

AGENDA ITEM SUMMARY

February 4, 2020

City Council

STAFF

Keith Hanson, Real Estate Manager
Ryan Malarky, Legal

SUBJECT

Second Reading of Ordinance No. 018, 2020, Authorizing the Sale of the Real Property Located at 906 East Stuart Street to Planet Scale Limited.

EXECUTIVE SUMMARY

This Ordinance, unanimously adopted on First Reading on January 21, 2020, authorizes the sale of the City-owned property located at 906 East Stuart Street to Planet Scale Limited, a Colorado limited liability company, for \$291,000. The City has no current or future identified use for the property and disposition of the property will eliminate the City's ongoing maintenance expenses and liability risk.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

ATTACHMENTS

1. First Reading Agenda Item Summary, January 21, 2020 (w/o attachments) (PDF)
2. Ordinance No. 018, 2020 (PDF)

AGENDA ITEM SUMMARY

City Council

January 21, 2020

STAFF

Keith Hanson, Real Estate Manager
Ryan Malarky, Legal

SUBJECT

First Reading of Ordinance No. 018, 2020, Authorizing the Sale of the Real Property Located at 906 East Stuart Street to Planet Scale Limited.

EXECUTIVE SUMMARY

The purpose of this item is to authorize the sale of the City-owned property located at 906 East Stuart Street to Planet Scale Limited, a Colorado limited liability company, for \$291,000. The City has no current or future identified use for the property and disposition of the property will eliminate the City's ongoing maintenance expenses and liability risk. The property was advertised on the open market for a minimum 30-day period during which offerors could submit sealed bids to purchase the property. Planet Scale Limited submitted the highest bid (out of five) with the ability to close escrow in the shortest amount of time without financing or change-in-use contingencies. Completion of the purchase is contingent on City Council's approval of the sale by its final adoption of this Ordinance in accordance with Article IV, Section 23-111 of the City Code.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

906 East Stuart Street is comprised of a 2,074-square-foot building on an approximate 1/3-acre lot. The property is currently zoned LMN (Low Density Mixed-Use Neighborhood District) and was previously used as a childcare facility. The City acquired the property in 1985 using Community Development Block Grant (CDBG) funding, which required that it be used to serve low-income residents. From 1985 through 2005, the facility was leased to Sunshine School. In 2006, the facility was leased to Riversong Waldorf School until 2016 when they secured a new facility and terminated their lease with the City. All CDBG restrictions on the property had expired by 2011. The property has remained vacant since 2016.

Planet Scale Limited intends to redevelop the property into a four-unit housing project that will provide one unit of affordable housing in accordance with the City's Land Use Code. In accordance with the City's Land Use Code and as a condition of the sale, a restrictive covenant will be recorded against the property ensuring for a twenty-year period that the property will provide a minimum of one unit of affordable housing at 80 percent or less of the median income of Larimer County. As such, the sale of the property advances Council's priority to increase affordable housing in the City. Additionally, proceeds from the sale can be made available to advance Council's priority to increase childcare services or other programs as Council desires.

CITY FINANCIAL IMPACTS

The sale price is \$291,000, which is fair market value as determined by the highest of five bids received. Net proceeds after costs associated with the sale, including marketing, maintenance, and title/escrow fees will be deposited in the General Fund.

PUBLIC OUTREACH

The sale of the property was marketed for a minimum of 30 days on Loopnet.com, Zillow.com, and Craigslist.com, which are websites commonly used to market all types of real property for sale. Local real estate brokers were contacted regarding the sale. Over 30 interested parties were shown the property.

ATTACHMENTS

1. Location map (PDF)

COPY

ORDINANCE NO. 018, 2020
OF THE COUNCIL OF THE CITY OF FORT COLLINS
AUTHORIZING THE SALE OF THE REAL PROPERTY LOCATED
AT 906 EAST STUART STREET TO PLANET SCALE LIMITED

WHEREAS, the City has owned the real property located at 906 East Stuart Street (the “Property”) since 1985; and

WHEREAS, the Property was purchased with Community Development Block Grant (CDBG) funding for the purpose of providing childcare for low-income families; and

WHEREAS, since acquiring the Property the City has leased it to private entities to conduct childcare, preschool or early education activities; and

WHEREAS, the Property has remained vacant since 2016 when the last tenant terminated its lease to move to a new location; and

WHEREAS, the CDBG requirements for use of the Property have expired; and

WHEREAS, the City has no current or future identified use for the Property, and attempts to lease the Property have been unsuccessful; and

WHEREAS, because the City continues to incur maintenance costs and for the Property, has some liability exposure in keeping the Property, and there is no foreseeable City use of the Property, staff is recommending the Property be sold and the proceeds be placed in the General Fund for use as Council sees fit; and

WHEREAS, City staff has marketed the Property in the open market, and has identified the highest bid of \$291,000, which is consistent with fair market value, submitted by Planet Scale Limited; and

WHEREAS, Planet Scale Limited intends to redevelop the Property into a four-unit housing project and has agreed to execute a 20-year restrictive covenant on the Property that will require a minimum of one affordable housing unit in conformance with the City’s Land Use Code; and

WHEREAS, Section 23-111(a) of the City Code authorizes the City Council to sell, convey or otherwise dispose of any interests in real property owned by the City, provided the City Council first finds, by ordinance, that such sale or other disposition is in the best interests of the City; and

WHEREAS, under Section 23-114 of the City Code, any sale or lease of City property interests must be for an amount equal to or greater than the fair market value of such interests unless the City Council determines that such sale or lease serves a bona fide public purpose based on the five factors listed in Section 23-114; and

WHEREAS, the City Council finds that the sale is in the best interests of the City and its citizens in that it will eliminate the City's ongoing maintenance expenses and liability risk, generate fair market sale proceeds that can be used to advance City Council priorities, and allow the property to be utilized in its highest and best use as determined by the marketplace.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That the City Council hereby makes and adopts the determinations and findings contained in the recitals set forth above.

Section 2. That the City Council hereby finds that the sale of 906 East Stuart Street to Planet Scale Limited as provided herein is in the best interests of the City.

Section 3. That the Mayor is hereby authorized to execute a deed and such other documents as are necessary to convey the Property to Planet Scale Limited on terms and conditions consistent with this Ordinance, together with such other additional terms and conditions as the City Manager, in consultation with the City Attorney, determines are necessary and appropriate to protect the interests of the City or effectuate the purposes of this Ordinance, including but not limited to any necessary changes to the legal description of the Property, as long as such changes do not materially increase the size of the parcel to be conveyed.

Introduced, considered favorably on first reading, and ordered published this 21st day of January, A.D. 2020, and to be presented for final passage on the 4th day of February, A.D. 2020.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading on the 4th day of February, A.D. 2020.

Mayor

ATTEST:

City Clerk