



MEMORANDUM

TO: Mayor and Council

FROM: Lauraine Rizer, Officer
Office of Real Estate Services

DATE: August 11, 2015

SUBJECT: City-owned property located at 64 Rainey Street

The Office of Real Estate Services (ORES) is hereby providing City Council with information regarding a City-owned parcel of land, commonly known as 64 Rainey Street, Austin, Texas (District 9).

Background

On June 24, 2015, the Open Space, Environment and Sustainability Committee (OSESC) reviewed for consideration Item #7, "Briefing and discussion of: 1) construction staging, future use, and dedication for park and recreational purposes of 64 Rainey; and 2) future dedication for park and recreational purposes of the Emma S. Barrientos Mexican American Cultural Center (MACC)." A map of these parcels is provided as an attachment to this memo.

Sackman Enterprises, the developer of the adjoining property at 70 Rainey, has requested a temporary work space on the entire City parcel (approximately 11,760 square feet) for a minimum of 24 months to be used as a staging area for construction of a 35-story condominium project. The developer has also requested a 25-foot setback along the adjoining (northern) property line of 64 Rainey, in lieu of a firewall on the garage that would otherwise be required per City Code.

In addition, the Public Works Department (PWD) has requested to widen the alley running along the west side of both properties by 4 feet, which would require the dedication of a 4-foot by 98-foot strip of land from 64 Rainey as alley right-of-way (ROW). A map identifying the proposed setback and ROW dedication area is provided as a second attachment to this memo.

The OSESC, after hearing from the MACC Board (in support), the Rainey Neighborhood Association (in support), the Rainey Business Association (in support), and a number of individual citizens (some not in support), asked staff to continue to work with Sackman Enterprises.

Update

ORES staff ordered an independent third-party appraisal and land plan to provide a current fair-market value in analysis of the following three elements proposed for the use of 64 Rainey:

- (1) The value of a temporary work space area on the entire property;
- (2) The impact on value for a 25-foot perpetual setback (“negative restrictive covenant”) from the northern property line of 64 Rainey Street; and
- (3) The value of a 4-foot x 98-foot strip of land that would be dedicated as ROW from the parcel at 64 Rainey in order to widen the alley along its western property line.

64 Rainey Street was appraised with the understanding that the wastewater line that currently bisects the property will be capped and rerouted. The 70 Rainey development must reroute the line to meet the needs of its project. In order to determine fair-market value, the appraisal assumes that development is desirable on 64 Rainey, and that the practical next step for a developer would be to have the property replatted, thus eliminating the current 15-foot setback on the southern side of the parcel and the 25-foot setback along the eastern side of the property.

A summary of these values based on a third-party appraisal, dated August 6, 2015, prepared by J. L. Craft, MAI of J.L. Craft & Associates, is as follows:

- Fair-market value of 64 Rainey Street in total, per previous paragraph, as stated in the appraisal: **\$2,500,000**
- Impact on fair-market value of 64 Rainey Street based on the following:
 - Appraised value of 4’ x 98’ alley ROW: **(\$84,280)**
 - Calculated impact on value of a 25’ perpetual negative restrictive covenant: **(\$1,065,720)**
 - Decrease in value of 64 Rainey Street: **(\$1,150,000)**
- Appraised fair-market value of 64 Rainey Street after ROW dedication and negative restrictive covenant: **\$1,350,000**
- Appraised fair-market rent for two-year temporary construction staging area: **\$336,277**

In previous discussions with the MACC Board, PARD, and the OSESC, Sackman Enterprises has offered the following:

- Contributions to MACC Master Plan update, and to design and development of park at 64 Rainey Street following the construction of 70 Rainey: **\$400,000**
- Park maintenance in perpetuity, based on current PARD estimates: **\$12,000/year**
- Construction of a living wall on the southern face of the 70 Rainey garage: **\$200,000**
- Repaving of the alley along the western property line from 64-74 Rainey: **\$40,000**
- Payment for appraisal and land plan of 64 Rainey Street: **\$13,000**

A Recommendation for Council Action is forthcoming for the dedication of 64 Rainey as parkland subject to Council's authorization to negotiate and execute an agreement with Sackman Enterprises.

Please contact me at (512) 974-7078 if you have any questions.

Xc: Marc Ott, City Manager
Sue Edwards, Assistant City Manager
Robert Goode, Assistant City Manager
Bert Lumbreras, Assistant City Manager
Sara Hensley, Director, Parks and Recreation Department
Howard Lazarus, Director, Public Works Department

Attachments (2):

- Aerial map of City parcels proposed for parkland dedication
- Aerial map of alley and 25-foot setback along 64 Rainey Street

Exhibit A:
Three City-owned parcels
identified for potential parkland
dedication



MACC

68-74
Rainey
(Sackman)

64
Rainey

58

58 Rainey

CUMMINGS ST

RAINEY ST

RIVER ST

EAST AVE

LAMBIE ST

WILLOW ST

RED RIVER ST

DRISKILL ST

DAVIS ST

N IH 35 S VRD SB

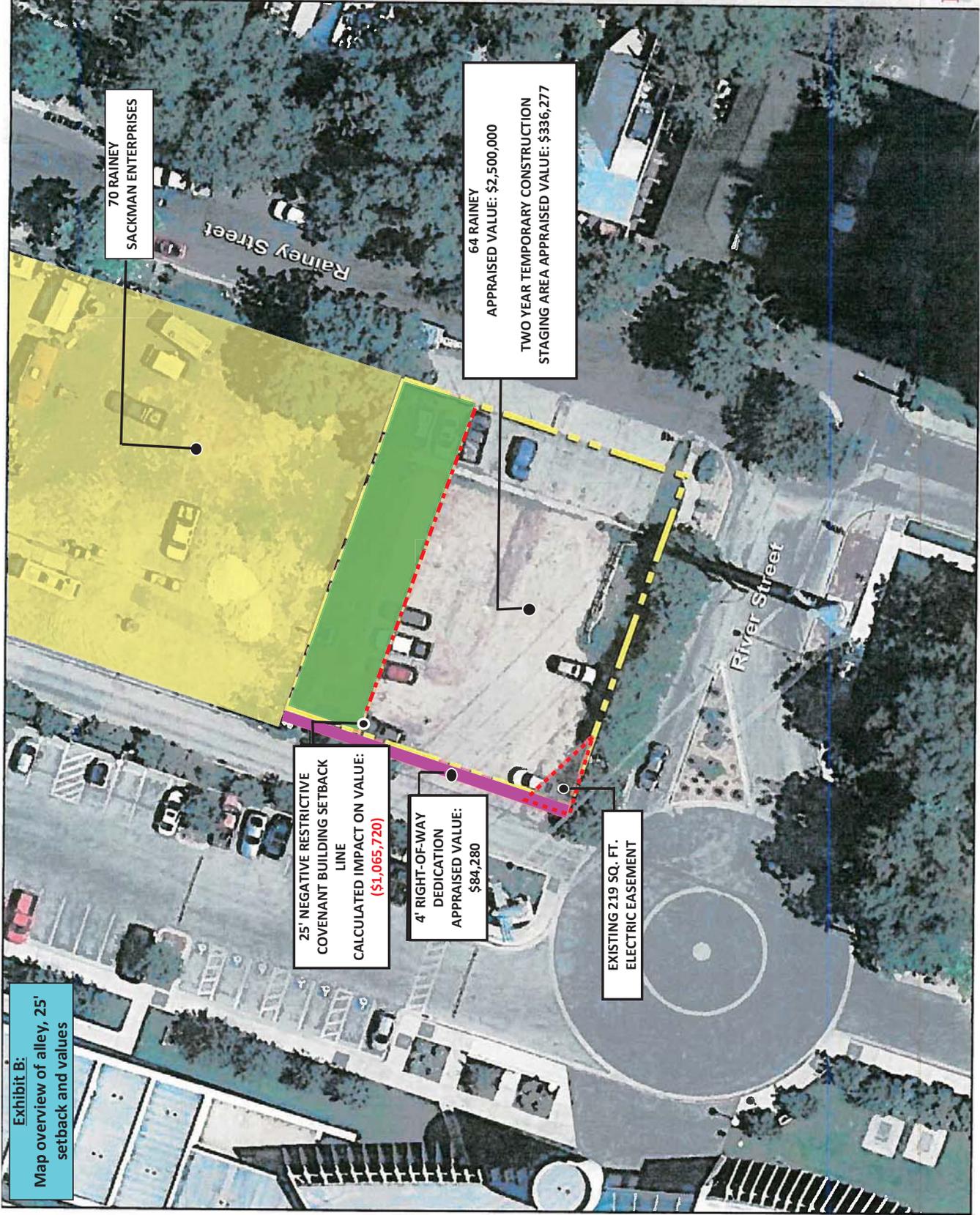
N IH 35 SB

N IH 35 NB

HOLLY ST

N IH 35 SB TO RIVERSIDE RAMP

Exhibit B:
Map overview of alley, 25' setback and values



After Property

64 Rainey
City of Austin

Site Summary

Tract Size 0.261 Ac. (11,368 s.f.)
Zoning CBD
(Central Business District)

Legend

- Tract Boundary
- Electric Easement

Sources

- Aerial - Circa 2014
- Google Earth
- CAPCOG
- City of Austin
- Travis County Appraisal District



Scale



GRAPHIC SCALE: 1" = 30'
Date: 07-24-15