

LRB – FISCAL REVIEW SECTION ANALYSIS

DECEMBER 3, 2003 AGENDA

ITEM 20, FILE 031105

ITEM 21, FILE 031106

PUBLIC IMPROVEMENT COMMITTEE

Emma J. Stamps

File 031105 is a resolution accepting an Offer to Purchase a surplus, city-owned vacant lot at 2469-71 South St. Clair Street for owner-occupied, single-family residential development, in the 14th Aldermanic District. File 031106 is a resolution authorizing the transfer and expenditure of \$80,000 from the Development Fund to facilitate new residential construction along St. Clair Street, in the 14th Aldermanic District. (DCD-Real Estate)

Background and Discussion

1. The DCD Redevelopment and Real Estate section received an offer to purchase a city-owned vacant lot located at 2469-2471 South St. Clair Street.
2. The winning bid came in at \$70,150 to develop and sell single-family residential properties at the location for \$225,000 to \$250,000 each, according to DCD staff.
3. Per DCD staff, water and sewer laterals construction is required for the assessable owner-occupied, single-family development. The staff was unaware that the parcel did not have laterals until the **buyer** disclosed the fact to them. All other interested developers withdrew their bids upon that finding and disclosure.
4. The developer placed a contingency on his offer to purchase that the city offset lateral construction costs for the assessable parcel.
5. Basically, the DCD will **pledge back the sales proceeds, plus \$8,850 to reimburse the developer** \$80,000 to pay toward the costs of the infrastructure. Per DCD, the DPW estimates the lateral construction to cost \$195,000 using; (1) DPW donation of \$21,000 design engineering, (2) \$70,150 sales proceeds, (3) \$80,000 Development Fund grant, and (4) approximately \$23,850 from sources yet-to-be-determined.
6. Per DCD staff, the developer cannot complete the project without the \$80,000 city grant. This project *was not listed as a 2003 Development Fund priority*, requiring a re-prioritizing of eligible projects.
7. When asked, the DCD recalls the last request for using Development Funds (then called the “Development Opportunities Fund”) for water and sewer lateral construction was granted for the City Homes project.

Fiscal Impact

Adoption of File 031105 authorizes the DCD to accept an \$70,150 offer to purchase the parcel located at 2469-2471 South St. Clair Street for the development and sale of 4 single-family, owner-occupied homes.

File 031106 authorizes the transfer and expenditure of a \$80,000 grant, using Development Fund capital funding to reimburse to the developer infrastructure costs for new water and sewer laterals, a contingency for File 031105.

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LRB – Fiscal Review Section
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