

REQUEST FOR BOARD ACTION
HENDERSON COUNTY
BOARD OF COMMISSIONERS

MEETING DATE: 5 February 2007

SUBJECT: Possible sale of (former) Public Health Department building
1347 Spartanburg Highway, Hendersonville, NC

ATTACHMENT(S): Cover letter for appraisal report

SUMMARY OF REQUEST:

Approval is sought for the beginning of the process of the sale of the former Public Health Department Building, at 1347 Spartanburg Highway..

As with the former Land Development Building, 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

In this case, the real property was recently appraised. The appraised value of the property was \$1.457 million. The cover letter from this appraisal is attached (the entire appraisal is available in the office of the County Manager).

To recap the “negotiated offer, advertisement and upset bid” process recommended here (which is the process chosen for the former Land Development Building):

- 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, the highest bid is brought back before the Board for final decision.

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 1347 Spartanburg Highway, 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 Health Department 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

Real Estate Appraisers & Consultants
22 Secretariat Drive • Hendersonville, NC 28792 • Tel./Fax (828) 698-1223

December 27, 2006

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

Re: Appraisal Report: Public Health Dept. Building
1347 Spartanburg Highway
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 Department of Public Health Building located on approximately 2.41 acres of land on the corner of Spartanburg Highway on the east and Brooklyn Avenue on the south. Principal improvements consist of a one-story office building plus a detached rear storage building.

The property is actually two parcels: one of approximately .92 acre or 40,075 square feet, was purchased by Henderson County in 1959 and is the site of the main building of approximately 13,878 square feet; and, the second parcel of approximately 1.49 acres or 64,904 square feet, was purchased by Henderson County in 1976 and is the site of the larger parking lot and grassy area on the west side of the property, plus the rear storage building containing approximately 1,106 square feet constructed in about 1995. The main building was constructed in three phases: approximate years were 1968 for phase one; 1981 for phase two; and, 1993-1994 for the smaller phase three.

The building appears to be in average condition with an anticipated remaining life of approximately 30 years. The highest and best use of the property is its current utility as a commercial office with the potential for separate detached storage area in the rear building. Access by Spartanburg Highway (U.S. 176) and the close proximity of the site to the central downtown Hendersonville area and the commercial south side indicate the likelihood of an increasing value due to economic factors such as the decreasing availability of property along main highways, population growth, and commercial growth in the 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.

It should be noted that estimates of square footage for subject improvements were made by hand measurements and are believed to be accurate. However, these estimates differ from previous estimates made by other parties. Should actual size as determined by a professional engineer or other qualified professional indicate a significant size variation from those numbers estimated for this appraisal, the value could change and if so, the value reported herein would be null and void.

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.

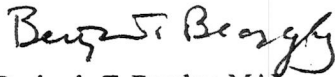
The market value assumes a reasonable period of time to market the subject property were the property actually placed on the market. We believe a reasonable marketing period of 12 months or less could be expected at the appraisal value.

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

ONE MILLION FOUR HUNDRED FIFTY SEVEN THOUSAND DOLLARS
(\$1,457,000)

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