



City of Harrisonburg, Virginia

Office of the City Manager

409 South Main Street
Post Office Box 20031
Harrisonburg, VA 22802
(540) 432-7701 / FAX (540) 432-7778

G. Chris Brown
City Attorney

TO: Kurt Hodgen, City Manager

FROM: G. Chris Brown, City Attorney

DATE: April 4, 2016

RE: Conveyance of the Eastham House – 317 South Main Street to the Community Foundation of Harrisonburg and Rockingham County, Inc.

Summary: City administration is recommending the transfer of the City owned property at 317 South Main Street, commonly known as the Eastham House, to the Community Foundation of Harrisonburg and Rockingham County, Inc. (the Community Foundation) for the purchase price of one dollar and the Community Foundation's obligation to invest a minimum of Four Hundred and Forty Thousand Dollars (\$440,000.00) in renovation, repair, and refurbishing of the existing building, and the grant to the City of a Right of First Refusal.

Background: The Eastham House was formerly used as offices for the Harrisonburg City School Board. In recent years, the Eastham House has been put to miscellaneous uses, most recently for the City's IT department. The Eastham House is now vacant and, without use, will continue to deteriorate.

Over the last two years, the City has solicited proposals from outside organizations for use of the Eastham House.

Recently, the City received a proposal from the Community Foundation to renovate and use the Eastham House for its offices. Under the contract which has been negotiated with the Community Foundation, the City will transfer the Eastham House property to the Community Foundation for one dollar and the Community Foundation's agreement to invest a minimum of Four Hundred and Forty Thousand Dollars (\$440,000.00) in renovation, repair and refurbishing of the Eastham House to bring it to a standard acceptable as an office building. The minimal capital investment must be made within 24 months of the closing of the property.

The contract also provides that if the Community Foundation decides to sell the Eastham House property the City will have the right of first refusal to buy back the property at its then fair market value, to be established through appraisals, less Two Hundred Fifty Thousand Dollars (\$250,000.00). The \$250,000.00 is the amount the parties have agreed is the value of the land and existing building.

Key Issues:

The contract outlines the purchase price, the Community Foundation's obligations to invest in the property, and sets forth the right of first refusal. The contract also provides that the Community Foundation will have two parking spaces designated in the City parking lot adjoining the Eastham House for its use, subject to the City's rights to close or restrict that parking lot for construction and other reasons.



City of Harrisonburg, Virginia

Office of the City Manager

409 South Main Street
Post Office Box 20031
Harrisonburg, VA 22802
(540) 432-7701 / FAX (540) 432-7778

G. Chris Brown
City Attorney

RE: Conveyance of the Eastham House – 317 South Main Street to The Community Foundation of Harrisonburg and Rockingham County, Inc.

Page 2

Environmental Impact: n/a

Fiscal Impact: The transfer of the Eastham House property to the Community Foundation will relieve the City of ongoing maintenance and needed renovation and other work on the Eastham House. A substantial renovation of the Eastham House will also improve the appearance of a portion of Main Street.

Prior Actions: Solicitations of Proposals for the use of the Eastham House

Alternatives:

- (a) Approve the Purchase Agreement
- (b) Reject the Purchase Agreement
- (c) Approve the Purchase Agreement contingent upon any changes Council deems necessary

Community Engagement: Public Hearing

Recommendation: Staff recommends adoption of the attached resolution approving the contract between the City and the Community Foundation following a public hearing

Attachments:

- Purchase Agreement
- Public Notice
- Proposed Resolution approving the purchase agreement.

Review:

The initiating Department Director will place in Legistar, in sequence of transmittal, the names of each department that must initial their review in order for this item to be placed on the City Council agenda. The completion of review only addresses the readiness of the issue for Council consideration. This does not address the recommendation for approval or denial of the issue.