



Redevelopment Authority of the City of Racine AGENDA BRIEFING MEMORADUM

AGENDA DATE:	February 1, 2018
SUBJECT:	Item #0112-18 Sales and Purchase Agreement 1418-1422 Washington Ave.
PREPARED BY:	Amy Connolly, Executive Director
SUMMARY:	A resolution authorizing the RDA Executive Director and the RDA Chairman to sign and execute a purchase and sales agreement for the RDA-owned property at 1418-1422 Washington Avenue leading to the redevelopment of the property as a first floor retail and second floor, 2-apartment building.
PROJECT BACKGROUND & ANALYSIS: The RDA has been engaged in an option agreement with the Racine Revitalization Partnership (RRP) since June 2017 for the purchase and redevelopment of 1418-1422 Washington Avenue. Through RDA resolution 17-19, the RDA directed staff enter into an option agreement with the RRP with the following terms: <ul style="list-style-type: none">• Purchase price of \$101.• Option fee of \$100 (to be credited to the RRP at purchase)• Option period: June 1, 2017 through December 31, 2017• RRP may conduct light demolition, tests, studies, and evaluations in order to help evaluate final construction costs, but must follow lead-safe regulations/methods• City of Racine Department of City Development will conduct a Federal Environmental Review• RDA will supply an ALTA survey as part of our predevelopment due diligence• RRP proposes to spend up to \$37,900 of predevelopment expenses• Closing costs: Will be determined through a future development agreement, which will be forthcoming this summer, once final construction costs are known. Staff executed an option agreement with RRP, which was signed in executed in July, 2017. The option agreement expired on December 31, 2017, however, the RDA approved a resolution at their December 2017 meeting directing staff and the chairman to execute a development agreement/sales and purchase agreement with the RRP for the building. All the required due diligence as outlined in the option agreement was completed by both the RDA and the RRP.	

Now, we bring before the RDA an agreement for the purchase and sale of the property. Funding for the project has been secured by the RRP to complete the rehabilitation of the building through City HOME funding, as well as private bank funding.

The terms of the sales and purchase agreement include:

1. Purchase price of \$101 with a \$100 option fee credited to the buyer at closing
2. Buyer must stabilize and rehabilitate the property no later than 18 months from closing date.
3. Buyer agree to execute a Land Use Restriction Agreement and a HOME promissory note for 15 years.
4. Buyer agrees to obtain private financing
5. If the above contingencies are not met, the RDA has a first right of refusal to purchase the property for \$1 from the buyer.
6. Buyer shall acquire a title commitment.
7. The property shall remain on the tax role and shall not become tax exempt.
8. Property is sold "AS IS"
9. Buyer cannot transfer this agreement to another party
10. Closing costs are paid by the buyer, except for City attorney costs.

RECOMMENDED ACTION:

Review and approve the purchase and sale agreement, as drafted.

FISCAL NOTE:

The RDA will receive \$1 in compensation for the purchase of the property. We do not anticipate the RDA expending monies to close on this property.