

CITY OF CHARLOTTESVILLE, VIRGINIA CITY COUNCIL AGENDA



Agenda Date:	June 21, 2022
Action Required:	Approval of Resolution (1 reading only, no public hearing)
Presenter:	Chris Engel, Director of Economic Development
Staff Contacts:	Chris Engel, Director of Economic Development Michael C. Rogers, City Manager Lisa Robertson, City Attorney
Title:	Acquisition of 921 East Jefferson Street

Background:

Earlier this year the City became aware of a possible opportunity to acquire the property located at 921 East Jefferson Street ("Property"). The Property is currently used as a parking lot. This level site consists of 0.40 acres of land and is served by public utilities. The site is currently improved with a 39-space asphalt parking lot. City records indicate that a two-story framed dwelling built in the late 1890s occupied the property until 1960. It was then vacant until 1985 when it was improved to its current use as a parking lot. There were no findings or conclusions that would preclude the acquisition of the property and the continuation of the present uses, and the possible future redevelopment of the site. City staff believes that the purchase of this parcel is prudent as it helps address current and future parking capacity issues. The City plans to add these spaces to the City's to public parking program. Justifications for the acquisition include the following:

- (a) The City has a commitment to the County to provide parking spaces as part of the 2018 courts agreement, which contemplated building a new parking structure on Market Street. With the 2021 decision not to build the structure, options to accommodate this agreement are limited and pressure on existing parking capacity increases.
- (b) The parcel is strategically located within ¼ mile (5-minute walk) of City Hall. The City owns 14 properties valued at over \$100 million within that same radius;
- (c) The parcel is near several key demand generators including Court Square, Ting Pavilion, the City Hall complex, and a number of growing businesses;
- (d) Public parking supply has been reduced by at least 94 spaces in the vicinity of City Hall in recent years that have not been replaced;
- (e) Historically, City property has appreciated in value on average over the last 10 years at a rate of 5% annually. The City can reasonably expect to recapture this investment in a future sale should circumstances change.

City staff proposes to use funds originally allocated for the construction of the 7th Street Parking Deck to acquire the property and put it to immediate use in the public parking program.

Discussion:

Negotiations with the owners of the property have resulted in the terms set forth within the attached Resolution.

- Purchase Price: the proposed purchase price for the property is \$1,650,000;
- Closing Date: closing would be scheduled to take place within 30 days of City Council's approval, within 5 days of executing a purchase agreement, the City will pay a deposit in the amount of \$25,000, to be held in escrow and which will be applied to the Purchase Price at Closing.
- Clear title: at Closing, the City would receive insurable title to the Property, by special warranty deed. The Property will be acquired by the City in as-is condition.
- Existing Leases: the City would agree to allow tenants currently occupying the Property pursuant to four unrecorded leases to remain on the Property through November 1, 2022, Seller will prepare an assignment of its interests in the leases to the City.
- Seller Costs: Seller will pay its own attorneys fees, including preparation of the deed, preparation of a lien affidavit, costs associated with releasing deeds of trust or other existing liens, if any, and recordation taxes applicable to grantors, and other Closing documentation
- City Costs: City is responsible for costs of title examination and title insurance, and all recording costs and recordation taxes other than the grantor's tax., and other Closing documentation necessary to complete the City's purchase
- Taxes: Seller must pay all real estate taxes due on the Property, through the date of Closing.

The City's obligation to purchase the property is conditioned on approval by City Council. A proposed Resolution evidencing that approval is attached for City Council's consideration. Upon approval of the attached Resolution, the City Attorney and the Seller's Attorney will prepare a final written Real Estate Purchase and Sale Agreement, reflecting the terms of purchase approved within the Resolution.

Community Engagement:

There has been no community engagement regarding the purchase of this Property, but City staff anticipates that there will be significant public involvement in the future should the City decide to redevelop the property or to sell the site for development.

Budgetary Impact:

There is no impact to the General Fund budget. The Capital Improvement Fund account designated for the 7th Street Parking Deck will be reduced by \$1,650,000 as a result of the purchase.

Recommendation:

City staff recommends adoption of the proposed Resolution, authorizing the purchase of the property at 921 East Jefferson Street upon terms stated in the resolution.

Attachment(1):

- Proposed Resolution

Suggested Motion: "I move the RESOLUTION approving terms for the acquisition of Property at 921 East Jefferson Street by the City of Charlottesville"

RESOLUTION

Approving terms for the acquisition of property at 921 East Jefferson Street by the City of Charlottesville

WHEREAS GEWINN INVESTORS III, L.C. (“Owner”) owns certain property known by present street numbering as 921 East Jefferson Street, Charlottesville, Virginia, designated on City of Charlottesville Real Estate Tax Map 53 as Parcel 266 (City Real Estate Tax Parcel Identification Number 530266000), and the owner has offered the property for sale; and

WHEREAS the City of Charlottesville (“City”) is an interested purchaser of the property to be conveyed (the “Property”); and

WHEREAS Owner and the City have engaged in mutual discussions and have tentatively agreed to terms of a proposed agreement for the purchase and sale of the Property, including, among other terms, a purchase price of \$1,650,000, conditioned upon approval of said terms by the Charlottesville City Council; and

WHEREAS funds are available for the City’s purchase of the Property, within Capital Improvement Fund Account P-1008; now, therefore,

BE IT RESOLVED by the Council of the City of Charlottesville, Virginia **THAT**

1. The purchase and acquisition of the property known by present street numbering as 921 East Jefferson Street, Charlottesville, Virginia, designated on City of Charlottesville Real Estate Tax Map 53 as Parcel 266 (City Real Estate Tax Parcel Identification Number 530266000) (“Property”) is hereby **APPROVED** upon the following terms:
 - a. Purchase Price: the proposed purchase price for the property is \$1,650,000;
 - b. Closing Date: closing would be scheduled to take place within 30 days of City Council’s approval, within 5 days of executing a purchase agreement, the City will pay a deposit in the amount of \$25,000, to be held in escrow and which will be applied to the Purchase Price at Closing.
 - c. Clear title: at Closing, the City would receive insurable title to the Property, by special warranty deed. The Property will be acquired by the City in as-is condition.
 - d. Existing Leases: the City would agree to allow tenants currently occupying the Property pursuant to four unrecorded leases to remain on the Property through November 1, 2022, Seller will prepare an assignment of its interests in the leases to the City.
 - e. Seller Costs: Seller will pay its own attorneys fees, including preparation of the deed, preparation of a lien affidavit, costs associated with releasing deeds of trust or other existing liens, if any, and recordation taxes applicable to grantors, and other Closing documentation
 - f. City Costs: City is responsible for costs of title examination and title insurance, and all recording costs and recordation taxes other than the grantor’s tax., and other Closing documentation necessary to complete the City’s purchase
 - g. Taxes: Seller must pay all real estate taxes due on the Property, through the date of Closing.

- h. Other terms: such other or further administrative, procedural or contractual provisions as deemed necessary by the City Attorney in order to effectuate a binding agreement for the purchase and sale of the Property upon the terms set forth in 1.a. through 1.g., preceding above.
2. Upon the approval of the City Attorney as to the form of a written Real Estate Purchase and Sale Agreement upon the terms stated in Section 1, above, the City Manager is hereby authorized to execute said agreement, and the City Attorney and City Manager are hereby authorized to execute any other necessary documents, in form approved by the City Attorney, as may be necessary to consummate the purchase of 921 East Jefferson Street by the City of Charlottesville upon the terms herein stated and to complete the settlement and closing of the purchase/sale transaction and the recordation of a deed conveying insurable title to the City of Charlottesville.