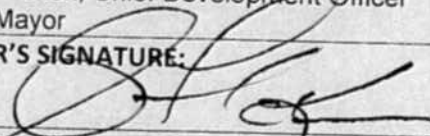


TO: Mayor via City Secretary

REQUEST FOR COUNCIL ACTION

SUBJECT: Purchase and Sale Agreement between the City of Houston, Texas, and Sage Interests, Inc. for the sale of approximately 2.34 acres of land located at 5602 Lyons Avenue, Houston, Harris County	Category #	Page 1 of	Agenda Item #
FROM (Department or other point of origin): Andrew F. Icken, Chief Development Officer Office of Mayor	Origination Date 3/3/16	Agenda Date	
DIRECTOR'S SIGNATURE: 	Council District(s) affected: District B		
For additional information contact: Andrew F. Icken Phone: 832-393-1032	Date and identification of prior authorizing Council action: Motion No: 2016-0078; February 24, 2016		

RECOMMENDATION: Purchase and Sale Agreement between the City of Houston, Texas, and Sage Interests, Inc. for the sale of approximately 2.34 acres of land located at 5602 Lyons Avenue, Houston, Harris County.

Amount of Funding: Revenue Finance Budget:

SOURCE OF FUNDING [] General Fund [] Grant Fund [] Enterprise
Fund [] Other (Specify) N/A

SPECIFIC EXPLANATION: On February 24 2016, Motion No. 2016-0078, City Council declared Parcel SY16-039 surplus and authorized two independent appraisers to determine fair market value.

The city owns property at the corner of Lockwood and Lyons Avenue in the Fifth Ward. The property is currently leased to Legacy Community Health and is located within the Fifth Ward TIRZ (TIRZ 18) and is served by the Fifth Ward Redevelopment Authority. Sage Interest is a real estate development company that desires to purchase the site and develop a grocery store and pharmacy on this corner. Legacy desires to move the clinic to a site that it will own. The property is known as 5602 Lyons Avenue and consists of 2.34 acres of land and building.

The agreement requires that the property be initially developed as grocery store, requires the developer to work with the Redevelopment Authority to develop streetscape improvements that are compatible with and buttress existing improvements on Lyons Avenue. The property would be conveyed subject to the existing lease which will allow Legacy to continue operating until the Lease expires or it has acquired and developed an alternate site.

This negotiated sale is allowed pursuant to Local Government Code 272.001(b)(6) which allows a negotiated sale rather than notice and bid for property within a TIRZ that will be developed in a manner set out in a TIRZ project plan. In November 2015, City Council approved the TIRZ project plan that provides for the retention and expansion of commercial developments along Lyons Avenue.

The sale of this property relieves the City of maintenance costs and capital expenditures required to continue leasing the property. In addition development of the property as a grocery store will eliminate a food desert.

Therefore, Council approval is recommended for the Purchase and Sale Agreement with Sage Interests, Inc. for the above-described property for a purchase price of \$1,000,000.00, which represents the midpoint in the appraised values. Taking into account the physical condition of the building, this is an appropriate fair market value. It is further recommended that City Council authorize the Mayor to execute and the City Secretary to attest a Special Warranty Deed conveying the property to Sage Interests, Inc.

The net sale proceeds will be directed to the General Fund.

REQUIRED AUTHORIZATION			25RB186
Finance Director:	Other Authorization:	Other Authorization:	