



STAFF REPORT
ACTION ITEM

Item # 14.c.

SUBJECT: Pullen House Sale and/or Demolition Funding Budget Amendment (Dale Lehnig/Joshua Goff)(Item for review unless Council moves to Action)

DATE OF MEETING: December 8, 2020

STAFF CONTACT(S): Dale Lehnig, Director of Engineering, Planning & Development
Joshua Goff, Asset Management Coordinator

SUMMARY and RECOMMENDATIONS:

The property that is commonly called “the Pullen House” is located at 301 S. 20th Street in the Town of Purcellville. Since the purchase of the property by the Town in 2010, the condition of the house and the question of what to do with the property has been discussed by Town Council multiple times. Since the home has not been occupied, the property has deteriorated and a decision must be made regarding the disposition of the house and property before it becomes a safety hazard. Staff is requesting direction from the Town Council as to whether the house should be demolished with the property remaining in the Town’s possession for a future use, or the house/property should be sold.

In summary, the three options presented are:

1. Request Town Council to approve budget amendment (BA 21-019) for \$70,000 to demolish the Pullen house; OR
2. Request Town Council to authorize staff to begin the process to sell the Pullen house and property through a sealed bid process; OR
3. Request Town Council to authorize staff to begin the process to sell the Pullen house and property using a real estate firm to sell the property.

BACKGROUND:

Two previous staff reports are attached to this report as additional background information. Attachment 1 is a staff report from April 25, 2017; Attachment 2 is a staff report from September 12, 2017. This report provides a brief summary of the previously presented information, with updated financial information.

The Pullen property was identified by Town Council in 2010 as a property adjacent to Fireman’s Field that would have strategic value. The Town purchased the Pullen house for **\$175,000** on January 11, 2011. The property consists of two lots totaling 0.51 acres. Lot 11 is 0.37 acres. Lot 11A is 0.14 acres.

A plat showing the property is shown in Attachment 3. The current Loudoun County assessment for the property is **\$264,300**. Lot 11 is \$146,200 for the land, \$112,500 for the building; Lot 11 A is \$5,600 for the land.

The property has a zoning designation of R-3 duplex. There are no deed restrictions, conservation easements or financing options since the Town paid cash for the property; the Town Council has exclusive control of what to do with this property. The house has been determined by the zoning administrator not to be a historical structure nor is it a contributing structure as defined in the zoning ordinance. A permit to demolish the house could therefore be issued by the Town.

Recently, Town staff requested quotes from three contractors to demolish the house. The work would include the following:

- Disconnection of the existing water and sewer utilities
- Asbestos abatement, removal of the underground storage tank
- Demolition of the house, garage, and foundations
- Backfilling the foundation of the house
- Fine grading and stabilization of the site.

The lowest quote to perform the work listed above is **\$67,483**. An additional **\$2500** will be needed for environmental testing and permit fees, Loudoun County demolition permit, Town of Purcellville demolition permit, and fuel oil disposal fee. The total estimated cost to demolish the house is therefore **\$69,983**. In order to move forward with the demolition of the house, a budget adjustment would be need to be approved by the Town Council. Budget Adjustment BA 21-019 is in Attachment 4.

In this report, as in the previous reports in 2017, Town staff has also considered the option of selling the property. An appraisal was ordered on December 02, 2020. The report is expected to be available at the end of the December 2020. Since a recent appraisal was not available, and in order to determine a potential sales price, a price comparison was done for comparable properties in the general vicinity that have sold over the last 12 months. The average sales price was **\$320,000**. (Attachment 5)

A more detailed description of the path to sell the property can be found in the staff report dated September 12, 2017, Item#13G (Attachment 2). As noted above, Staff estimates the updated sales price to be **\$310,000 to \$330,000**.

ISSUES:

The main structure (house) on the property continues to deteriorate. In order to limit the Town's liability, the house should be demolished or the property sold.

BUDGET IMPACT:

The cost to demolish the Pullen House is estimated to be \$70,000, which would be an expenditure from the Parks & Recreation Fund. Although there is no direct impact to proceeding with the sale of the property, Staff time and resources will be required.

MOTION(S):

(1) "I move that the Town Council approve budget adjustment (BA 21-19) in the amount of \$70,000 to fund the demolition of the Pullen House."

OR

(2) “I move that the Town Council direct staff to move forward with a soliciting proposal for sealed bids to sell the property located at 301 S. 20th Street in Purcellville, Virginia with setting a minimum purchase price to be established by staff within the range of \$310,000-\$330,000.”

OR

(3) “I move that Town Council direct staff to move forward with procuring a real estate firm to sell the property located at 301 S. 20th Street in Purcellville, Virginia. ”

ATTACHMENTS:

Attachment 1 4/25/2017 TC agenda item

Attachment 2 9/12/2017 TC agenda item

Attachment 3 Plat of Pullen House property

Attachment 4 Budget Adjustment BA 21-019

Attachment 5 Comparable property sales last 12 months



STAFF REPORT
INFORMATION ITEM

Item #11i

SUBJECT: Update on Pullen House Options

DATE OF MEETING: April 25, 2017

STAFF CONTACTS: Council Member Ryan Cool
Robert W. Lohr, Jr., Town Manager

SUMMARY and RECOMMENDATIONS:

As requested at a previous Town Council meeting, staff is providing updated information related to the Pullen House so that the Council can continue to review these options and opportunities during the ongoing budget worksessions. The Parks and Recreation Advisory Board will be continuing to study their potential recommendations and provide Town Council with quarterly updates.

BACKGROUND:

Included with this staff report, is an updated background information that shows new assessment data and other background information that Town Council has requested since our last discussion of the Pullen House. This informational document is included under *Attachment I* of this report. As previously discussed, the Pullen House was acquired by the Town of Purcellville through an estate sale on January 11, 2011. The property is comprised of two lots with two separate structures that total .51 acres. The Town is currently exploring not only Green Box initiatives for this property in how it can be an asset to the Fireman's Field complex but also working with our Parks and Recreation Advisory Board and the community to explore potential internal projects and uses that can occur at this location.

ISSUES:

While Town Council has exclusive control of what to do with this property with no deed restrictions, conservation easements or financing options since the Town paid cash for the property, the Town seems to be focusing on the following priority opportunities with a decision to be made in the future by Town Council:

- 1) Include this property as an asset to the management and operations of Fireman's Field under proposed Green Box initiatives.
- 2) Work with Parks and Recreation Advisory Board to discuss additional uses or government projects/programs that can occur on the property.
- 3) Dispose of the property through the Town's surplus property process with the Town identifying a minimum reserve bid to ensure that we maximize our revenue on this project without incurring administrative/sales costs.
- 4) Hire a broker to sell the property to the highest contract purchaser for either rehabilitation of the existing structure or tear down and lot subdivision to maximize potential future use by creating two new lots.
- 5) Maintain the property in its current condition and use the garage for event storage while the property continues to increase in value as it has over the last six years.

ATTACHMENT(S):

1. Background Information on Pullen House – April 20, 2017

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.



STAFF REPORT
DISCUSSION ITEM

Item #13g

SUBJECT: Options for Selling Pullen House

DATE OF MEETING: September 12, 2017

STAFF CONTACT: Alex Vanegas, CPM, Interim Town Manager

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. The Town Council has requested that staff bring this property to their June 27, 2017 meeting for discussion. At the meeting, staff was directed to obtain an appraisal of the properties. Staff is bringing this item

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:

The property is assessed at \$236,240, but an appraisal provided an estimated market value of the fee simple interest in the 0.37 acre subject lot (Pin # 48827834) as of July 11, 2017 is \$120,000. The estimated market value of the fee simple interest in the 0.14 acre subject lot (Pin # 48827825) as of July 11, 2017 is \$100,000. Based on the information listed above, the Town could choose to sell the property "as is" in the range of \$220,000-\$240,000.

If the Council so desires to solicit bids, the Town can place a minimum purchase price within the aforementioned range. Another option for consideration, is to subdivide the property into two equal sized lots to obtain a higher value but this will take additional time to navigate through the planning process.

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.

MOTIONS:

“I move that the Town Council direct staff to move forward with a soliciting proposal for sealed bids to sell the property located at 301 S. 20th Street in Purcellville, Virginia with setting a minimum purchase price to be established by staff within the range of \$220,000-\$240,000.”

OR

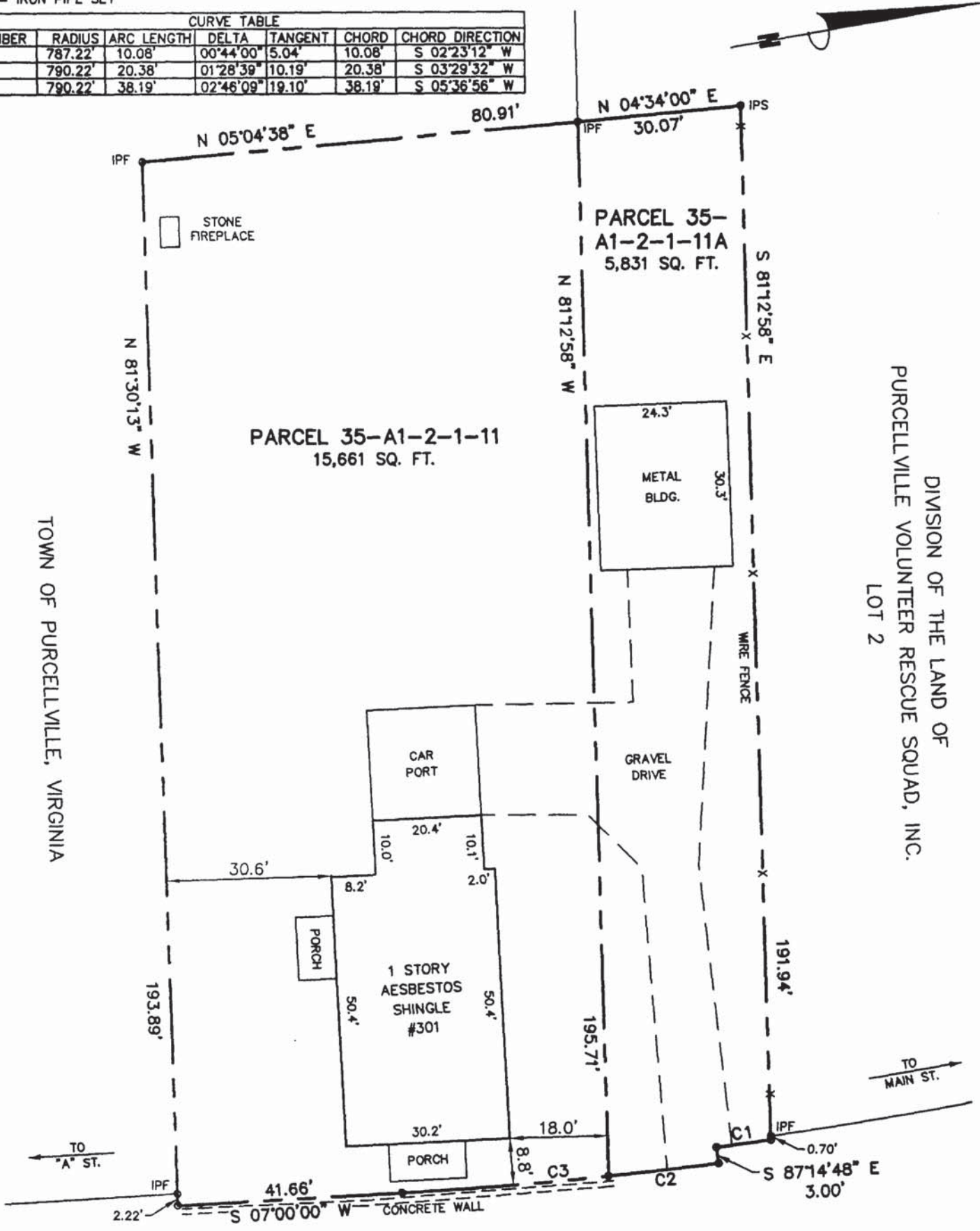
“I move that Town Council direct staff to move forward with procuring a real estate firm to sell the property located at 301 S. 20th Street in Purcellville, Virginia. ”

THIS SURVEY WAS PREPARED WITHOUT THE BENEFIT OF A TITLE REPORT AND THEREFORE MAY NOT NECESSARILY SHOW ALL ENCUMBRANCES ON THE PROPERTY.

ACCORDING TO COMMUNITY-PANEL NO. 51107C0089 D OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY FLOOD INSURANCE RATE MAP FOR LOUDOUN COUNTY, VIRGINIA, DATED JULY 5, 2001, THE PROPERTY SHOWN HEREON APPEARS TO BE WITHIN ZONE "X".

IPF = IRON PIPE/PIN FOUND
 IPS = IRON PIPE SET

CURVE TABLE						
NUMBER	RADIUS	ARC LENGTH	DELTA	TANGENT	CHORD	CHORD DIRECTION
C1	787.22'	10.08'	00°44'00"	5.04'	10.08'	S 02°23'12" W
C2	790.22'	20.38'	01°28'39"	10.19'	20.38'	S 03°29'32" W
C3	790.22'	38.19'	02°46'09"	19.10'	38.19'	S 05°36'56" W



DIVISION OF THE LAND OF
 PURCELLVILLE VOLUNTEER RESCUE SQUAD, INC.
 LOT 2

SOUTH 20th STREET
 STATE ROUTE NO. 611 - VARIABLE WIDTH
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**TOWN OF PURCELLVILLE
FY 2021 BUDGET AMENDMENT**

ATTACHMENT

BA 21-019	Demolition of the Pullen House	11/23/2020	
Parks & Recreation Fund			
<u>Revenue Side</u>			
<u>Account #</u>	<u>Title of Revenue Account</u>	<u>Increase</u>	<u>Decrease</u>
20310000-398200	Reserves-Parks & Rec	70,000	
Grand Total Revenue Parks & Recreation Fund		70,000	0
<u>Expenditure Side</u>			
<u>Account #</u>	<u>Title of Expenditure Account</u>	<u>Increase</u>	<u>Decrease</u>
29402100-408110	Pullen House Demolition (CARP)	70,000	
Grand Total Expenditure Parks & Recreation Fund		70,000	0
<p><i>Justification: The property located at 301 S. 20th Street is falling into a state of disrepair. In order to limit the Town's liability, the main structure should be demolished. Costs include • Disconnection of the existing water and sewer utilities</i></p> <ul style="list-style-type: none"> • Asbestos abatement, removal of the underground storage tank • Demolition of the house, garage, and foundations • Backfilling the foundation of the house • Fine grading and stabilization of the site. <p>Appropriate FY21 funding for the demolition of the Pullen house which increases the FY21 Budget \$70,000.</p>			

Town Council Approval Item # _____

Date _____
PH Date _____ n/a

Finance Staff Only:			
Processed by Linda Jackson	Date Processed:	/ /2020	
Munis BE #: BA 21-019	Period:	(Dec) JE#	
Doc Type: Amendment	Tier Level:	2	

12 Month Comparison. Avg. \$320,000

3bd 1ba 957 sqft

221 W F St, Purcellville, VA 20132

Sold: \$305,000 Sold on 08/02/20

3bd 1ba 1,092 sqft

251 W F St, Purcellville, VA 20132

Sold: \$330,000 Sold on 03/31/20

3bd 2ba 1,260 sqft

180 W F St, Purcellville, VA 20132

Sold: \$379,000 Sold on 06/07/20

2bd 2ba 1,376 sqft

836 S 15th St, Purcellville, VA 20132

Sold: \$354,900 Sold on 09/09/20

3bd 2ba 1,372 sqft

310 S 12th St, Purcellville, VA 20132

Sold: \$281,000 Sold on 12/05/19

3bd 2ba 1,501 sqft

221 E G St, Purcellville, VA 20132

Sold: \$290,000 Sold on 10/12/20

training served its' purpose and staff expects to still need continued support from Stantec given the complexities of the model. The costs of the support could not be fully estimated until staff begins model input and management.

Council discussed two Stantec FAMS model options and cost:

- (1) Current Excel based model with various support options based on contractor service level (\$5,000 to \$25,000 per year). If this model is selected, staff recommends Option 2 for \$20,000 per year.
- (2) Online subscription based model for \$18,000 per year for 5 users. Staff recommends Council approve this option as the online model's efficiencies result in lower costs, price includes Stantec support to update and manage the model and ease of use.

Council approved the Stantec Online subscription based module and directed staff to complete the agreement and work with Stantec to develop the new online model. Staff will confirm with Stantec to see if Council can also use a shared user login to access the online model to test scenarios.

c. Pullen House Sale and/or Demolition Funding Budget Amendment (Item for review unless Council moves to Action)

Council decided to defer this item to the January 12, 2021 Town Council Meeting.

d. Water and Sewer Capital Improvement Financing Strategy of Low Interest USDA Funding, Possible Federal Stimulus Funding and the Use of a Traditional GO Bond or Revenue Bond; Adoption of Reimbursement Resolution

Council decided to defer this item to the December 16, 2020 Town Council Special Meeting Budget Work Session which will be covering Capital Improvement Projects.

e. Trails End LLC Project Appeal Update

Sally Hankins, Town Attorney, stated that the town received an appeal of the Board of Architectural Review's decision for a proposed building on Hatcher Avenue. She stated that all interested parties have been spoken to, and they are all agreeable in holding a hearing before Council in either late January or early February. She was looking for Council to provide guidance on when to hold the public hearing and have the time to properly prepare for the hearing as well as a staff report and to share the appeal package with the renderings at full scale and the material, and everything that was presented to the BAR on this project.

Council had a discussion with Ms. Hankins in regards to being given a sequential timeline of this entire project and she stated that she had done one, but had not shared it with Council. Council wanted to better understand the process and all the moving parts and scope of the project and its' appeal process. A side discussion was shared on Ms. Hankins workload and prioritizing that work. Council and Ms. Hankins had agreed upon a date to go forward at the second Town Council meeting of the January 26, 2021.

f. Status of New Cellular Tower

Mayor Fraser stated to defer this discussion to the first meeting of January. Sally Hankins stated that she and outside counsel would continue to try and arrange some kind of agreement as to terms on the new cell tower and report on the positives or negatives to decide on how to proceed. Also, she would be prepared to answer questions recently proposed and discuss the options. Ms. Hankins agreed to send a more detailed email of the negotiations to Council.