



STAFF REPORT
DISCUSSION ITEM

Item #11e

SUBJECT: Options for Selling Pullen House

DATE OF MEETING: June 27, 2017

STAFF CONTACT: Alex Vanegas, CPM, Interim Town Manager
Sally Hankins, Town Attorney

SUMMARY and RECOMMENDATION:

The Town purchased the property at 301 S. 20th Street for \$175,000 in January 2011. The property is two separate lots with one house and two accessory structures. See Attachment 1 for more details on the property itself. The Town Council has requested that staff bring this item to the June 27, 2017 meeting with options and required steps for selling the property.

BACKGROUND:

Selling property owned by a local government can be done in a variety of ways as long as the disposition of property adheres to Code of Virginia. The requirements identified in the Constitution of Virginia and in the Code of Virginia are as follow;

Public Hearing

Before any property can be sold or disposed of, the jurisdiction must hold a Public Hearing (see Code of Virginia §15.2-1800). There are not any other limitations or restrictions found in the Town's Charter or Code.

Vote

According to Article VII, Section 9 of the Constitution of Virginia, the sale of public property requires a three-fourths vote of the members of the elected body. As such, there must be six (6) affirmative votes to sell Town property.

Options for Selling Property

There are three primary ways that the Town could sell the property:

- **Unsolicited Bid:** Any member of the public can make an unsolicited bid for Town-owned property at any time. If such a bid is received, the Town staff would review and analyze the proposal and bring an item to Closed Session for the Council to consider. This may result in moving forward to a public hearing and a vote.

This option is the least predictable, because it relies on the private sector to approach the Town with an offer. This is unlikely to generate much interest.

- **Solicited Proposals through Sealed Bid:** The Town can publish and announce its intent to sell the property through News Release, Public Notices, Social Media, local real estate firms, and other public contacts. The Town can declare its intent, set a baseline (minimum) price (if desired), set a deadline, and receive sealed bids at Town Hall. Staff would then review and analyze the sealed bids and bring an item to Closed Session for the Council to consider. This may result in moving forward to a public hearing and a vote.

This option is the least expensive to the Town, as there would be no costs for the Town to pay a real estate firm. The Town can also dictate (or negotiate) contract terms with a potential buyer regarding closing costs, fees, timeline, and other matters. The impact of this option is on staff time (either the Town Attorney or hiring outside counsel) and that staff would not be marketing this in the same way as a realtor might.

- **Hire a Real Estate Firm:** This option would require the Town to procure the services of a real estate firm that would handle all aspects of the sale. Then, the realtor would sell the property on behalf of the Town and would be the one responsible for getting bids/contracts and then making recommendations to Council. Ultimately, this would still require an item in Closed Session for the Council to consider. This may result in moving forward to a public hearing and a vote.

This option would provide the least impact to staff time but would cost the Town funds due to fees for services, commission, etc. This option could lead to a higher sale price based on the experience or activities of the realtor, although there is no guarantee of this. Based on the likely sale price, this service would fall under the Town's Small Purchase Policy and would only require three verbal quotes (a formal RFP would not be needed).

ISSUES:

There are no known issues at this time. One item for Council's consideration is whether the Council would like to get an appraisal on the property before selling it. The property is assessed at \$236,240, but an appraisal has not be conducted on the property recently.

It is important to note that with any of the options listed above, the Town Council can always choose not to sell the property if bids or proposals do not meet the Council's desired selling price or conditions.

Timeline of Actions

Should Council wish to move forward, an example of a timeline for the Sealed Bid process is below as an example:

- Prepare property for sale – 1 month
- Prepare proposal documents, advertisements, and public information – 1 month
- Open up timeline for receiving sealed bids – 2 months
- Staff review of bids and preparation of staff report – 1 month
- Council review of bids – 1 month
- Council Public Hearing – 1 month
- Council vote – 1 month

Some of these processes may be able to run concurrently, so the process in totality would run between 4-8 months.

The process to use a realtor would take 3-4 weeks in order to receive verbal quotes and award a contract to a firm for realtor services.

BUDGET IMPACT:

There is no direct budget impact to proceeding with possible sale of the property at 301 S. 20th Street. Staff time and resources will be required, depending on the option chosen. The sale of the property will result in a positive variance on the budget. The revenue generated by the sale could be added to Unassigned Fund Balance or a dedicated fund that could be used at a future date.

NEXT STEPS:

Staff awaits preference from Council on the options presented.

ATTACHMENT

1. History of Pullen House Purchase by Town of Purcellville

BACKGROUND INFORMATION
ON PULLEN HOUSE

April 20, 2017

Pullen House

301 South 20th Street, Purcellville, VA

Purchase Price: \$175,000 - January 11, 2011

| | |
|---|----------------------------------|
| Current Loudoun County Assessment: | /35A1/2/1//11/ - \$ 230,640 |
| | /35A1/2/1//11A - \$ <u>5,600</u> |
| | Total: \$ 236,240 |

| | |
|-----------------|-------------------------|
| Acreage: | Parcel 11 - .37 |
| | Parcel 11A - <u>.14</u> |
| | Total: .51 |

Town Zoning: R-3 Duplex

Zoning Lot Discussion: There are two lots, one is 15,661 square feet and the other one is 5,831 square feet. The large lot is conforming, the small lot is not. They are both buildable as long as they meet all the set-backs but this would be difficult for the small lot as it is only 30' wide which means the house would have to be 5' wide. One of the best opportunities is to consolidate the lots which would make one lot large enough to be resubdivided into two 10,000 square foot lots which is the minimum lot size in the R-3 District.

Opportunity for Future Commercial Use: The property is surrounded by R-3, R-3A and IP. The Comp. Plan does call for historic office/residential and an intent of saving existing buildings in this area. This provides for limited professional office use in conjunction with an established residential.

Historical Designation: The Pullen house has been determined by the Zoning Administrator not to be a historical structure nor is it a contributing structure as defined in our Zoning Ordinance. It also is not located in an historical overlay district which means that it is not a contributing structure to the designated historical district. In order to demolish the existing buildings, the owner would only have to get a building permit from the Town and a demolition permit from the County. In addition to the permits, an asbestos clearance would have to be completed prior to any destruction.

Cost Estimate to Tear Down House: \$39,500 (2012 estimate – excludes asbestos abatement cost which was estimated at the time to be approx. \$25,000)

Initial Intent to Purchase Property: Town Council identified this as one of the three properties adjacent to Fireman's Field and Town Hall that would have strategic value in the future. This property was identified as a future investment that could include tear down and redevelopment as

overflow parking, potential pocket park site, storage location for special events equipment and other potential income generating opportunities.

Additional Suggested Green Box Initiatives: Component or asset to RFI for management services of Fireman's Field, selling of property for rehabilitation of existing structure, selling of property for teardown of existing structure and creation of two new buildable lots in the R-3 District and creation or development of additional recreational resources on-site that could generate revenue.

d. All-Way Stop Consideration at Nursery Ave./32nd Street

Alex Vanegas stated that at the May 9th Council meeting, Council recommended that staff collect data to get a better understanding of the issue with the speeding in the area. Mr. Vanegas added that traffic counters were placed for approximately two weeks and that it indicated that 88.9% of vehicles exceeded the 25 mph speed limit and 44.1% exceeded exceeding five miles over the speed limit. Mr. Vanegas added that he is aware that judges do not enforce speeds less than five miles over the speed limit and sometimes ten or less, and referenced the options provided to Council in the staff report.

Council member Bledsoe referenced speed camera enforcement and asked if that is the same as automatic ticketing. Alex Vanegas stated that in Virginia speed cameras cannot be employed.

Council member Grim stated she was here when the signs were removed which happened quickly and that residents were upset. Council member Grim added that this road feeds into Locust Grove which is busy with children walking and highly recommends and supports that there are stop signs in the location. Council member Grim added that it has been addressed with VDOT getting the speed limit to 25 mph at the Town limits and that the signs would help to slow down residents. Council member Grim asked about the process for installing the signs. Alex Vanegas stated that the public would need notified as well as the schools, fire and rescue and police as well as education and signage announcing the new traffic pattern. Alex Vanegas added that a Polco question could be done to see if residents would like to see the stop sign in place and feels the feedback received so far is that they would like to see them.

Phil Cross, a resident from 430 S. Davis came forward and stated he spoke at a previous meeting and collected the petition which had approximately 16 signatures on it. Mr. Cross asked how many drivers exceeded 35 mph and 40 mph and requested a full breakdown of the speed stats. Mr. Cross referenced the comment about the consultant recommending against putting in the stop signs and asked why that was the recommendation when Council member Grim referenced years ago that there were stop signs there. Alex Vanegas stated that the consultant's recommendation was based on their research and data that suggests on roads that are primarily on the outskirts of Town that it did not make sense to install stop signs to slow down traffic and recommended removal of the signs. Mr. Vanegas stated he could provide Mr. Cross with a copy of the report as well as speed statistics. Mr. Vanegas added that with recent concerns and requests to reinstall the signs that the Town is trying to determine what the most cost effective approach would be to address the intersection.

Mayor Fraser stated that Council would work with Alex Vanegas to distribute a Polco question and that at the last meeting in July this item would be brought back for action. Council agreed.

e. Options for Selling the Pullen House

Alex Vanegas stated that at the previous Council meeting, Council asked about the approach and procedures for selling the asset at 301 S. 20th Street. Mr. Vanegas added that in 2011, the Town purchased the property for \$175,000 and talked about the three potential ways to sell the property as noted in the staff report.

Mayor Fraser stated that this asset is owned by the Town and is not attractive due to its condition and would like Council to consider putting the asset on the revenue role in order to get taxes and water and sewer from it whether it be from a sale or a renovation.

Council member McCollum referenced the staff report and that the current assessed value is \$236,000 which is generally lower than the market value. Council member McCollum referenced the responses to the RFI's and that one of the firms that responded stated they had no interest in the Pullen House itself but had some ideas on how to use the property, and that the desire to have revenue from it may be realized through the Fireman's Field RFI and suggested finding out what that firm has in mind.

Mayor Fraser summarized that what he is hearing is to go through the process with the RFI to RFP to see if there is an outcome that will make the asset beneficial to the Town. Council member McCollum agreed.

Council member Grim agreed that the assessed value is generally lower than the actual value and that it has been her experience that when an appraisal is done through a municipality that it should not cost more than \$450. Council member Grim added that she agrees that the bidders on the RFI for Fireman's Field should determine if they see value or had positive suggestions. Council member Grim added that in looking at the potential real estate and water income and value and the improved prospects of what a renovated property could look like estimates the Town could make up to \$75,000 in profit.

Council member Bledsoe added he agrees with the comments and that one of the potential bidders or responders to the RFI had mentioned the property and in reading the detail believes they are more interested in the property rather the house as they did not see value in the house and suggested it could be torn down and replaced with a one or two story building for offices, gym, dorms, etc. Council member Bledsoe added he feels everything should be considered and agrees that the Town should invest to have the property appraised for the value with and without the house so that they have all of the information in order to make a decision, and then feels the potential bidder should be engaged to see what they have in mind. Council member Bledsoe added he feels it is an unused and unattractive site and something should be done in the short term to take positive steps.

After a straw poll, no Council members were against the request to get an appraisal.

Council member Grim stated that being involved recently and in talking to a number of appraisers and those refinancing, feels \$390 to \$450 is reasonable. Alex Vanegas stated staff can reach out to several appraisers to get the best value, and stated staff has direction to get the appraisal, continue working on the RFI, and to ask the one group that had responded what they had intended for the property.

Mayor Fraser requested to have someone get rid of the ivy that is growing on the house. Mr. Vanegas confirmed.