



City of CHARLOTTE

MEMORANDUM

TO: Mayor Lewis and City Council Members

FROM: Gregg Guetschow, City Manager

SUBJECT: 200 N. Cochran Right of First Refusal

DATE: November 7, 2017

When the City sold the former library building at 200 N. Cochran Avenue in 1994, certain covenants were included in the deed. Some related to conditions intended to preserve the historic character of the structure. One provides a right of first refusal when the property is sold. This permits the City to purchase the property if it comes up for sale in the future. These covenants “run with the land,” meaning that they will exist in perpetuity unless the City agrees to their removal from the deed.

Accordingly, each time the property comes up for sale, the City will have an opportunity to purchase the property. The property was sold in 2009 after a foreclosure. I do not recall the City being advised of the sale pursuant to the covenant. In any case, the property is now proposed for sale again. The covenant was identified as preparations were being made for closing. The written notification to the City will be found elsewhere in the agenda packet.

In evaluating whether the City should exercise its option to purchase the property, consideration should be given to potential uses for the site that would preserve the historic character of the building. The property is zoned OS-1 Office Service District so uses are limited generally to typical office activities, personal service establishments and a few others. Parcels nearby are zoned for office, two-family residential and mixed use except to the south which is zoned Central Business District. The future land use map identifies the property as a candidate for mixed use development.

Given these zoning and land use issues, it seems reasonable that the City’s primary potential interest would be as a site for municipal office purposes. I do not anticipate a need for additional office space for City operations for the foreseeable future.

If the City were concerned about preserving the historic character of the structure, it could acquire the property with the intent to lease it to private tenants. The deed covenants seem sufficient to preserve the historic character of the structure absent City ownership. Further, it is my experience that cities make poor landlords since that business is not central to their mission.

Accordingly, I can see no benefit to the City's exercising its right to purchase the property at this time. I have prepared for your consideration a resolution declining to exercise this right.

You will note that this matter is listed on the agenda under "Expedited Resolutions and Ordinances." My reason for expediting the matter is to avoid further delaying the closing on the property when the likelihood of any City interest in owning the parcel is so remote.