

City Council – Action Request Form

Date: February 13, 2024

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Ben Rowe, Assistant City Manger
Ken Millett, Economic Development Director

Council Action Requested:
Resolution Rescinding the Original Resolution to Sell Certain Property to PACE of the Triad pursuant to G.S. 160A-279, Affirming the Termination of the Original Agreement, and Authorizing the Sale of Certain City-Owned Land Pursuant to G.S. 160A-269 with Conditions to PACE of the Triad. (Northeast Ward)

Strategic Focus Area: Economic Vitality and Diversity
Strategic Objective: Develop and Redevelop Commercial/Industrial Park Sites
Strategic Plan Action Item: No
Key Work Item: No



Summary of Information:
 In August 2022 City Council approved the sale of approximately 5 acres on the northwest side of the Motor Road/Old Walkertown Road intersection, to PACE of the Triad (PACE) pursuant to G.S. 160A-279. The statute authorizes the sale of city-owned property to a non-profit entity carrying out a public purpose. PACE (Program of All-inclusive Care for the Elderly) is a non-profit health and human services agency that provides community-based services to individuals aged 55 and over who need medical care and support to continue living at home. Services provided by the health center include physician and nursing services; physical, occupational, and speech therapies; personal care; activities and exercise; nutritional counseling; and social work support. PACE also provides transportation services to and from the center for those in need. It currently serves residents in Guilford and Rockingham Counties, and PACE proposed a similar facility and programs in Winston-Salem, hereinafter “Day Health Center”.

The property’s sales price was discounted to approximately \$20,000 per acre (\$100,000 total) due to the restrictions and a reversionary clause, as required by statute, that would have been placed on the property. After eleven months of negotiations, the execution of the purchase and

Committee Action:

Committee	FC – 2/13/24	Action	Approval
For	Unanimous	Against	
Remarks:			

development agreement, and several extensions of the closing date, the agreement was ultimately terminated since PACE was unable to secure financing.

The City subsequently approved an agreement with Wynnefield Forward, LLC (Wynnefield) for the construction of affordable housing on the adjacent 18.50 acres. They are willing to consider purchasing the subject parcel for additional housing. However, Wynnefield would not be able to begin construction until sometime well after December 2026, thus delaying the development of the subject site. The Council Member of the ward is supportive of the PACE project as a complement to the 216 units to be built on the adjacent 18.50 acres by Wynnefield by the end of December 2026.

PACE has unsuccessfully attempted to locate alternative sites in Winston-Salem for its Day Health Center. The reversionary clause is problematic for the bank financing the project, so the attached resolution does the following: (1) rescinds the original resolution, (2) affirms the termination of the original purchase and agreement, and (3) authorizes the sale of the subject property to PACE via upset bid procedure pursuant to G.S. 160A-269, coupled with conditions permitted by the City's 2009 public purpose legislation, for \$250,000. (A description of the upset bid procedure is attached to this agenda item). The price is slightly discounted from the appraised value of \$330,925. Arguably, the 2009 legislation allows for minor adjustments to the fair market value of the property due to the anticipated impact of the conditions placed upon the property.

The conditions will, amongst other things: (1) require the purchaser to be a non-profit entity with a history of carrying out day health programs for the elderly, (2) require the consistent use of the property as a day health center and similar uses for at least twenty (20) years, and (3) prohibit certain uses that are incompatible with the surrounding area. In the event of a default that remains uncured, the city would have to file a lawsuit to enforce compliance with the agreement (specific performance) and the conditions in the deed, as described herein, in the absence of a reversionary clause that returns the property to the city.

The agreement would have a short due diligence period and would require construction to begin within two years of closing with completion by an agreed upon date. PACE will have to have the property rezoned for the Day Health Center. If PACE has the property rezoned and fails to purchase the property in accordance with the sales agreement, PACE will be responsible for returning the property to its prior zoning status (if applicable). The location of the facility on the attached map is approximate as it may shift in order to accommodate development of the entire site.

As with the original approval, staff also recommends that the proceeds from the sale be deposited in the Economic Development Project Fund for future investments in Economic Development Sites/Infrastructure serving the Motor Road/Old Walkertown Road site.