



Legislation Details (With Text)

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**Title:** Direct staff to prepare a resolution for City Council consideration authorizing the replacement of the City’s covenant on the property located at 1720 Quincy Avenue with one that requires that said property not be conveyed or leased to any not-for-profit or exempt property use.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
1/21/2020	1	City Council	directed staff	Pass

**CITY COUNCIL AGENDA ITEM**

**ACTION REQUESTED:**

Direct staff to prepare a resolution for City Council consideration authorizing the replacement of the City’s covenant on the property located at 1720 Quincy Avenue with one that requires that said property not be conveyed or leased to any not-for-profit or exempt property use.

**DEPARTMENT:** Transportation, Engineering and Development

**SUBMITTED BY:** William Novack, Director of T.E.D. and Pat Lord, Senior Assistant City Attorney

**BOARD/COMMISSION REVIEW:**

N/A

**BACKGROUND:**

In 2016 the City sold property it owned at 1720 Quincy Avenue (the “Quincy Property”) as surplus property in response to a bid proposal to purchase the property submitted by Roy Spencer of Perma-Seal. The Quincy Property is located on the south side of Quincy Avenue immediately east of Players Indoor Sports. As part of the bid process, the bidder was required to indicate what the intended use of the property. Mr. Spencer’s bid proposal indicated that if he purchased the Quincy Property it would become the new corporate headquarters of Perma-Seal Basement Systems which had 180 employees and that 60-80 new employees would be hired for the Quincy facility over a five-year period.

A covenant (“Covenant”) that the Quincy Property would be used for the purposes described above was recorded against the property on October 4, 2016. Perma-Seal closed on the property, paying the City \$770,000.

Shortly after purchasing the Quincy Property, a different location became available that Mr. Spencer determined would be a much better fit for the Perma-Seal corporate headquarters. As a result, he has been trying to sell the Quincy Property for approximately two years but has had difficulty in part due to the City's Covenant on the property. Mr. Spencer is requesting release of the City's Covenant on the Quincy Property.

**DISCUSSION:**

The property owner is negotiating with Bill Jacobs car dealership for the possible sale of the Quincy Property. Potential use of the property by Bill Jacobs would be for storage of between 275-350 cars with the possibility of a collision center being constructed on the property in the future which would focus on vehicle detailing and bodywork.

**Options**

The following three options may be considered by the City Council in response to the request to release the City's Covenant from the Quincy Property:

1. Direct staff to prepare a resolution for City Council consideration authorizing the release of the Covenant.
2. Direct staff prepare a resolution for City Council consideration authorizing the replacement of the Covenant with one that requires that the Quincy Property not be conveyed or leased to any not-for-profit or exempt property use.
3. Take no action at this time and recommend that the property owner petition City Council for a modification of the property restrictions once it has a contract with a buyer so that Council may evaluate the buyer's plans for the property.

**Option #2 Recommendation**

When the City sold the property some of the objectives included putting the property back on the tax rolls so additional property tax could be generated and hopefully generating jobs through development of the property. Staff has observed many not-for-profits acquiring property like this for their use. If a not-for-profit acquires this property, then it would be exempt from property taxes. To avoid this result, staff recommends option #2.

**FISCAL IMPACT:**

Transfer tax stamp revenues to the City and that if the City does not restrict sales to tax-exempt entities, a sale to a tax-exempt entity could result in a loss of property tax revenues to the City.