

Item Title: Acquisition of a Condominium Unit containing ±2,940 square feet located adjacent to River Oaks Administration Offices in the Central Raleigh Area (Second Reading)

Specific Action Requested:

That the Board of Commissioners approves funding of the purchase price together with closing costs in an amount not to exceed \$431,918.00 pursuant to N.C.G.S 115C-426.

Item Summary:

Purpose: The Board of Commissioners must approve funding for real property acquisition by the Wake County Board of Education.

Background: The Board of Education owns six of seven condominium units in the Central Raleigh area within the Hedingham Oaks II Condominium building located at 4600 New Bern Avenue, Raleigh, NC (River Oaks Program Space) ("ROPS") adjacent to River Oaks Middle School. The units include ±8,915 square feet and are utilized to accommodate administrative and educational support functions identified through the Board's Space Needs Analysis and Prioritization (SNAP) process, for which additional space is needed. On December 18, 2018, the Board of Education accepted the terms and conditions for the purchase of the remaining condominium unit (±2,940 square feet) together with all improvements and fixtures for a total price of \$427,000.00, subject to approval of funding by the Board of Commissioners. With acquisition of the remaining unit, the Board will own 100% of the condominium building containing ±11,855 square feet together with the underlying lot.

Board Goal: Meets the Board of Commissioners Education goals by collaborating with education stakeholders.

Fiscal Impact: Funding is available from the Land Acquisition Component of the Board of Education's Capital Improvement Plan Funds for the purchase price together with closing costs in an amount not to exceed \$431,918.00.

Additional Information:

The Board of Education utilizes ongoing data-driven processes to identify school site locations needed to address growth and crowding in the Wake County Public School System, major renovation needs of existing school sites and other educational support and administrative needs. The Space Needs Analysis and prioritization (SNAP) process was developed to identify, consider and meet space needs that are outside typical parameters for standard school site development. A need has been identified in the Central Raleigh area to address additional program space requirements to support identified SNAP needs. The proposed acquisition consists of a condominium unit together all improvements, fixtures and associated paved parking spaces, located on the southern side of New Bern Avenue east of its intersection with New Hope Road and west of its

intersection with Freedom Drive. It is bounded on the eastern side and a portion of the southern side by ROPS and ROMS, on the northern side by New Bern Avenue and on the western side by a commercial property. The parcel is owned by Sheppard, Inc., and is more particularly identified as 4600 New Bern Avenue, Unit 101, having Wake County REID 0175252 and PIN 1734057479. The site is located in Raleigh's corporate limits and is currently zoned IND-1. The subject property site location is depicted below:



The six Board-owned condominiums have been upfitted to provide space needed to accommodate four functions. The current functions and space allocations within the condominium building are:

Subject Property: Condominium Unit #101	2,940 SF
Current Board of Education Uses:	
▪ Office of Early Learning: Development Screening Center	1,387 SF
▪ Career and Technical Education: Testing, Administration & Materials	2,368 SF
▪ SCORE Academy Alternative Learning Program	1,692 SF
▪ Transportation: Administration and Routing	3,468 SF
Total Building SF	11,855 SF

Due Diligence:

The due diligence undertaken included an appraisal, and inspections by WCPSS professional staff to confirm that HVAC, plumbing, electrical systems, roof, and building envelope were well maintained, functionally operational and in satisfactory condition. Given the character of the parcel as a condominium, a survey was unnecessary.

Site Valuation:

An appraisal for the subject property was prepared by B. Carter Kennemur, CCIM, General Appraiser. Mr. Kennemur concludes that the estimated Market Value – Fee

Simple Estate of the subject property is \$427,000.00. The appraised value supports the purchase price.

Property Acquisition Valuation Comparison						
	Appraised Value	Sales Price	Unit SF	Appraised Value (Per SF)	Sales Price (Per SF)	Sales Price Over/(Under) Appraised Value
Central Raleigh area Condo Unit	\$427,000	\$427,000	2,940	\$145.24	\$145.24	(\$0)
Comparable Sales of Units in the Area	Date of Acquisition	Distance from Subject Property	Unit SF	Sales Price	Sales Price (Per SF)	Subject Property Sales Price/SF Over/Under Comparable Sales Price/SF
Hargrove Rd	April 2016	4.24 mi NW	1,890	\$315,000	\$166.67	(\$21.43)
Village Park Dr	March 2016	3.53 mi E	1,875	\$290,000	\$154.67	(\$9.43)
Big Oak Ct	July 2016	2.65 mi E	3,200	\$475,000	\$148.44	(\$3.20)
McKnight Dr	Feb. 2017	3.97 mi E	2,115	\$280,000	\$132.39	\$12.85

Anticipated Site Improvements:

The acquisition will support administrative and educational support space needs with appropriate parking areas included. The subject unit is in above average condition and would be suitable and available for immediate use. No additional offsite improvements are expected for utilization of the parcel in a manner similar to the current Board administrative and educational support uses currently in operation in the balance of the condominium building.

The Board's acquisition of the subject unit would result in 100% fee ownership of the ROA building and parcel acreage, that when assembled with the parcels upon which ROMS is located would provide the Board with control of a 7.74 land assemblage.

Wake County Staff Comments:

County staff has been involved in certain aspects of the site selection process and has reviewed the findings. Utilizing the site criteria in the search area, the New Bern Avenue site meets those criteria at the lowest price available compared to other sites considered. Based on the information presented, County staff supports acquisition of this site unit to support the Board's identified space needs.

Attachments:

1. Second Reading Presentation
2. Central Raleigh Area Precis and Contract
3. Appraisal