

421 E. Locust Disposition Planning – UPDATE

RE: ONE ACRE LOT contiguous to Holton Terrace (421 E. Locust)

As the RAD conversion at Holton Terrace commenced in 2018, staff (“we/our”) applied for a CSM to separate the property being used for the housing at Holton Terrace and the property next door that had been vacant for decades. In the time after filing, we appeared in front of the HACM Board which approved the application for disposition of this site.

The purpose of our presentation is to UPDATE the Board on the progress of this disposition.

After the initial Board approval to proceed, we formally met with the residents of Holton Terrace in a group setting to discover their desires for the neighboring property. HACM/Travaux had already researched the needs of the neighborhood and Holton Terrace is in the middle of an area designated as a ‘food desert’. The residents agreed and requested a use that would mitigate that condition. There was also a request for a parcel receiving station on the property’s southeast corner by Holton Terrace, if possible.

Travaux and HACM proceeded to apply for formal disposition with HUD for the property at the full appraised value. In 2022/23, that valuation was set at \$500,000. Our team publicly advertised the property through site signage and using a member of staff’s real estate license.

We marketed the property with submittal requirements:

- Price set at the appraised valuation or greater
- A user who would concentrate on food
- Covenants to prevent permanent restrictions against predatory or non-desirable uses
- Financial capacity
- Time frame for implementation
- Willingness to work with HACM and Travaux staff on design and construction
- Amenability to construct a parcel station, if possible
- Firm deadline set for responses.

While this sign was posted, HUD informed us that we needed to update our appraisal as it was over 12 months since completion. The new appraisal reflected an updated value of \$590,000. We informed all inquiring parties of this update and amended the minimum acceptable price.

We received one response that fulfilled all the requirements set forth and at the required minimum price of \$590,000. This response was received from the not-for-profit Kinship (formerly River West Food Pantry, now rebranded to offer a wide range of services to area residents). The proposed construction will include a new building with a modern design, with a construction cost estimate of \$10,000,000. Kinship will also provide groceries and meals, along with the creation of 9+ new local jobs, employment training services and social services. HACM residents will be given priority with job applications at the commencement of operations. Additionally, many of the residents at Holton are already patrons of Kinship.

421 E. Locust Disposition Planning – UPDATE

Since receiving that proposal, we have re-engaged the Holton Terrace residents at another meeting to discuss the details of what would be situated next door to their building. Kinship appeared at the meeting with information for the occupants. The residents in attendance had inquiries but were unanimously pleased with the final use.

This was followed by a remote meeting with the RAB Board, who voiced all positive responses and a desire to move forward with the project.

Alderperson Cogg's office has been engaged and they are not opposed to our project, which is the position we expected at this point.

This information is being presented to you for your acknowledgement of where we are in the process.

Moving forward, HACM and Kinship will be spending significant time on the project. There are capital expenses Kinship will be incurring. Additionally, your acknowledgement will allow Kinship to engage their donors to secure formal commitments with the understanding the HACM Board is aligned with their proposal.

There are several steps to complete before we return to the Board with a formal contract for purchase that has final municipal approvals in hand. We will appear with Kinship at several public hearings, including Plan Commission, DNZ, Common Council and BOZA for rezoning and special use approvals.

At this point, the applications for rezoning will be public and we want our Board to be in full knowledge of the progress and process. When all contingencies have been met, we will return to you with renderings, designs, plan of operations, and scope of services for approval as well as execution of the sales contract.

Thank you very much.

Scott Simon
VP Development, Travaux/HACM