

AGENDA ITEM SUMMARY

City Council



STAFF

Ralph Campano, Manager, Real Estate
Will Flowers, Sr. Specialist, Real Estate
Dana Hornkohl, Director, Civil Engineering

SUBJECT

First Reading of Ordinance No. 150, 2024, Authorizing the Advertisement and Future Sale of the Real Property Located at 945 East Prospect Road.

EXECUTIVE SUMMARY

The purpose of this item is to authorize the advertisement and future sale of the City-owned property located at 945 East Prospect Road (the "Property"). The Property was originally acquired by the City's Engineering Department for roadway widening purposes, and the City will exclude from the sale of the Property approximately 1540 square feet, being the area necessary to construct the future road improvement project (the "Reserved ROW").

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

The City bought 945 E. Prospect Rd. in 1991 for \$41,000 as part of the Prospect/Lemay Intersection Project (the "Project"), and the City has held and managed the Property since that date. A majority of the Project has since been completed, except the eastbound right turn lane, which was expected to be constructed as part of the proposed redevelopment of the SW corner of the intersection. However, all prior redevelopment plans have since been abandoned, and City staff want to sell the Property.

Although the construction date of this final portion of the Project remains undetermined, City staff has determined that there is no additional benefit to retaining any portion of the Property outside of the Reserved ROW because management expenses are significant because of the age (built in 1936) and condition of the improvements located on the Property.

The building on the Property was recently determined to be eligible for designation as a City Landmark, requiring it to be preserved and rehabilitated according to the provisions of the City of Fort Collins Land Use Code, which will likely increase the annual expenses for operation and maintenance of the rental property. Additionally, the current prohibition on demolishing the building has decreased the prospective sale price.

The property will be listed for sale publicly for \$350,000.00, which is the fair market value as determined by licensed, City of Fort Collins, Real Estate Services staff. It is possible the City will realize a larger sale price, based on the potential for a higher level of interest from buyers, due to the list price and property features. This list price is less than the amount the property was contracted to sell for previously, primarily due to the circumstances surrounding the previous, now terminated transaction. That transaction was tied to the development of a larger parcel including the entire southeast corner of E. Prospect Road and Lemay Avenue. That project has been terminated and the City's property remains. Staff has determined that 945 E. Prospect is not a property that the City needs to continue owning and leasing. The intention behind purchasing this property was not to own it, but to dedicate a right-of-way, which staff is prepared to complete. The property is well suited to re-enter the private sector, to offer a potential affordable home ownership opportunity.

The City currently leases the Property as a single-family residence and has provided adequate notice to terminate the lease effective November 1, 2024.

The Property is 14, 300 square feet (0.328 acres) and measures 260 X 55 feet. The Reserved ROW is 28 X 55 (1,540 square feet). The net area to be sold by the City is 12,760 square feet (0.293 acres).

CITY FINANCIAL IMPACTS

Upon sale of the Property, the City will collect approximately \$337,000, being the net proceeds after costs, including title, escrow, broker, and closing fees, and the net proceeds will be deposited in the Transportation Fund.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

None.

PUBLIC OUTREACH

None.

ATTACHMENTS

1. Ordinance for Consideration
2. Vicinity Map