



# City of San Antonio

## Agenda Memorandum

**File Number:**19-4707

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**Agenda Item Number:**

**Agenda Date:** 6/12/2019

**In Control:** Planning Commission

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**DEPARTMENT:** Center City Development and Operations

**DEPARTMENT HEAD:** John Jacks

**COUNCIL DISTRICTS IMPACTED:** 2

**SUBJECT:**

Cherry Street Property Exchange

**SUMMARY:**

Resolution for approval for the conveyance of approximately 2.0 acres of City owned property located out of NCB 602, Lot 24 at 223 S. Cherry St. in exchange for approximately 1.69 acres of property owned by 803 N. Cherry, LLC. located out of NCB 527, Block 1, Lot 1 and Lot 2 at 803 and 815 N Cherry Street in Council District 2.

**BACKGROUND INFORMATION:**

On August 2, 2012, City Council authorized a Master Economic Development Incentive Agreement with Alamo Beer Company, LLC and the Inner City Tax Increment Reinvestment Zone for the development of the Alamo Beer Micro Brewery. The Project included a microbrewery and administrative offices; a restaurant/beer garden; indoor/outdoor event venue; and an outdoor activity area. In addition to the approved Master Economic Development Agreement, the City agreed to sell 1.69 acres of unimproved land located at 803 N Cherry Street. Alamo Beer Company, LLC agreed to pay the appraised value of \$295,000. The land was to serve as the location of the microbrewery. Due to litigation, the conveyance of 803 and 815 N Cherry Street was delayed. Alamo Beer Company, LLC then decided to build the microbrewery on adjacent property it owned located at 415 Burnet.

In 2016, Alamo Beer LLC deeded the property to 803 for the purpose of developing a housing project on the site. The project received conditional approval from the City Manager provided it met specific design

parameters and received support from the neighborhood association. While the conditions were met and the developer can start construction of the housing project at 803 and 815 N Cherry Street, Mayor Ron Nirenberg and City Council Member Art Hall with the support of City Council requested that staff explore options to reacquire the properties.

Over the past several weeks, City staff and Mitch Meyer met and developed a term sheet that includes a property exchange of 2 acres of 223 S Cherry Street for 803 N Cherry Street (Term Sheet Attached). The property at 223 S Cherry Street is owned by the City and served as offices for the City's traffic operations division until the division was relocated in December 2018. The property is 3.92 acres and has been identified by staff as a potential location for a mixed income housing project. The property exchange will be limited to 2 acres of the 223 S Cherry Street property (See Exhibit 1).

The remaining 1.92 acre property will be disposed of through a Request for Proposal. The preferred use is a mixed income housing project. However, if such a project is not feasible the City will dedicate the proceeds from the sale of the property to facilitate affordable housing in the area. The future conceptual design of the remaining property, including but not limited to any height restriction, will receive guidance from the Historic Design Review Commission and input for consideration from the Denver Heights neighborhood.

The future use of 803 and 815 N Cherry will be for public or recreational use or for a use that meets a community need based on community input. City staff and the District 2 Council Office will seek input from community partners to include the residents of Dignowity Neighborhood, Hays Street Bridge Restoration Group, and other stakeholders and surrounding neighborhoods to develop a plan for its future use. The process will be done in accordance with the City's public participation principles. The process will consider at minimum conceptual design, viewshed protection, and cultural and historical interpretation opportunities.

The proposed development for 223 S Cherry will require HDRC review and consideration prior to the issuance of a building permit.

Staff will terminate two license agreements with Alamo Beer LLC for the use of an area of the Hays Street Bridge for restaurant tables and chairs and to construct a skywalk connecting the microbrewery to the Hays Street Bridge. These license agreements were subject to the development of a restaurant/retail space that was to be developed at 803 N Cherry Street. The License agreement to improve and activate the land under the bridge shall remain in place.

## **ISSUE:**

Staff proposes providing approximately 2.0 acres of City owned property located out of NCB 602, Lot 24 at 223 S. Cherry St. in exchange for approximately 1.69 acres of property owned by 803 N. Cherry, LLC. located out of NCB 527, Block 1, Lot 1 and Lot 2 at 803 and 815 N Cherry Street as shown in Exhibit A.

## **ALTERNATIVES:**

Planning Commission could choose not to approve this resolution; however, the proposed project at 803 N Cherry Street would continue as planned and the City would issue a Request for Proposal for a mixed income housing project at 223 S Cherry Street.

## **FISCAL IMPACT:**

Funding for the demolition of the structures at 223 S Cherry Street, the environmental cleanup necessary to meet residential standards, and the survey and replatting of the property is available in the FY 2019 Inner City

Incentive Fund. The total cost for these services will not exceed \$600,000. The demolition and cleanup of the site was necessary regardless of the proposed property exchange.

The 1.69 acre property at 803 and 815 N Cherry Street is appraised at \$2,580,000. The appraisal considers that the property is entitled for development and be developed immediately. The 2 acre property at 223 S Cherry Street is appraised at \$2,615,000. The appraisal considers the 5 story deed restriction of the entire 2 acre property.

**RECOMMENDATION:**

Staff recommends approving a Resolution recommending an exchange of approximately 2.0 acres of City owned property located out of NCB 602, Lot 24 at 223 S. Cherry St. for approximately 1.69 acres of property owned by 803 N. Cherry, LLC. located out of NCB 527, Block 1, Lot 1 and Lot 2 at 803 and 815 N Cherry Street in Council District 2.