



CITY OF DALLAS

Memorandum

Date: April 4, 2008

To: City Council Economic Development Committee:
Ron Natinsky (Chair), Tennell Atkins (Vice Chair), Dwaine Caraway, Jerry R. Allen, Sheffie Kadane, Mitchell Rasansky, Linda Koop, Steve Salazar

Subject: Old Hampton/Illinois Library

Included on the agenda for April 7, 2008 is a briefing on the potential re-use of the former Hampton/Illinois Library site, 2210 W. Illinois.

If you need further information please call Theresa O'Donnell at 214-670-4127.


A.C. Gonzalez
Assistant City Manager

c: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Thomas Perkins, City Attorney
Deborah Watkins, City Secretary
Craig Kinton, City Auditor
Judge Jay Robinson, Judiciary
Ryan S. Evans, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Ramon F. Miguez, P.E., Assistant City Manager
David O. Brown, Interim Assistant City Manager
David Cook, Chief Financial Officer
Theresa O'Donnell, Director of Development Services
Jeanne Chipperfield, Interim Budget Director, Office of Financial Services
Chandra Marshall-Henson, Assistant to the City Manager
Karl Zavitovsky, Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic development

Potential Re-Use of Hampton/Illinois Library

Economic Development Committee

April 7, 2008

History

- City vacated Hampton Illinois Library, 2210 W. Illinois, in July 2006
- Declared Surplus Property by City Council Resolution No. 07-1587, on May 23, 2007
- Not previously placed on sale list
 - Internal and external interest expressed in property
 - Serious property constraints
 - Residentially zoned
 - Limited Parking

Property Statistics

- 5,000 s.f. building, constructed in 1980
- 11 parking spaces
- Zoned R-7.5 with an SUP for library use
- Estimated Value of Required Interior Renovations: \$700,000
 - New roof, electrical/mechanical system, floor
 - Repair ceiling, walls
- DCAD Value: \$516,750

Library Site in Context



History Continued

- First appraisal Nov. 2006: \$576,000
 - Based on commercial use
 - Did not consider residential zoning, parking constraints, or needed building improvements
- Updated appraisal March 2008
 - “As is” value of \$175,000
 - With zoning for office use, value of \$275,000

Potential Re-Use

- Best use: public, office, religious
- Unique proposal:
 - Lease with option to buy
 - Tenant responsible for required renovations
 - Tenant responsible for seeking appropriate zoning
- Would be bid out to public as lease to buy
 - Purchase option requires bidding
 - Terms would be as proposed below

Proposed Terms

- Five-year, triple net basis lease upon land and any improvements
- Minimum monthly rent of \$1,750 due and payable in advance
- Minimum improvements of \$700,000 required within 1 year of lease

Proposed Terms Continued

- Residential or general office use, subject to zoning
- Option to purchase “as is, where is, with all faults” basis, with 1% escalation rate per year
- Minimum Purchase Price at end of 5 years: \$183,750

Proposed Schedule

April 9, 2008	City Council considers authorizing Lease/Buy
April 13 and 14	Property advertised for Lease/ Buy in DMN and on Real Estate Division's website
April 14	Notices mailed to investors, realtors, brokers and adjacent owners; For Sale signs posted on property
June 12	60-day advertising period ends; bids due
June 25	City Council considers accepting Lease/Buy offer

Summary

- Open bid process of 60 days
- After bids received, City Council has authority to accept or reject bids received
- Total revenue potential: \$288,750
 - Value of lease over 5 years: \$105,000
 - Minimum option purchase price at end of 5 years: \$183,750

Summary Continued

- Facility improvements become City's if property not purchased by end of lease