



AGENDA MEMORANDUM

Future Item for the City Council Meeting of December 12, 2017
Action Item for the City Council Meeting of December 29, 2017

DATE: December 1, 2017

TO: Margie C. Rose, City Manager

THRU: Samuel "Keith" Selman, Assistant City Manager
KeithSe@cctexas.com
361.826.3898

FROM: Rudy Bentancourt, Housing and Community Development Director
RudyB@cctexas.com
361.826.3021

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| Special Board Meeting of the Corpus Christi Housing Finance Corporation |
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CAPTION:

Special Board Meeting of the Corpus Christi Housing Finance Corporation

PURPOSE:

The purpose is to hold a Special Board Meeting of the Corpus Christi Housing Finance Corporation in order to approve a contract for sale of the Ward Building and parking lot and the execution of a deed and other closing documents for finalization of the sale.

BACKGROUND AND FINDINGS:

At the prior meeting on November 7, 2017, the Board approved acceptance of the terms in a Letter of Intent for the sale of the Ward Building and the related parking lot to William Hoover and David Nuss or an entity formed by them for such purposes. The terms are for a sales price of \$150,000.00 with the obligation of the purchasers to develop the property into a mixed use development including retail space, collaborative work space and apartments. The terms and conditions of the proposed Contract are consistent with the Letter of Intent.

The City originally acquired the Ward Building and adjacent vacant lots in 2008 utilizing Community Development Block Grant (CDBG) funds in order to develop parking spaces as an incentive for development of the vacant Nueces Building into the Nueces Lofts apartments. The purchase price and development costs for the parking facility were designed as the economic incentive for the development of 66 new apartments in downtown Corpus Christi. (This development preceded establishment of the current incentive program available through the TIRZ #3 for development downtown.)

CDBG funds initially were used for the acquisition of the building and land and the development of the parking lot instead of providing a direct subsidy into the apartment project, but those funds had to be reimbursed to the CDBG program since a new use for the Ward Building could

not be found within the required time under CDBG regulations. The CCHFC had funds available so it acquired the Ward Building and parking lot from the City and reimbursed all CDBG and other City funds invested in the project. The CCHFC has as its purpose the development of multifamily and single family housing, so the funds utilized by the CCHFC for the acquisition in order to support the Nueces Lofts development and other downtown residential development was within its corporate purposes.

As the result of this acquisition and development of a new downtown parking lot, the Nueces Building was redeveloped into 66 apartments with a health center in first floor commercial space. Prior to its conversion, it was on the property tax rolls at a value of \$900,000 at a rate similar to many other downtown properties. After the conversion, it now is on the tax rolls at over \$5,700,000, and it has helped spur development of the Cosmopolitan Apartments and drive up other property values in the downtown area. The apartments are fully-occupied according to the developer. The Nueces Building also is listed on the National Register of Historic Places and serves as a model for how a historic preservation project can be completed.

In 2009, 2014 and again in 2017, Requests for Proposals (RFPs) were issued for the adaptive re-use of the Ward Building and adjacent parking lot. The objective has been to transfer the property to a developer that would assume the operation of the parking lot and redevelop the Ward Building. None of the proposals received over the years have been feasible. City staff has offered various financing terms for a portion of the acquisition costs in attempts to try to make the numbers work, but the renovation costs, debt service, and operating costs could not be successfully addressed.

Out of the recent inquiries made in connection with the building, the Board determined at the last meeting that the proposal by William Hoover and David Nuss was in the best interest of providing for the redevelopment of this property in support of the further economic revitalization of downtown.

ALTERNATIVES:

The CCHFC may decline to go forward with the Contract and continue to retain the Ward Building and parking lot. Monthly rental revenues from the parking lot are \$1,000; however, various maintenance expenses are incurred from time to time.

OTHER CONSIDERATIONS:

Not Applicable

CONFORMITY TO CITY POLICY:

The action conforms to all applicable City and CCHFC policies.

EMERGENCY / NON-EMERGENCY:

Non-Emergency. This item requires only one meeting of the CCHFC Board.

DEPARTMENTAL CLEARANCES:

Housing and Community Development and City Secretary's Office

FINANCIAL IMPACT:

☐ Operating ☐ Revenue ☐ Capital X Not applicable

| Fiscal Year: 2017-2018 | Project to Date Expenditures (CIP only) | Current Year | Future Years | TOTALS |
|-------------------------------|--|---------------------|---------------------|---------------|
| Line Item Budget | | | | |
| Encumbered / Expended Amount | | | | |
| This item | | | | |
| BALANCE | | | | |

Fund(s):

Comments: N/A

RECOMMENDATION:

Staff recommends the approval of the Resolution and the contract for sale of the Ward Building and parking lot.

LIST OF SUPPORTING DOCUMENTS:

Agenda for CCHFC Board Meeting
Commercial Contract – Improved Property
Unapproved September 26, 2017, and November 7, 2017 Board Meeting Minutes
Treasurer's Report
Resolution Approving the Sale of the Ward Building and Parking Lot