

Open Work Session

Surplus and Sale of 9765 Barren Creek Road, Mardela Springs, MD 21837

September 18, 2018

Mr. Wayne Strausburg, Director of Administration, came before Council and said Council may recall they originally purchased this property for \$210,000, which was the appraised value for 19.5 acres. He said they have a no-contingency contract in hand to spinoff 2.75 acres and the residence for \$140,000, and the purchasers already have a financing commitment in hand. He said, from that \$140,000, the County would be liable for a 6 percent commission, which is \$8,400. He said because these folks are first-time homebuyers, under Maryland State Law the seller pays for transfer and recordation, which is \$1,680, so the County would net approximately \$130,000 out of the sale, which means they would have an \$80,000 investment in what he will call stormwater management of the pond. He said he thinks the value to that investment is that they now own all of that stormwater management area in front of the former dam and the road, and they have full control over it. He said it works out to about \$4,800 an acre for that pond land, and he thinks it is a transaction they should move forward with. He said the contract has a settlement date of October 12, 2018, but the County cannot make that settlement date because they have to go to Public Hearing, and he does not think the buyers would have any angst about extending the date for closing as long as they felt they have a deal. He said he does not think there is any pressure on interest rates at this point in time that would cause any heartburn.

Mr. Dodd asked if that is a good deal for the County because it looks like it is a good deal for the buyer, to which Mr. Strausburg responded, he did some math, and looking at the original \$210,000 appraisal, it was done on a comparable sales basis, and they did not do a cost approach. He said, if they take the \$210,000 for the 19 acres and assume that 25 percent of that value may have been land value, they back into a value on the home of about \$155,000. He explained, Council will recall that the exterior HVAC equipment was vandalized and stolen, so there is a home being sold as is with no warranties, and no air conditioning system, and \$155,000 for that size home is about \$68 a square foot.

Mr. Dodd asked if it has 2 acres, to which Mr. Strausburg responded, it is 2.75 acres. Mr. Dodd said that is almost 3 acres. Mr. Joe Holloway said the County is going to end up with more money in that pond than what they really should have as far as acreage goes, but they needed it to do what they needed to do with it, and they have solved a great big problem.

Mr. Strausburg said the other thing is that Mr. Weston Young spoke with the Maryland Department of Environment (MDE), and the County will get a significant WIP credit for this project as well. He explained, the original dam was built in the mid-1700s, so there is about 200 years of accumulated sediment there, and by addressing that and covering that area with uptake vegetation, the State is willing to give the County a fairly significant WIP credit, so that is further value.

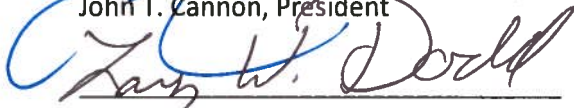
Mr. Kilmer said there is another portion of the property they are looking to sell, to which Mr. Strausburg responded, he doubts they would get much value out of it, but they could sell it. He said the owner on the other side of the pond was interested, so they could do that. Mr. Kilmer said this would also get the land off the County's rolls and back on the tax rolls. He said maybe if they wait another year they would get a better offer, to which Mr. Strausburg responded, he really did not want to carry that house through the winter months. Mr. Kilmer said no one is living there, and it is a good place for vandalism. Mr. Strausburg said the Administration felt it was an appropriate deal. There was no further discussion.

Signatures on next page


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John T. Cannon, President



Larry W. Dodd, Vice President, District 3



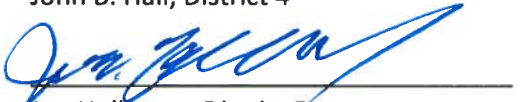
Ernest F. Davis, District 1



Marc Kilmer, District 2

absent

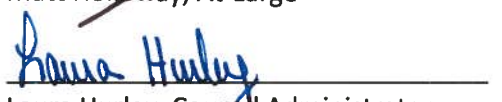
John B. Hall, District 4



Joe Holloway, District 5



Matt Holloway, At-Large



Laura Hurley, Council Administrator