



Date: April 5, 2011
To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Mike Barros, Director, DCD
Subject: Proposed Sale of Property at: 606 Eastway Avenue PIN# 0831-10-45-6766

Executive Summary

On September 20, 2004, City Council approved a contract with Century 21 Four Star Realty to market and sell thirty single family and sixteen condominium style units that were to be constructed as part of the Barnes Avenue redevelopment which is now known as Eastway Village. Section 86 of the City Charter authorizes the City Council, by an affirmative vote of at least four members to publicly or privately sell, lease, rent exchange or otherwise convey real or personal property or any interest in such property belonging to the City. Construction is complete on Phases I, II and III of the development. Upon closing of the unit at 606 Eastway Avenue there will be two condominium units remaining at Eastway Village with one unit being marketed for sale and the remaining unit being offered for lease to a City of Durham police officer.

The sale of the following property is in compliance with all CDBG and HOME requirements and regulations associated with the Eastway Village project.

<u>Offer From</u>	<u>Property Address</u>	<u>Sales Price</u>	<u>Earnest Money</u>
Vanessa Dunn	606 Eastway Avenue	\$120,900.00	\$1500.00

Mrs. Dunn's offer of \$120,900.00 is the City's full asking price for the single family unit located at 606 Eastway Avenue. Her offer included payment of \$1500.00 in earnest money which was deposited in an escrow account. Mrs. Dunn will not participate in the City of Durham's First Time Homebuyers program but is considered a low-moderate income buyer.

The Administration will return with offers for the City Council to accept or reject on a continuing basis until all of the properties in Eastway Village are sold.

Recommendation

The Department of Community Development (CD) recommends that City Council determine the property at 606 Eastway Avenue to be surplus, authorize the sale of the property under the authority of Section 86 of the City Charter, accept the offer to purchase for the property located at 606 Eastway Avenue and authorize the City Manager and the Mayor to sell and convey the property by a non-warranty deed and authorize the City Manager to terminate the contract for sale if the contract terms are not fulfilled.

Background

The department issued a Request for Proposal for interested firms and/or individuals to provide marketing and sales for the Eastway Village development on April 26, 2004. A total of four (4) proposals were received from interested firms. A review panel consisting of representatives from the following departments was formed to review the proposals: Department of Housing and Community Development, Finance Department and Real Estate Division. In addition, Michael O'Brien, Project Architect, of Neighboring Concepts, Inc., Robert Lancaster, Project Consultant, of Bree and Associates, and Stephen Hopkins, representing District 1, were also members of the review team. Each firm was evaluated on the following criteria and awarded a total score. The criteria applied were understanding of the project, qualification of key personnel, the creation of a marketing plan for Barnes Avenue, demonstrated experience with similar revitalization projects, familiarity with city, state and federally funded revitalization efforts and experience in assisting non-profit community based organizations. After the completion of the review by the panel, Century 21 Four Star Realty was selected to be the firm that would be recommended to the City Council to provide sales and marketing services for the Barnes Avenue redevelopment. The City Council approved the contract with Century 21 Four Star Realty at its September 20, 2004 meeting.

As they are received, the Administration will continually present all offers to the City Council for consideration.

Issues/Analysis

Eastway Village is a newly designed mixed-income homeownership community developed by the City of Durham. To encourage owner-occupancy of all forty-six units at Eastway Village, a deed restriction will be recorded on each individual property at the time of sale that states that during the first five years of occupancy, all dwelling units must be used by the owner of record as their principle residence. The five-year owner occupancy requirement begins at the closing date when ownership is transferred from the City of Durham to the initial owner of each dwelling unit.

The revitalization of North East Central Durham and the old Barnes Avenue is very important to the economic and social health of Durham. Transferring ownership of these newly constructed units will assist in increasing homeownership rates in the city and address many quality of life issues. It is important that the City respond as quickly as possible to all offers to purchase and contract for the constructed units at Eastway Village. Failing to do so could result in individuals choosing to purchase elsewhere, the ability to "lock in" an interest rate and the ability to meet an established real estate closing date.

Alternatives

The City Council could reject the offer to purchase of Mrs. Dunn and continue to market the property located at 606 Eastway Avenue.

Financial Impact

When an outside Real Estate Company or a non-member of Century 21 Four Star Realty represents the successful buyer, the City will pay a commission of five percent (5%) of the gross sales price of the home to Century 21 Four Star Realty. One half of this amount will be paid to the outside buyer's agent. When the buyer is not represented by either outside Real Estate Company or a non-team member of Century 21 Four Star Realty, the City will pay a commission of four percent (4%) of the gross sales price of the home to Century 21 Four Star Realty.

The average hard cost (unit only) for the construction of the single family home design is \$121,152.00.

If Mrs. Dunn's offer of \$120,900.00 is accepted, the City will receive approximate gross revenue at closing of \$114,855.00. The amount reflects an allowance of a 5% commission of the sales price in the amount of \$6,045.00.

All revenue received from the sale will be deposited into the Housing Bond account.

SDBE Summary

This item does not require review by the office of Equal Opportunity/Equity Assurance.