



AGENDA MEMORANDUM

First Reading for the City Council Meeting of December 5, 2023
Second Reading for the City Council Meeting of December 12, 2023

DATE: December 5, 2023
TO: Peter Zaroni, City Manager
FROM: Dan McGinn, Director of Planning and Community Development
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Sale and Conveyance of 3.47-acre parcel of surplus land to TG 110, Inc.

CAPTION:

Ordinance authorizing an option to sale contract with TG 110 Inc. for the sale of a 3.47-acre parcel of surplus land located at or near 2212 Morris Street in Council District 1; and authorizing the related sale and conveyance of the 3.47-acre parcel of surplus land located at or near 2212 Morris Street to the TG 110 Inc. for \$10 and development of affordable housing.

SUMMARY:

This ordinance sells and conveys approximately 3.47 acres of City-owned land to TG 110, Inc. for their use in the future development of affordable housing; consisting of the former Mirabeau B. Lamar Elementary School 2.07-acre site; a 0.41-acre road easement known as Mary Street, which is proposed to be abandoned; and eight additional lots fronting the north portion of this segment of Mary Street that total 0.99 acres.

TG 110 will assume property maintenance responsibilities, including mowing and litter abatement upon execution of the agreement.

BACKGROUND AND FINDINGS:

Project History

- May 2023: The Ed Rachal Foundation gifted the former Lamar Elementary School site to the City along with 55 smaller parcels in the vicinity of the larger site in May of 2023.
- Recognizing the unique opportunity to implement the recently adopted Westside Area Development Plan by attracting new development investments, addressing residents' request for a variety of housing options, stabilizing this established neighborhood, and delivering public safety improvements for area residents, City staff issued a request for letters of interest (RFI) to work with one or more experienced housing developers.
- RFI Outreach and Marketing
 - RFI published on City Website in early August 2023
 - City News Release and Council Memo issued August 4, 2023
 - Email notification sent to over 50 housing development contacts

- Staff presentation at the Development Services Task Force meeting on August 18, 2023
- The RFI period closed on September 11, 2023. Five proposals were submitted.

Next Steps

- City Council presentation for Recommendation of Resolution of Support for 9% Low-income Housing Tax Credits
- Council agenda item - right of way closure for a portion of Mary Street
- Planning Commission and Council agenda items and rezoning public notice procedures to support infill housing development for RFI parcels.

ALTERNATIVES:

Of the five development proposals submitted, Prospera's is the only multifamily, affordable housing tax credit development. Allowing this land to be conveyed to TG 110, Inc., Prospera's local nonprofit partner, provides for a more efficient use of the property. The nonprofit housing developer proposes to deliver the largest number of units at varying affordability, as well as the longest period of affordability. In addition, the project proposes to incorporate federal and state funds into the development capital stack, creating a significant return for the City.

Moreover, the City is in the process of meeting with the other four housing developers who submitted proposals to discuss opportunities for developing the remaining 47 lots included in the RFI and developing a strategic approach to expedite infill housing construction that creates synergistic investments benefiting all parties, including current neighborhood residents.

The City can choose to not sell the property, but it will remain vacant and will require ongoing city-funded site maintenance.

FISCAL IMPACT:

Though the vacant land was gifted to the City, there are ongoing maintenance costs such as mowing and litter abatement as well as more difficult to quantify service cost impacts on the surrounding neighborhood caused by the preponderance of vacant lots. The City ordered an appraisal of the property. The appraisal was conducted by Lowery Property Advisors, LLC. on November 15, 2023, and the property has an appraised value of \$510,000.00.

The fiscal impact for FY 2024 is revenue payment to the City in an amount of \$10.00 to be deposited into the General Fund as well as the assumption of property maintenance by TG 110 Inc. The developed property will be placed back on the property tax rolls at 50% of its value based on State Tax Law on affordable housing.

Funding Detail:

Fund: 1020 General Fund
Organization/Activity: 11020 General Governmental Revenue
Department: 888 Revenue
Project # (CIP Only):
Account: 343590 Sale of Scrap/City Property

RECOMMENDATION:

City staff recommends approval of the Ordinance for the sale and conveyance of City property at or near 2212 Morris St. to TG 110, Inc. for site redevelopment into an affordable housing project.

LIST OF SUPPORTING DOCUMENTS:

Ordinance

Agreement

Appraisal

Request for Interest

PowerPoint Presentation