

City Council Workshop

Agenda Item #1

October 27, 2014

Stan Cox Land Purchase

Mr. Stan Cox of 460 Highland Avenue has requested to purchase two tax-acquired parcels of land that abut his property. One is 68 Hillcrest Avenue and the other one is 21 Dresser Road.

68 Hillcrest Avenue is vacant land shown on the Assessor's tax maps as Map 38, Lot 19. It is 1,525 square feet, a buildable lot of record, and zoned A Residential.

21 Dresser Road is vacant land shown on the Assessor's tax maps as Map 38, Lot 20. It is 3,752 square feet, a buildable lot of record, and zoned A Residential.

Mr. Cox would like the property to remain as open space and would be agreeable to a deed restriction against building a house on either of the properties, but reserves the right to build either a city road or driveway through the parcel. **Mr. Cox has offered \$18,000 \$28,000 (as of 9-9-14) for both parcels.**

The Planning Board held a public hearing on July 24, 2012 and reviewed forty-six parcels. The Board recommended that both these parcels be sold.

This request was discussed at the May 12, 2014 workshop. At that workshop the Council asked staff to look at whether there would be a difference of value for the Dresser Road property if a city accepted road serving multiple house lots was built versus a driveway serving a single house lot. The City Council questioned whether \$18,000 for both City owned properties was an acceptable offer price.

Elizabeth Sawyer, City Assessor, has provided the following:

I spoke with Steve Puleo this morning in attempting to determine the likelihood of the Planning Board allowing for a house to be built on the Dresser Road lot. That is key to determining what the market value of that lot is. The standard definition of market value is:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;*
- Both parties are well informed or well advised, and acting in what they consider their best interests;*
- A reasonable time is allowed for exposure in the open market;*

- *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”*

Market value isn't what the value is to an abutter and what the abutter can do with it - in other words, I don't believe the City should be basing market value on what Stan Cox can do with the parcel if he acquires it – that value would be a value to one person only, and that wouldn't be market value. As stated above, market value would be what typical buyers would pay, and if in fact a house could be put on the Dresser lot, it would have appeal to multiple buyers. The other lot would probably only be attractive to an abutter so would only have a nominal value.

The value on the Dresser lot carried for assessment purposes (\$6,900) (since its tax exempt it isn't actually “assessed”) was created before the City allowed anything to be built on anything under 5,000 square feet.

Steve tells me that the sewer/stormwater system in that area is combined one and that the Water Resource Department would probably request that anything built on that lot be constructed with a slab on grade. That said, though, with the lot configuration as it is, I suppose that there is a possibility that it is possible that a house could be put on this lot. If that is the case, it would have more value than just excess land. Most of these have been sold with adjoining houses, so we don't have sales of these undersized lots alone for comparison. Small lots of around 5,000 square feet that don't require Planning Board approval sell between \$50,000 and \$70,000 depending on the neighborhood (obviously there are exceptions). Because of the uncertainty and the requirements of the Planning Board and Water Resource, this lot would be something less than that range. Steve tells me that the smallest lot that the Planning Board has approved was around 4,200 square feet, so it is conjecture to assume that this 3,752 square foot lot would receive approval, but because of the way that it's laid out and that it is adjacent to a paper street, I suppose it might pass muster.

Please let me know if you want me to do more research on this.

*Thanks,
Elizabeth*

Other Notes between Elizabeth Sawyer and me:

Jim: Question around stated use of the property as a driveway serving one house up on the Cox back 7 acres or a road serving several houses up on the back 7 acres. Would there be a valuation difference between the Dresser Road property being used for a driveway or a road?

Elizabeth: If you are looking for "market value", I don't think it matters. I think it is only relevant what the market would pay - and that would be the typical buyer - not a single abutter.

Jim: So there is no value increase from a driveway that serves a single lot versus a roadway that provides an opportunity for an owner to sell 8 lots at 100K apiece?

Elizabeth: There may be additional value to ONE buyer - the abutter, but that is not "market value."

Think of it this way: if the City were to put it on the open market for sale, what would it sell for?

Market value is the value to multiple buyers, not a single buyer. This is why banks get appraisals. They already know that there's one person willing to pay a contract price on a property - they want to make sure that there are multiple others that would be willing to pay the same should the borrower default.

Potential Build-out

The Cox's has stated that they would like to preserve the front 5 acres of land in an attempt to preserving the Cox Farm. By doing so this would leave upwards of 7 acres remaining on the parcel. If all access was cut-off from Highland like Stan Cox has stated, the rear 7 acres would be accessed by frontage along Juniper Circle within the Grandview Estates Subdivision and possibly, if sold by the City, the parcel on Dresser Road.

New Information – Since July 14, 2014

On September 9, 2014, I met with Stan and Linda to talk further about the proposed request. On July 14th, the City Council was concerned that the original proposal of \$18,000 for both properties was too low. The City Council inquired about a conservation easement on the front 5-acres if Stan and Linda wanted to continue their proposal of \$18,000. The City Council believed a combination of a small cash offering and a conservation easement would a fair concession for the two city owned parcels.

Stan and Linda, at this time, are not willing to pursue the 5-acre conservation easement. They have presented the City with a new offer of \$28,000 for both parcels.

Stan Cox and Linda Ruterbories will be at Monday's meeting to answer any City Council questions.


City Manager