC Committee:

To: 65-67 W Chestnut, LLC (or assigns) \$252,000.00

BE IT FURTHER RESOLVED that the Mayor is hereby authorized to execute all documents associated with this loan.

Adopted:

President of Council

ATTEST:

City Clerk



ECONOMIC DEVELOPMENT
www.vinelandcity.org

640 E. Wood Street
PO Box 1508
Vineland, NJ 08362-1508
Phone: (856) 794-4100
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MEMORANDUM

TO: City Council President and Members

FROM: Vineland Revolving Loan Fund, LLC

SUBJECT: **Applicant:** 65-67 W Chestnut, LLC
Loan Amount: \$252,000.00

DATE: September 26, 2023

BC

Dear Council President Arthur, Councilmen Acosta, Franceschini, Spinelli, and Vargas:

On behalf of the Vineland Revolving Loan Fund Committee, please accept this letter recommending a commitment be given to the above applicant for a Vineland Revolving Loan Fund, LLC loan in the amount as stated herein above.

Please note that the committee finds that the purpose of the loan meets the criteria set forth in the Statute made and provided governing Urban Enterprise Zones. The Committee further finds that the loan will promote economic development, creation/retention of jobs, and/or tax ratable(s) that will benefit the City of Vineland.

Further, please note that the loan would be properly protected in that the pledged collateral has a net value which equals or exceeds the amount of the requested funding.

Respectfully submitted,

Sandra Forosisky
Sandra Forosisky
Director of Economic Development

SF/fd

cc: Frank DiGiorgio
file



Special arrangements for persons with disabilities may be made if requested in advance by contacting the Business Administrator's office at 856-794-4144.

**VINELAND REVOLVING LOAN FUND, LLC
LOAN PROPOSAL**

Date: August 18, 2023

Borrower Name and Address (s): 65-67 W Chestnut LLC
P.O. Box 1447
Absecon, NJ 08201

Request: \$252,000 commercial real estate loan for the acquisition and permanent improvements to real estate located at 65-67 W. Chestnut Avenue, Vineland, NJ.

Interest Rate: 5.50% **Term of Loan:** 20 Years.

1. BACKGROUND: Christopher Coombs is the owner of Coombs Fencing, LLC, a fencing contractor, a d/b/a company known as Reliable Industries (operating under Coombs Fencing), a contract service company providing equipment rentals, snow removal services, and outdoor services such as grading, excavating, trenching etc., and is also the owner of several other businesses involving real estate investments and financing. Mr. Coombs formed the Borrower, 65-67 W Chestnut LLC, on March 29, 2023 in the State of NJ as a real estate holding company. The consummate entrepreneur and investor, Mr. Coombs identified a mixed-use property in Vineland that he could move his fence company and operate. He entered into an agreement and purchased the properties located at 65-67 W. Chestnut Avenue, Vineland, NJ. The properties were the previous location of the former R.E. Cummines (landscape and hardscaping supply business) site.

1a. PROJECT: The project involves the acquisition of two adjacent properties, one mixed use residential/commercial, the other entirely residential (single family rental), and the improvements to the commercial property so that it can be used by the Mr. Coombs for his fencing business. The VRLF loan funds will be utilized for and fund only for the commercial portion of the project. A portion of the funds may be utilized to payoff short term bridge debt associated with the acquisition.

<u>Uses</u>		<u>Sources</u>	
Acquisition	\$410,000	Borrower	\$ 23,000
<u>Improvements</u>	<u>85,000</u>	FNBA*	220,000 (5/15 @ 7.375%)
Total	\$495,000	<u>VRLF</u>	<u>252,000</u>
		Total	\$495,000

*FNBA will have a 1st on 65 W. Chestnut in the amount of \$170,000 and a second in the amount of \$50,000 on 67 W. Chestnut Ave.

2. COLLATERAL:

- a.) Second position mortgage lien on the real estate located at 65 W. Chestnut Avenue, Vineland, Cumberland County, NJ a/k/a Block 4804, Lot 5,
- b.) First position mortgage lien on the real estate located at 67 W. Chestnut Avenue, Vineland, Cumberland County, NJ a/k/a Block 4804, Lot 6,
- c.) Assignment of Rents and Leases for properties referenced in a.) and b.) above.
- d.) Subordination of all affiliated debt.
- e.) Encroachment identified on survey (see collateral filing on 65 W. Chestnut).

3. GUARANTORS:

- a.) Personal Guaranty of Christopher Coombs.
- b.) Coombs Fencing, LLC.

4. LIEN POSITION: First and Second position.

5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS: First National Bank of Absecon First Mortgage on 65 W. Chestnut of \$196,000. VRLF will have a First Mortgage on 67 W. Chestnut Avenue.

6. SIZE OF PARCEL: Parcel a.) 122' x 310'
Parcel b.) 158' x 310'

7. IMPROVEMENTS THEREON: Parcel a.) improved with a single family, 1,612 sq. ft. Cape Cod style dwelling with aluminum siding and asphalt shingle roof.
Parcel b.) improved with a single family dwelling (upstairs bedrooms), 1,953 sq. ft. total sq. ft. with offices and residential on first floor, a service garage unit – 1,400 sq. ft., and storage/warehouse/garage type building of 2,100 sq. (could be split up).

8. LOCATION OF PROPERTY: Property a.) located at 65 W. Chestnut Avenue, Vineland, Cumberland County, NJ a/k/a Block 4804, Lot 5.
Property b.) located at 67 W. Chestnut Avenue, Vineland, Cumberland County, NJ a/k/a Block 4804, Lot 6.

9. APPRAISAL INFORMATION: Parcel a.) appraised by All Real Estate Appraisals, LLC in 2023 for \$245,000.
Parcel b.) appraised by All Real Estate Appraisals, LLC in 2023 for \$295,000.

Total Value \$540,000

Total Loans \$472,000

Total LTV = 87%

UEZ Primary LTV = 85%

Assessment Information:

65 W. Chestnut is assessed by City of Vineland for \$137,800 (land at \$36,300 and improvements at \$101,500).

67 W. Chestnut is assessed by City of Vineland for \$220,200 (land at \$37,600 and improvements at \$182,600).
\$358,000

10. FINANCIAL:

11. SUBSTANTIATION: DSCR = 1.29x, LTV = 90%

- Renovations have improved property and area which was previous code enforcement matter.
- Assist small business with locating into site in Vineland.

12. RECOMMENDATION: