

REQUEST FOR BOARD ACTION
HENDERSON COUNTY
BOARD OF COMMISSIONERS

MEETING DATE: 17 January 2007

SUBJECT: Possible sale of (former) Land Development Building
101 East Allen Street, Hendersonville, NC

ATTACHMENT(S): Appraisal cover letter

SUMMARY OF REQUEST:

Approval is sought for the beginning of the process of the sale of the former Land Development Building, at 101 East Allen Street.

If the Board determines that disposal of this property is appropriate, the options available are as follows:

- 1) Advertisement for sealed bids;
- 2) Negotiated offer, advertisement, and upset bid;
- 3) Public auction; or
- 4) Exchange

By far the most common method for disposition of real estate by North Carolina counties is the "negotiated offer, advertisement, and upset bid".

In this case, the real property was recently appraised (late summer/early fall of 2006). The appraised value of the property was \$1.338 million. The cover letter from this appraisal is attached (the entire appraisal is available in the office of the County Manager). Should the Board choose disposition of the property by the "negotiated offer, advertisement and upset bid", the process is as follows:

A . . . [county] may receive, solicit, or negotiate an offer to purchase property and advertise it for upset bids. When an offer is made and the . . . [Board of Commissioners] proposes to accept it, the . . . [Board] shall require the offeror to deposit five percent (5%) of his bid with the . . . [County], and shall publish a notice of the offer. The notice shall contain a general description of the property, the amount and terms of the offer, and a notice that within 10 days any person may raise the bid by not less than ten percent (10%) of the first one thousand dollars (\$ 1,000) and five percent (5%) of the remainder. When a bid is raised, the bidder shall deposit with the . . . [County] five percent (5%) of the increased bid, and the . . . [County] shall readvertise the offer at the increased bid. This procedure shall be repeated until no further qualifying upset bids are

received, at which time the . . . [Board] may accept the offer and sell the property to the highest bidder. The . . . [Board] may at any time reject any and all offers. (The quoted statute is N.C. Gen. Stat. §160A-269, which is made applicable to Counties by N.C. Gen. Stat. §153A-176.)

Breaking down the procedure:

- 1) An offer to purchase is negotiated to purchase. The County's initial bargaining position should likely be to receive at least the appraised value for the property.
- 2) The offer is brought to the Board of Commissioners for conditional approval.
- 3) If conditionally approved, the potential purchaser deposits 5% of the bid amount with the County, and the bid is advertised in *The Times-News* for upset bid. If upset bid (with the required deposit) is received by the County, a new advertisement is made.
- 4) When all time for further upset bids has expired, the final, highest bid brought back before the Board for final decision.

County staff will be available to present further information on this matter.

BOARD ACTION REQUESTED:

Approval for County staff to undertake the statutory procedure to solicit an offer for the purchase of the real property located at 101 East Allen Street, Hendersonville, subject to the provisions of N.C. Gen. Stat. §160A-269.

If the Board is so inclined, the following motion is suggested:

I move that the Board authorize staff to initiate the process to solicit bids on the former Land Development Building, subject to the advertisement and upset bid process set out by law, and also subject to the rejection of all bids by this Board at any time.

Also, if inclined, the Board may wish to consider the following:

I further move that the initial bid sought by staff should be at least in the amount of the appraised value of the real estate.

BTB

BENJAMIN T. BEASLEY & ASSOCIATES

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Benjamin T. Beasley, MAI
December 12, 2006

Ms. Selena D. Coffey
Assistant County Manager
Henderson County
100 North King Street
Hendersonville, North Carolina 28792-5097

Re: Appraisal Report: Land Development Building
101 East Allen Street
Hendersonville, NC 28792

Dear Ms. Coffey:

In accordance with your request for an appraisal report of the market value on the above referenced property, we submit herewith a limited, restricted appraisal report and addenda with applicable exhibits that explain and demonstrate the process used in completing this assignment.

The property being appraised consists of a facility known as the Land Development Building located on a .64 acre tract of land on the corner of East Allen Street on the south and U.S. 25 North (King Street) on the east. Principal improvements consist of a two-story office/warehouse building plus basement. In 1968 a brick veneer front with concrete exterior buttresses was added when the Henderson County Board of Education purchased the property, and the property was conveyed to the Henderson County Board of Commissioners in 1993. The building was converted to office and warehouse/storage type use from its former utility as an automobile showroom and repair area. Built in approximately 1920, it contains approximately 8,626 square feet of office space plus approximately 14,407 square feet of warehouse/storage space for a total of approximately 23,033 square feet on a site of approximately 27,878 square feet.

The building is in average condition with an anticipated remaining life of 25-30 years. The highest and best use of the property is its current utility as a commercial office and warehouse/storage facility. Access by U.S. 25 North and East Allen Street and the close proximity of the site in the central downtown Hendersonville area indicate the likelihood of an increasing value due to economic factors such as the decreasing availability of property along main highways in the downtown Hendersonville area.

The value being reported herein is the economic or fair market value for the property. For structures such as the subject, other potential value considerations could be made; i.e. historic value, political value, or value in use among others. The other forms of value are more subjective and are non-tangible components of value. It is the economic value in terms of dollars in the marketplace that is of consideration in this study. The three approaches to property valuation were utilized in this study: cost approach; sales comparison approach; and, income capitalization approach.

To ascertain correct information for properties discussed herein, the appraiser consulted with a number of individuals (named herein) familiar with the subject property as well as those familiar with the real estate market in the Hendersonville/Asheville area.

A walk-through inspection of the improvements on the subject property was made by the appraiser as accompanied by Les Capps, Henderson County Director of Maintenance Services, on September 29, 2006.

The appraisal report that follows summarizes the assignment, describes the area, neighborhood and subject property and briefly explains the techniques and reasoning leading to the final estimate of value. Numerous sites were analyzed as well as sales and rentals of comparable facilities in the valuation process. The sales and rentals used in this report are believed to adequately reflect the market conditions as of the valuation date. The Sales Comparison Approach to value is determined to be the most applicable approach for estimation of market value of the subject property.

The market value assumes a reasonable period of time to market the subject property were the property actually placed on the market. We believe a reasonable marketing period of 12 months or less could be expected at the appraisal value.

Based on the above, the appraiser is of the opinion that the property has a value of approximately:

ONE MILLION THREE HUNDRED THIRTY-EIGHT THOUSAND DOLLARS
(\$1,338,000)

Please refer to the body of the report for more detail supporting this conclusion of use and value.

Cordially yours,

Benjamin T. Beasley, MAI

NC State Cert. No. A-1058