

From: Mark Rogers <
Sent: Friday, January 17, 2020 11:44 AM
To: Brian Potter <
Cc: Sadowsky, Steve <Steve.Sadowsky@austintexas.gov>; Rachel Stone <
Subject: Re: 1705 Haskell Street

Thank you Brian. That helps clarify for me where things stand. I can say that GNDC is interested and all the factors you note, regarding the funding process and time frame for GNDC, still hold true. It wasn't clear to me that a contract was still in effect. So, I completely understand why we have to wait this out for now.

Mark

On Fri, Jan 17, 2020 at 11:08 AM Brian Potter <> wrote:

Mr. Sadowsky,

Thank you for the update and the explanation as to the next steps. Understand that I don't really have a dog in the hunt as to whether the property is or is not designated. My role as receiver is to sell the property for the highest possible price in the shortest and most economical manner possible. While I by no means want to put words into the mouth of the judge, he made it clear at the last hearing concerning this property that the priority is to get the house sold and get this matter wrapped up, regardless of anyone's personal feelings concerning a potential demolition or designation of the property (including his own).

To that end, I am absolutely willing to engage with GNDC regarding a potential purchase of the property (indeed, I am required to evaluate any option that might result in a sale of the property). However, the property is currently under contract and has been since before there was any suggestion of the property being designated. Further, the purported buyer has not terminated the contract, as to date they have wanted to see how this designation plays out.

While GNDC has expressed interest, Mr. Rogers had been candid with me that the purchase process with them would take 5 to 6 months, and that there is no guarantee of an approval for funding, although he did think there was a good chance of approval. Thus, while I recognize that selling the property to GNDC would likely resolve the issues concerning the demo permit application and designation, without a guarantee of funding I don't believe I can ask the judge to terminate the contract with the current buyer simply in the hope that GNDC might be able to purchase it. Of course, were the current buyer to elect their option to terminate the contract, I would absolutely engage with Mr. Rogers and GNDC.

At this point, I think we probably just have to wait and see what happens at the council meeting, barring the current potential buyer electing to terminate. Note that I am always happy to discuss this matter. Likewise, if the GNDC can guarantee funding, that would possibly change things.

Sincerely,

Brian C. Potter

Bangle & Potter, PLLC | 604 W. 13th Street | Austin, Texas 78701

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From: Sadowsky, Steve <Steve.Sadowsky@austintexas.gov>
Sent: Thursday, January 16, 2020 4:37 PM
To: Mark Rogers <
Cc: Brian Potter <
Subject: RE: 1705 Haskell Street

Hi Brian:

The Rendon House was recommended for historic zoning by the Planning Commission on Tuesday night. It will proceed to the City Council on Thursday but will likely only go for first reading with 2nd and 3rd readings coming at the next Council meeting. Mayor Adler will not be in attendance at next Thursday's meeting, and since there is a super-majority vote requirement at the Council where the owner opposes a zoning change, it is likely that the case will proceed on first reading only due to the mayor's absence.

We are one step further along in the process and close to resolution, so I hope we can begin evaluating whether GNDC could have the opportunity to consider purchase of the property and its preservation.

Please let me know if you have any questions.

Steve Sadowsky

Historic Preservation Officer

City of Austin, Texas

974-6454

From: Mark Rogers <
Sent: Wednesday, January 15, 2020 3:02 PM
To: Sadowsky, Steve <Steve.Sadowsky@austintexas.gov>
Subject: Re: 1705 Haskell Street

*** External Email - Exercise Caution ***

Hi Steve,

The short answer to your questions are: We have not had any real thoughts about the property since November or so last year.

There have been no negotiations to speak of.

The reason for this is because the person in charge of a sale, Brian Potter, has not contacted GNDC about a sale since shortly after the Landmark Commission initiated historic zoning. During my phone conversation with Mr. Potter in October 2019, Mr. Potter gave me the impression that, if the property received historic designation from the City Council, or if he perceived that would be the likely result of the historic zoning process, then, and only then, would he *possibly* provide GNDC with a sales contract.

The easiest way for me to fill you in is to share the few email exchanges that I had with Mr. Potter, the attorney assigned by a judge to handle the sale.

October 29, 2019

Brian Potter to me after our phone conversation.

Mr. Rodgers,

I am the court-appointed receiver for the above-referenced property and ***we spoke a week or so ago***. I am reaching out to you to determine if the GNDC would be interested in further discussing a potential acquisition of this property? By way of update, last night the Austin Historic Landmark Commission voted to recommend that the property be designated a historic landmark. While I do not know for certain, it is my expectation that the parties that opposed the designation will continue to fight the designation, and that this matter will ultimately wind up being heard and determined by the Austin City Council (likely months from now). However, were I and the GNDC be able to agree on a contract for the property whereby the GNDC would purchase the property subject to any historic designation, I think that might eliminate the need for a lengthy continuing battle between the various owners, as a designation would no longer be a bar to a sale of the property, and allow me to sale the property as ordered by the court.

You mentioned that your purchase process take a while. As such, what I would really like to understand is:

1. Is GNDC interested in purchasing the property?
2. Would GNDC be interested in purchasing the property at or near the price we previously discussed (in excess of \$485k)?
3. What would need to happen for GNDC to start the process?
4. What would the rough timeline be for (a) GNDC determining if it could get the necessary funding, and (2) actually closing on the property.

Thank you in advance for any information you can provide.

Sincerely,

Brian C. Potter

Bangle & Potter, PLLC | 604 W. 13th Street | Austin, Texas 78701

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October 30, 2019

me to Mr. Potter

Hi Mr. Potter,

Let me address your questions.

Yes, the purchase process, because we must go through the City of Austin's Neighborhood Housing Office, will take a while. Generally we need 5 to 6 months to close. However, we often know within 2 to 3 months if City staff supports the application and, when they do, the funding is almost guaranteed.

As To your other questions:

1. Is GNDC interested in purchasing the property?

Yes.

2. Would GNDC be interested in purchasing the property at or near the price we previously discussed (in excess of \$485k)?

Obviously, we would like as low a price as possible. We must create affordable housing for households with low-to-moderate incomes. As a 501 c 3 tax deductible nonprofit, there is a tax deduction available if a property is sold to GNDC at below an independently appraised valuation. The fact that TCAD has a value of \$592k on the property makes that look very doable. The lower the price is below the appraised value, the more appealing financing the acquisition is to the City.

As I noted when we spoke on the phone, because there are development incentives that GNDC has available, we might be able to make the finances work at the \$485k price by developing more units of housing on the property than a for-profit developer can provide. So, yes, we are willing to pursue acquiring the property at the \$485k price. Short of a donation or a hugely discounted sales price, a price at \$400k with GNDC having the goal of creating 4 units of housing would put \$100K as the land cost for each unit. That's extremely high if compared with a multi-family project, but a good (not great) price when dealing with single-family development.

3. What would need to happen for GNDC to start the process?

In order to seek financing, GNDC needs a contract offering to sell the property at the \$485k price with a closing date 6 month out. Also, because we are cash poor, a low earnest money amount, like \$1000, is strongly preferred. Feel free to include whatever Special Provisions you feel are necessary and we will review those once we receive the contract. I will have to take the contract to my board of directors to get authorization to seek financing, etc. and that may take a week to a month depending on timing, but that really will not slow down the process once the contract is in our hands.

4. What would the rough timeline be for (a) GNDC determining if it could get the necessary funding, and (2) actually closing on the property.

As noted above, as a rough timeline you should expect a 6 month period to close. However, within 2 to 3 months we should know if financing is likely to be provided or not. Since April, I have been trying to get the City to reimplement a "Fast-Track Acquisition" program they used to have without any luck. I would guess the shortest time frame to close might be 4 months.

Thank you.

Mark

Then.....

Monday, November 4, 2019 4:41 PM

Me to Mr. Brian Potter

Hi Mr. Potter,

Just checking to make sure you received my email response from last week.

Thanks!

Mark

Tue, Nov 5, 2019, 10:22 AM

Mark,

Thanks for checking, and yes I did. I am just trying to get the lay of the land before I determine the next step. I will be in touch shortly.

Thanks,

Brian C. Potter

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On Wed, Jan 15, 2020 at 2:32 PM Sadowsky, Steve <Steve.Sadowsky@austintexas.gov> wrote:

Hi Mark:

Is GNDC considering the purchase of this property (the Rendon House)? If so, where are we in the negotiations?

Steve Sadowsky

Historic Preservation Officer

City of Austin, Texas

974-6454

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Mark C. Rogers, Executive Director

Guadalupe Neighborhood Development Corporation

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Mark C. Rogers, Executive Director
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