

## City Council – Action Request Form

**Date:** January 8, 2017

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**To:** The City Manager

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**From:** Derwick L. Paige, Assistant City Manager

**Council Action Requested:**

Approve forgiveness of outstanding City loan and the acceptance of a donation of land regarding the undeveloped lots within the Lake Park subdivision.

**Strategic Focus Area:** Livable Neighborhoods  
**Strategic Objective:** No  
**Strategic Plan Action Item:** No  
**Key Work Item:** No



**Summary of Information:**

In April 1990, City Council authorized a \$275,000 loan to Lake Park Development, Inc. for the construction of approximately 43 middle income houses in East Winston. The loan was for public infrastructure improvements including road construction, water and sewer, and decorative street lights. It was at 0% interest for 25 years and structured so that as lots were sold, the City would receive a pro rata payment.

In the first ten years, 18 lots sold in the development. Since 2000, only three additional lots have been sold. Of the 43 lots, 22 remain undeveloped and the developer has advised he will not be investing any additional funds into the project. In March 2017, the Mayor and City Council authorized hiring an outside consultant to appraise and assess the undeveloped lots to determine if they were suitable for construction and at what cost based upon the original restrictive covenants for the development. Based upon the information provided by the consultant, 20 of the 22 lots are buildable; however, 10 of them would require extensive site work.

**Committee Action:**

<b>Committee</b>	<u>Finance 1/8/2018</u>	<b>Action</b>	<u>Forwarded to Council</u>
<b>For</b>	<u>Council Members: Clark, Adams and MacIntosh</u>	<b>Against</b>	<u>Opposed: None; Abstaining: Council Member Burke</u>

**Remarks:**

Due to multiple factors including the extensive development costs associated with completing this development based upon the original restrictive covenants, the slow market conditions and the developer's decision, staff has determined that the best solution is for the City to assume ownership of the land.

The attached resolution authorizes the City to forgive the outstanding City loan to Lake Park Development, Inc. totaling \$167,500. This loan was funded from the Economic Development Loan Fund. In return for the forgiveness, the City would receive the 22 undeveloped lots within the Lake Park subdivision. These lots total approximately 20.73 acres and have an estimated value of \$407,300 based upon the average of the appraisal and tax values.

To assist with the future development of the Lake Park subdivision, as originally proposed, the lots would be retained and maintained by the City and only sold (at a reduced rate) to any homeowner or developer seeking to build under the original restrictive covenants for homeownership.