

TO: Mayor via City Secretary

REQUEST FOR COUNCIL ACTION

SUBJECT: Purchase and Sale Agreement between the City of Houston (Seller) and Riverside Real Estate, LLC (Buyer) for the sale of 1.273 acres of land located at 4215 Leeland Avenue, Houston, Harris County, Texas (Parcel SY15-044) for the Resource Management Services Division of the Department of Public Works and Engineering.

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Agenda Item

FROM (Department or other point of origin): General Services Department

Origination Date:

Agenda Date:

DIRECTOR'S SIGNATURE:

Scott Minnix

Scott Minnix 5/16/16

Council District affected: 1

For additional information contact:

Jacquelyn L. Nisby

Phone: 832-393-8023

Date and identification of prior authorizing Council action:

Ordinance No. 2015-279; April 1, 2015
Ordinance No. 2016-168 ; March 9, 2016

RECOMMENDATION: Approve and authorize a Purchase and Sale Agreement between the City of Houston (Seller) and Riverside Real Estate, LLC (Buyer) for the sale of 1.273 acres of land located at 4215 Leeland Avenue, Houston, Harris County, Texas. (Parcel SY15-044).

Amount and Source of Funding: Revenue

Finance Budget:

SPECIFIC EXPLANATION: On April 1, 2015, Ordinance No. 2015-279, City Council declared Parcel SY15-044 surplus, appointed two independent appraisers to determine fair market value, and approved a Real Estate Listing Agreement with Transwestern Property Company SW GP, L.L.C. d/b/a Transwestern ("TW") to actively market Parcel SY15-044 for sale. On March 9, 2016, Ordinance No. 2016-168, City Council authorized an amendment to the Real Estate Listing Agreement to extend the original term of the Agreement, which expired April 10, 2016, because the property had not been sold.

The property consists of 1.273 acres of land. The building on the site has been designated as a Protected Landmark, pursuant to Article 7 Chapter 33 of the Code of Ordinances, Houston, Texas, and is being sold subject to this restriction. Any renovation of the building must comply with the requirements of this designation. The property's highest and best use is considered to be commercial/office. TW actively marketed the property to developers, investors, and builders. In March 2016, the property was listed in three commercial multiple-listing services. The listing postings were followed directly by electronic distribution of marketing materials to active Eastside developers (residential, retail, office, and industrial) and investors, other office building owners. Eastside chamber and economic development organizations, and user companies in the surrounding submarket. One week later, electronic marketing materials were distributed to all office, industrial, retail, and apartment/townhome/land brokers. In April 2016, information was distributed to all commercial brokers and developers. From these efforts, four offers were generated. Of the four offers, two were from residential developers, and one was from a speculative investor. Riverside Real Estate, LLC submitted the highest offer. Riverside Real Estate is a real estate development company that desires to purchase the property to develop community co-working space and/or restaurant space.

Therefore, the General Services Department recommends that City Council approve and authorize a Purchase and Sale Agreement with Riverside Real Estate, LLC for the above-described property for a purchase price of \$890,000.00, which is mid-point of the appraised 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 Riverside Real Estate, LLC.

After payment of a 4.5% brokerage commission to TW, pursuant to the Real Estate Listing Agreement, the net sale proceeds will be directed to the Combined Utility System Fund.

SM:HB:JLN:RB:npb

xc: Marta Crinejo, Anna Russell, Jacquelyn L. Nisby, Andrew F. Icken and Susan Bandy

REQUIRED AUTHORIZATION

CUIC ID# 25 RB 189

General Services Department:

Humberto Bautista
Humberto Bautista, P.E.
Assistant Director

Mayor's Office of Economic Development:

Andrew F. Icken
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Chief Development Officer

Department of Public Works and Engineering:

Dale A. Rudick
Dale A. Rudick, P.E.
Director