



City of Racine, Wisconsin
COMMUNITY DEVELOPMENT AUTHORITY (CDA)
AGENDA BRIEFING MEMORADUM (ABM)

COMMITTEE: Community Development Authority (CDA) of Racine **LEGISLATION ITEM #:** 0225-20

AGENDA DATE: April 30, 2020 Community Development Authority

DEPARTMENT:

Prepared By: James M. (Jim) Palenick, City Administrator

Reviewed By: Cory Mason, Mayor

SUBJECT:

A request to Authorize and Approve an Amendment to the Offer to Purchase the parcel of real property commonly referred to as 233 Lake Avenue, by and between the Community Development Authority of the City of Racine, as seller/lessee, and Hovde Properties, LLC, as buyer/lessor, by extending the expiration date for exercising the Option on same from April 30, 2020 to September 1, 2020. Further, to authorize the Chairman of the Community Development Authority to execute on behalf of the Seller/Lessee.

EXECUTIVE SUMMARY:

On May 3, 2019, Hovde Properties, LLC of Madison, Wisconsin entered into an "Offer to Purchase" Agreement with the RDA of Racine for the purposes of acquiring long-term Lease (99-year) control of the former WE Energies site at 233 Lake Avenue. Hovde's announced plans included the redevelopment and build-out of the site to include at least three new buildings: two of which would consist of market-rate, multi-family housing units and on-site structured parking within 5-7 story structures; along with a 7-story, stand-alone, limited-service hotel consisting of 90 – 100 rooms and support structured parking.

Hovde was to complete their due diligence on the project; negotiate and execute an Incentive Agreement, and exercise their Option for property control by April 30, 2020.

It is now obvious, largely due to the pandemic, that such time-line was not achieved. The Parties do agree, however, that an extension of 120 days – to a new expiration date of September 1, 2020, will allow sufficient time to finalize all due diligence activities including the negotiation, approval and execution of an Incentive Agreement with the City of Racine.

BACKGROUND & ANALYSIS:

Also, since the original Offer to Purchase was entered into with the “Redevelopment Authority of the City of Racine (RDA)”, the City has dissolved the “RDA” and created its successor Agency, the “Community Development Authority of the City of Racine (CDA)”, which will now exercise all the powers and duties of the RDA including the power to sell or lease properties now owned by the CDA (former RDA properties, including 233 Lake Avenue.)

The CDA will be taking action to receive and accept ownership of this parcel, as successor Agency to the RDA, prior to its authorizing and approving the Option Amendment.

BUDGETARY IMPACT:

There is no budgetary impact to extending the date for expiration of the Option to Purchase by 120 days (4 months). All terms of the Option Agreement remain unchanged. This extension merely allows the Purchaser/Lessee to have some additional time to complete due diligence activities and to move past the “Safer-at-Home shut-down period” imposed due to the COVID-19 pandemic.

OPTIONS/ALTERNATIVES:

- 1.) To Authorize and Approve an Amendment to the Offer to Purchase the parcel of real property commonly referred to as 233 Lake Avenue, by and between the Community Development Authority of the City of Racine, as seller/lessee, and Hovde Properties, LLC, as buyer/lessor, by extending the expiration date for exercising the Option on same from April 30, 2020 to September 1, 2020. Further, to authorize the Chairman of the Community Development Authority to execute on behalf of the Seller/Lessee.
 - 2.) To Defer, or Deny the Amendment to the Offer to Purchase the parcel of real property commonly referred to as 233 Lake Avenue, by and between the Community Development Authority of the City of Racine, as seller/lessee, and Hovde Properties, LLC, as buyer/lessor, by extending the expiration date for exercising the Option on same from April 30, 2020 to September 1, 2020. Further, to authorize the Chairman of the Community Development Authority to execute on behalf of the Seller/Lessee.
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RECOMMENDED ACTION:

To Authorize and Approve an Amendment to the Offer to Purchase the parcel of real property commonly referred to as 233 Lake Avenue, by and between the Community Development Authority of the City of Racine, as seller/lessee, and Hovde Properties, LLC, as buyer/lessor, by extending the expiration date for exercising the Option on same from April 30, 2020 to September 1, 2020. Further, to authorize the Chairman of the Community Development Authority to execute on behalf of the Seller/Lessee.

ATTACHMENT(S):

WB-40 Amendment to Offer to Purchase, along with Exhibits.

Original, WB-24 Offer to Purchase, along with Exhibits.