

City Council – Action Request Form

Date: July 8, 2013

To: The City Manager

From: S. Kirk Bjorling, Real Estate Administrator

Council Action Requested:

Adopt a Resolution Authorizing the Sale of Certain City-owned Property Under the Upset Bid Procedure (N.C.G.S. 160A-269).

- a) Single family lot and house on W. Twenty-Third Street
- b) Single family lot and house on E. Fourteenth Street

Summary of Information:

The City owns two lots that are surplus to its needs. The first property is a single-family lot and a house situated thereon identified as Tax PIN 6826-94-8805 located at 427 W. Twenty-Third Street. The lot is zoned residential, contains approximately 6,534 sq. ft., and the five room house contains 1,144 sq. ft. (living room, kitchen, three bedrooms and two baths). The tax value is \$44,800.

This property came into City inventory in 2010, in the midst of the economic downturn. As with most real estate marketed over the past several years, the marketing of this house has suffered due to the downturn in the economy. A large number of foreclosed properties are on the market which tends to drive down both the asking price and sale price of houses. This flood of foreclosed homes is the competition in many markets, including the subject's market. For these reasons, all reasonable offers should be considered.

Habitat for Humanity of Forsyth County, Inc. (HFH) 339 Witt Street, Winston-Salem, NC 27103 has submitted an offer along with the required deposit to purchase the property. The offer is \$42,000. The property is being purchased "as is/where is and with all faults." This is the first actual offer that has been submitted since acquisition in 2010 and Staff believes that under the current economic conditions, this is a reasonable offer and the best offer that can be obtained. Thus, Staff recommends that the City of Winston-Salem sell the property for \$42,000.

The second surplus property is a single-family lot and a house situated thereon identified as Tax

Committee Action:

Committee

Action

For

Against

Remarks:

PIN 6836-42-0281 located at 503 East Fourteenth Street. The lot is zoned residential, contains approximately 9,583 sq. ft., and the five room house contains 1,501 sq. ft. (living room, kitchen, three bedrooms and two baths). The tax value is \$76,200.

This property came into City inventory in 2010, in the midst of the economic downturn and it too has suffered from the same marketing problems related to the flood of competition from foreclosed properties as the previous property mentioned. Again, for these same reasons, all reasonable offers should be considered.

IH2 Property North Carolina LP, 9335 Harris Blvd., Charlotte, NC 28269, has submitted an offer along with the required deposit to purchase the property. The offer is \$59,000. The prospective buyer will have a home inspection. If the inspection reveals needed repairs, the City would have the option of making repairs or refusing to make the repairs and possibly voiding the sale. This is the first actual offer that has been submitted since acquisition in 2010 and Staff believes that under the current economic conditions, this is a reasonable offer and the best offer that can be obtained. Thus, Staff recommends that the City of Winston-Salem sell the property for \$59,000.

Under the provisions of N.C.G.S. 160a-269, in each of the proposed sales, the City Secretary shall call a notice of proposed sale, containing a general description of the property, the amount and terms of the offer, and a notice that within ten days any person may raise the bid by not less than ten percent of the first \$1,000 and five percent of the remainder, to be published, and without further authorization of the City Council, shall re-advertise the offer at the increased bid; and this procedure shall be repeated until no further qualifying bids are received, at which time the City Council may accept the offer and sell the property to the highest bidder or reject any and all offers. In the event that no upset bid is received, in the first proposal, the property will be sold to Habitat for Humanity of Forsyth County, Inc. and in the second proposal the property will be sold to IH2 Property North Carolina LP without further City Council action. If raised bids are received, City Council confirmation is required.

The attached resolution authorizes the sale of the properties described above to the specified buyers or their assigns as herein stated under the upset bid procedure.