



City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS

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Legislative File No: 2014-0300

TO: Mayor and City Council Members
FROM: Ed Anzek, Planning and Economic Development, ext. 2572
DATE: July 9, 2014
SUBJECT: Sale of excess city-owned land on John R

REQUEST:

City Council is requested to approve the sale of 2.18 acres of a 6.74 parent parcel to S.E. Michigan Land Holding, LLC for the purpose of single family home construction. The L-shaped parcel was purchased with the intent to develop a regional storm water detention facility (completed) and possible use for a water reservoir location as well. The regional detention serves the general area north of the site along John R and points west.

BACKGROUND:

The City was approached late last summer by S.E. Michigan Land Holding, LLC (SEMLH) as to any interest in selling the southern 2 acres +/- (see attached aerial). In discussions we learned that the purchaser had assembled the 2 parcels that abut this segment to the south and west and that no other viable purchaser is possible. The segment does abut the manufactured housing park to the east but due to the different use and the contrast in zoning the purchase by the manufactured housing park was not considered a viable option. The 2 acres, if separated, would be a land-locked parcel and needed to be joined with another parcel in order for the "split and reconnection" to occur.

It was further determined that if the purchaser offered an amount that the Assessing Department determined was fair market by a comparable analysis conducted by Assessing the city could accept the offer without formal appraisals. Assessing advised that a range of \$57,000 to \$59,000/acre was fair market value for this site. For the 2.18 acre site the range would be \$124,260 to \$128,620. The purchaser offered \$125,000.

As the matter proceeded in working out the details through the Fall of 2013 the issue went quiet. In early June of 2014 the matter was re-activated by the purchaser. Unfortunately for the purchaser but fortunate for the city an updated market analysis was completed for undeveloped land and it was determined to have increased by 7% since last fall. The purchaser was advised that the acceptable value range has moved and they agreed to increase their offer to \$133,750; a 7% increase.

Attached for your review and consideration is the Purchase Agreement that has been prepared and reviewed with corrections by Mr. Staran.

RECOMMENDATION:

The City Council is being asked to approve this sale and authorize the Mayor to sign the Purchase Agreement. After the purchaser completes their due diligence and assuming all is acceptable the city will commence with the split and transfer of the 2.18 acre parcel. Thank you.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
Deputy Clerk		

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