



DOWNTOWN REDEVELOPMENT OPPORTUNITY

RS-23-090

May 23rd, 2023

Background

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- ❑ 324 N Gray was built in 1915 as the Lodge Hall.
- ❑ The Property later served as the Wyatt Bass Grocery Store from 1937-1941 and then more recognizably home to the Hack's Army and Western Store from the 1950s- 1980s.
- ❑ The "Hack's Building" was historically significant in the 2008 historic resource survey.

Historic View

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Historic View

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Background

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- This building has been vacant for many years and has been a source of blight and vandalism.
- The previous owner of the building passed in January of 2023, and her sons approached the city after failing to sell the building to the private market to see if the city would be interested in purchasing the property as an option of last resort.

Background

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- City of Killeen staff along with KEDC's Scott Connell toured the building on March 14th.
- City of Killeen staff shared this property purchase opportunity with Council during March 21st closed session.

Property

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Property

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Property

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Background

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- ❑ As a result of the March 21st closed session, the City of Killeen has entered into an option period for the property to complete the following due diligence efforts:
 - ▣ Property appraisal (\$288,483).
 - ▣ Repair quotes for roof replacement, second-story stair access, and interior renovations (\$100,000 estimated).
 - ▣ Engage KEDC for the partnership of the rehabilitation and future use of the property.

Comparables

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- Summary of comparable properties in Downtown Killeen

Sale	Address	Date of Sale	Size (SF)	Price	\$/SF
1	334 E. Avenue D	1/13/2022	3,450	\$175,000	\$50.72
2	714 N. 4th Street	5/12/2022	2,254	\$155,000	\$68.77
3	313 N. 8th Street	2/28/2023	1,800	\$108,000	\$60.00
4	420 E. Avenue C	12/22/2022	21,850	\$1,275,000	\$58.35
Average			7,339	\$428,250	\$59.46
Maximum			21,850	\$1,275,000	\$68.77
Minimum			1,800	\$108,000	\$50.72

Purchase

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- The current negotiated price for the property is \$288,483 for the 7,397-square-foot building or \$39.00 per square foot.
- KEDC has provided a commitment letter of support should the property be acquired.

Redevelopment

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- Bringing the building from the blight roll to the tax roll with KEDC involves:
 - ▣ Structure Renovation to occupiable status.
 - ▣ Revitalization incentive solicitation to attract the best business.
 - ▣ Performance and redevelopment agreement execution with selected best business.

Benefits

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- Benefits to purchasing the property include:
 - ▣ Taking control of Downtown Killeen's destiny by catalyzing revitalization through a City-KEDC led redevelopment.
 - ▣ Saving a City of Killeen historic asset and ensuring quality renovations.
 - ▣ Ability to ensure a desired use for a prominent, long-time vacant structure.
 - Chosen use should help make downtown a destination and compliment other downtown businesses to help them to thrive.
 - ▣ Creates an opportunity for small businesses that may not have the access to funds needed for an investment of this magnitude.
 - ▣ City continues to show dedication and investment in downtown.
 - 6M in private investment

Consequences

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- Negatives to not purchasing the property include:
 - ▣ Having a vacant historic asset continue to incur further deterioration and vandalism.
 - ▣ Stalled revitalization of Downtown Killeen, this building has failed to sell to the private market due to the size and scope of renovations.
 - ▣ Could deter future private investments in downtown for large scale redevelopments.
 - ▣ City will have no control over future use.
 - ▣ Property may be permanently removed from tax-roll depending on future user.
 - ▣ Investors may secure and hold property as future investment.

Alternatives

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- ☐ Do not authorize the purchase.
- ☐ Authorize the purchase with modifications.
- ☐ Authorize the purchase as presented.

Recommendation

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- Staff recommends approval of the purchase as presented.