



CITY OF CONCORD

REPORT TO MAYOR AND CITY COUNCIL

FROM: Matthew R. Walsh, Director of Redevelopment, Downtown Services, and Special Projects

DATE: January 11, 2021

SUBJECT: Accept and appropriate funds from the sale of the former East Concord Community Center located at 18 Eastman Street

Recommendation:

Accept this report and set the attached resolution accepting the sum of \$75,000 from the sale of the former East Concord Community Center located at 18 Eastman Street and appropriating the sum of \$75,000 as a transfer out to the Recreation Reserve Fund for public hearing on February 8, 2021.

Background:

The former East Concord Community Center is a 7,204 square foot building (including basement and attic space) set on a 0.11 acre lot located at 18 Eastman Street. The property is zoned Neighborhood Commercial (“CN”). Various land uses are permitted in the CN District, including, but not limited to, single family, duplex, and multifamily residential uses; childcare and adult daycare facilities; service uses (up to 5,000SF); office uses by Conditional Use Permit (“CUP”); Bed and Breakfast establishments; retail (up to 5,000SF); and restaurants by CUP.

Constructed circa 1878, the facility previously served as a fire house for East Concord. The land upon which the structure was built was acquired by the City in 1877 from Samuel and Mary Eastman for \$25.00. Following construction of the City’s current network of fire stations during the 1960s-1970s, the property was converted to a community center.

In 2010, the City completed a facility needs assessment of the East Concord Community Center in conjunction with planning efforts for the City-wide Community Center. The needs assessment determined that the facility had numerous deficiencies and would require approximately \$973,000 of improvements in order to be suitable for continued public use.

Consequently, as detailed in a December 30, 2010 staff report to the City Council, City Administration recommended that the City close and divest of the facility upon completion of the City-wide Community Center located at 14 Canterbury Road.

Construction of the new City-wide Community Center was completed June 2018.

On May 31, 2017, the City successfully petitioned the Merrimack County Superior Court to quiet title for the property. This process was necessary due to a deed restriction on the property dating from 1877, which required that the property be continuously used for municipal purposes. The quiet title process was very complicated and lengthy as it required the City to identify, locate, and engage with all living heirs associated with Samuel and Mary Eastman.

On December 11, 2017, the City Council approved Resolution #9056, which authorized the City Manager to divest of the property, subject to the following conditions:

1. The sale price shall not be significantly less than the asking price;
2. In recognition of the building's historic significance, the buyer shall agree to deed restrictions requiring that the existing building be preserved in perpetuity, or until such time as the building suffers a casualty rendering it economically infeasible to repair or rebuild the structure;
3. The buyer's proposed use for the property shall be permitted by right, conditional use permit, or special exception by the Zoning Ordinance; and,
4. The buyer does not require any significant concessions or development incentives from the City.

Discussion:

On November 10, 2020, the City Manager entered into a Purchase and Sales Agreement with Chase Realty Partners L.L.C. ("Chase") to divest of the property. The sale price was \$75,000; cash.

Chase is a local real estate investment firm specializing in commercial properties. Chase purchased the property with the intention of renovating it into office space for their firm. Chase also indicated that it may, in the long-term, renovate the property for use as multifamily housing units.

The transaction was very straight forward as the Buyer did not require any of the normal and customary contingencies relative to due diligence, financing, or permitting.

The sale closed on December 9, 2020.

Chase's purchase of the property complied with all four conditions set forth in Resolution #9056.

In addition, part of this transaction, Chase consented to the following deed restrictions to the benefit of the City, which shall run with the land in perpetuity:

1. The existing building located on the Property shall be preserved in perpetuity, or until such time as it suffers a casualty rendering it infeasible to repair or rebuild.

2. In the event that any portion of the Property is leased or sold to an entity that would cause the Property to be exempt from the payment of real estate taxes (“Exempt Owner(s)” or “Exempt Lessee(s)”), said Exempt Owner(s) or Lessee(s) shall be obligated to enter into an agreement for Payments In Lieu of Taxes (“PILOT”) with the Grantor. Pursuant to the PILOT, the Exempt Owner(s) or Lessee(s) shall agree to make payments to the City in an amount equal to all State, County, Municipal, and School District property taxes that would otherwise be payable for the respective property interest.

Given this property was previously used as a community center (a recreational purpose), City Administration recommends that the revenues derived from the sale be deposited into the Recreation Reserve Fund. The Recreation Reserve Fund is used to finance investments in the repair, renovation, construction and operation of City recreational facilities, including the City-wide Community Center.

As of June 30, 2020, the Recreation Reserve Fund had a balance of \$835,533.57.