

Town of North Kingstown
Economic Development Advisory Board

**Opportunities to Use the Town's
Real Estate Holdings for Economic Development**

18 July 2017

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Opportunities to Use the Town's Real Estate Holdings for Economic Development

Executive Summary

Thirty-one real estate properties (out of a total of 179 owned by the Town) have potential to generate capital and tax revenue or for residential or industrial development, solar energy generation, recreation, conservation, or other uses. Eight of these properties, totaling about 112 acres of land (ranging in size from 0.5 acre to 47 acres) appear to have the greatest immediate economic development potential.

The Oak Hill garage site was examined more closely as a case study of a large property with limited viability. Some relaxation of town rules and pre-permitting, with participation of interested private parties, are proposed to make this property commercially attractive for residential development.

A generalized process for disposing of Town real estate is suggested, taking into account the varied nature of the properties, the need for remediation of some, and the desire to preserve the environment and historic assets.

Introduction

The purpose of this study was to identify opportunities within the Town's real estate holdings to facilitate economic development in the Town, and to propose appropriate processes for exploiting those opportunities.

The EDAB undertook three parallel activities to accomplish our stated purpose:

- 1) General analysis of all NK real estate holdings for economic potential
- 2) Detailed analysis of the old Oak Hill Road Garage facility as a case study
- 3) Preparation of a draft Town policy for orderly disposition of real estate holdings

Analysis of North Kingstown Real Estate Holdings

This study identified 30 specific Town owned properties with potential for economic development of some kind. Eight of these properties (including the former Oak Hill Garage site) appear to have the greatest short-term potential to cost effectively contribute to the Town's needs.

A complete list of Town holdings (179 properties) was compiled using the Vision Government Solutions online database. This includes directly owned properties (146), School Department properties and Tax Revenue properties. All properties were categorized by salient features of the property using the following characteristics:

OS	Open space
W	Wet (Likely no development potential)
R	Residential
Rec	Recreational
M	Municipal
V	Vacant
C	Conservation Land (Likely)
P	Public
SW	Storm water/Drainage Area
U	Undeveloped

The complete list of properties is included as Attachment A. Note that most properties had multiple characteristics associated with them, as the above features are not exclusive.

Based on this preliminary analysis, a list of 20 sites (a total of 30 properties) were identified as highly likely to have potential for sale to generate capital and tax revenue, or for other economic development. These properties are listed below in Tables 1a and 1b. A few very valuable properties (e.g., Town Hall, Wickford Elementary) were excluded due to on-going specific activities related to them.

These individual identified properties then were physically examined to make more thorough analyses of their suitability for use for economic development. The EDAB explicitly notes here that uses other than land development can significantly contribute to the general economic development of the Town by maintaining the environmental and recreational attractiveness of the Town to residents and businesses.

Seven specific properties (plus the Oak Hill Garage) were identified as having the greatest short-term economic development potential. These seven properties are shown in **bold face** in Table 1a. The seven properties range in size from 0.5 to 47 acres, and include both residential and commercial locations. Exploiting the potential of these properties for the Town's greater benefit would be the best opportunity for cost effective Town action.

The Town owns a large number of small properties on and near Shore Road which may only be viable when partially combined, so these properties have been separated into Table 1b. Other properties than those identified also may turn out to have economic potential, but were not discovered in our process.

Based on our assessment of the identified properties, some potential uses have been suggested in the Tables, but these are not meant as specific recommendations to the Town. Also, a complete search of records for the properties has not been performed, so there may be undiscovered constraints on the use of some of these properties, such as deed restrictions on future uses.

Table 1a. Town Owned Properties with Economic Development Potential

Plat	Lot	Size	Location	Remarks
80	1	44.56 acres	Hamilton Allenton Rd	Old Town dump. Wind/solar field/recreation potential.
85	76 77 78 97 101	4.1 acres total	Oak Hill Rd	Oak Hill Garage. See Activity 2 section below. Possible elderly housing: 5 buildings with 4 one bedroom apartments in each. Zone change from Public to a Residential zone is recommended, with an updated feasibility study.
97	1	47.34 acres	Oak Hill Rd	Oak Hill pump station. Large parcel that is under-utilized. Possible consolidation of town utility buildings and activities, freeing up other properties for economic development.
116	158	0.53 acres	Summit View Lane	Subdivision lot town purchased for \$245k. Appraised at \$187k. Very nice lot adjacent water tower. Contact Water Dept. for possible explanation as to why purchased
130	2	11.14 acres	Stony Lane	Stony Lane pump house (Water Department) Large parcel. Potential small subdivision. Possible 2 lots off Old Baptist & Regent Drive.
135	25	0.81 acres	Stony Lane	Very wet but possible merge with Tax Rev lots to make buildable lot. Abuts Tax Rev lots 43,44,27. Possible future town use.
141	154	10.1 acres	Camp Ave (Wickford Point Rd)	Possible residential lots. Possible development into 10 one acre lots. Also has value as open space. Further research needed.
145	4	5 acres	Potter Rd	Land locked lot. NK Land Trust or keep for open space. Further research required.
146	43	0.45 acres	Post Rd	Commercial development or NK utility lot. Notify abutters and suggest potential redevelopment and/or possible sale to abutters.
148	104	5.4 acres	Yorktown	Recreation or residential lots. Open space, park and/or nature trails. Develop for senior housing.
149	307	1 acre	Devils Foot Rd	Wet. Adjacent lot 306 (1.01 acres) is the most upland. Possible merge with lots 105,306. When merged, development possibilities: 1-2 lots. Duplex potential. Possible increased density if low/moderate income housing.
191	17	3.4 acres	Cross Park Ave	Vacant industrial lot with extreme potential. Mimic QDC "Site Readiness" land value \$306k. Sell.

Table 1b. Town Owned Properties on Shore Road

Note: Shore Road has 14 lots, 6 of which are on Jamaica Way. With relief from the current 150' OWTS restriction through use of modern denitrification septic systems, some development potential "may" exist. Merging of some lots is highly recommended. Further deed research is needed to clarify if development is permitted or restricted further.

Plat	Lot	Size	Location	Remarks
72	48	1.98 acres	Shore Rd	Very wet. Possibly develop upper area. Contact abutter for possible sale or NK Land Trust.
74	94	0.49 acres	Shore Rd	Small lot; possible merge with lot 110/116. Abuts conservation land. Possibly develop.
74	135	0.52 acres	Shore Rd	Small lot with development potential. Abuts Tax Rev lot 138. Possible merge and sell.
74	156	0.68 acres	Shore Rd	Small lot with development potential or sell to abutter or NK Land Trust.
74	170	0.63 acres	Shore Rd	Small lot with development potential or sell to abutter or NK Land Trust.
74	186 187 188 189 190 191	0.65 acres total	Jamaica Way	Merge all lots for possible development. Possible sale to abutter or NK Land Trust.
74	205 209	0.21 acres	Jamaica Way	Possible merge and sell to abutter or NK Land Trust. Lot 211 is Tax Rev.
85	44	0.26 acres	Shore Rd	Small lot. Possible develop or sell to abutter or NK Land Trust.

Site maps for all these properties may be found in Attachment B.

Oak Hill Road Garage Case Study

This study re-visited the Oak Hill Garage site (5 properties) as a case study of a Town owned, limited viability property. The goal was to understand the difficulties in disposing of such properties, and to look for fresh approaches for dealing with such properties.

The Oak Hill Garage property (five total lots) was approved for sale by the voters in 2012. This property had substantial gasoline contamination from previous use, which was remediated by the Town in 1996. The property also is subject to wetlands restrictions and subject to a 1997 Consent Judgement. A Feasibility Report on this property was prepared in 2009, and is included here as Attachment C. So far the Town has not been able to sell the property. Rezoning the Garage property from Municipal to a residential classification would increase its attractiveness to potential buyers, and is recommended.

After reviewing the 2009 Feasibility Report, the EDAB undertook the task of proposing an “innovative approach” to finding a viable use of this property by considering what might be possible with added Town incentives or some limited relaxation of Town constraints on its use. In addition to trying to address the desire to dispose of this particular property, this was intended as a “case study” in how to approach disposing of other limited viability properties that the Town owns.

Independent living senior housing has been identified as a Town economic development need, including in the Community Market Study (4ward Planning, April 2014.) Since the Oak Hill Garage property is in a primarily residential area, we asked the question if this Oak Hill property might be re-purposed to help meet this need.

An analysis was done of how many individual residence units could be supported for a senior housing complex. The combined properties have two single family houses and two duplexes for a total of 7 housing units, though the now 2 acre requirement would limit it to 2 single family units at present. (Making the housing low or moderate incoming housing would potentially have doubled the 7 units to 14 units.)

The site is served by Town water but not sewers. Whether in 7 units with three 3 bedroom homes and four 2 bedroom homes (20 bedrooms) or two large mini-mansions on 2 acres, a conservative estimate would allow the property to sustain about 20 bedrooms with modern wastewater treatment (OWTS.) This density on the property would be sufficient to make redevelopment of the property feasible, whereas two large single family houses do not, in the EDAB’s judgement.

A conceptual layout of a senior residence area on the property is shown in Figure 1 below. It shows five buildings (36 ft by 72 ft), each containing four single bedroom residences of approximately 650 sq.ft. This would certainly be an appropriate neighborhood improvement over the existing vacated garage facility.

Even with the relaxation of Town requirements to allow such development, such a project probably carries too high a risk for most commercial developers to purchase the property, due to the site’s potential problems with state and federal environmental regulations. To lower this barrier, we suggest developing a public-private risk sharing method with a pre-permitting process (similar to QDC’s Site Readiness process.) This would involve the Town and a private entity sharing in the preliminary site approval steps (e.g., land survey, wetland delineation, water assessment, wastewater evaluation, Phase I & II Environmental Assessment) before negotiating an actual purchase contract. With the pre-

permitting steps completed, the Town would end up in a better position to sell the property to others, so the private entity should be granted some protection in this, perhaps an exclusive six-month option to buy following completion of the process. The actual cost to each party would be perhaps \$10,000, both parties would be advantaged at the end, and an "impossible" project would become feasible.

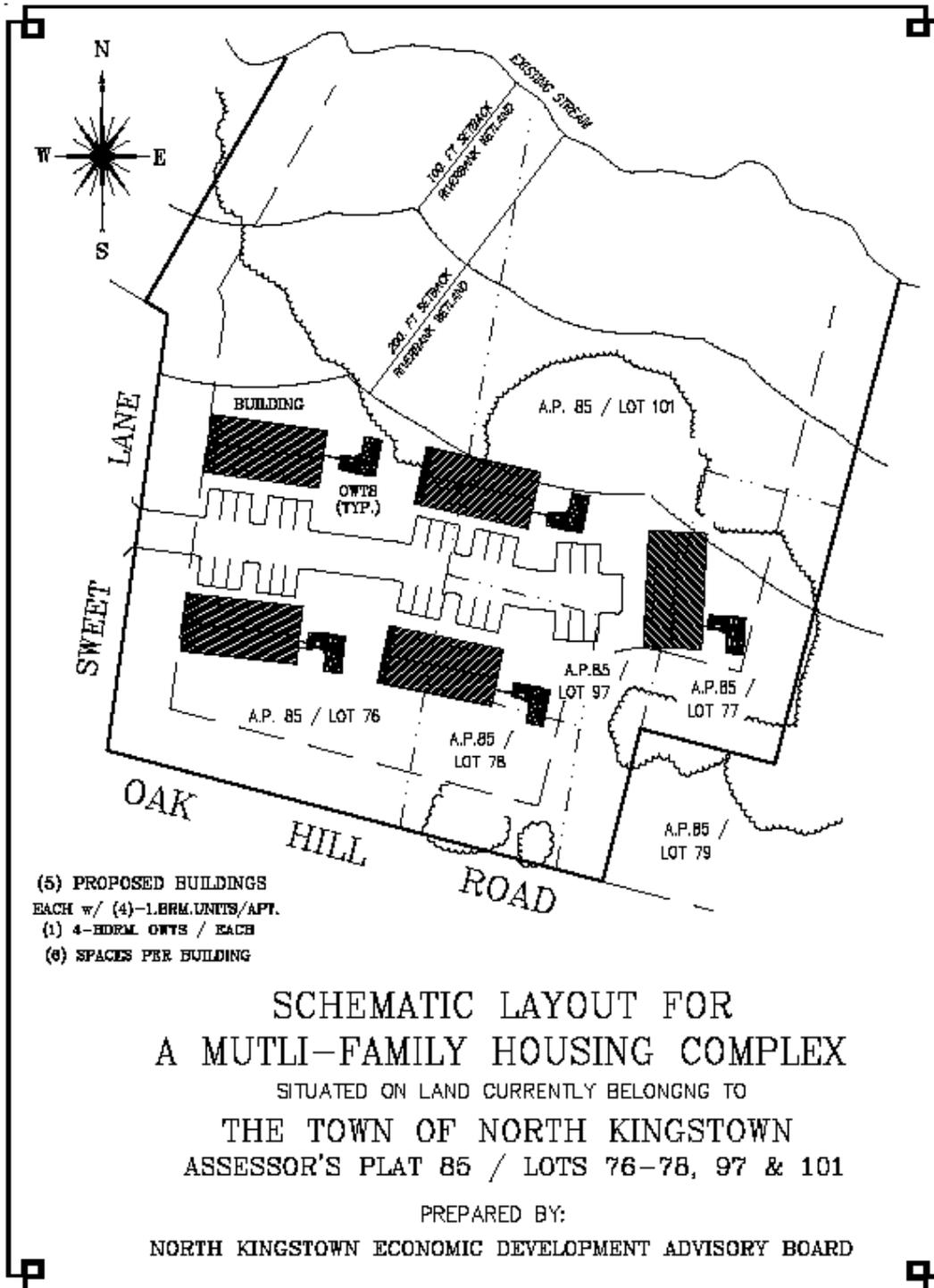


Figure 1. Oak Hill Garage Development Concept Illustration

General Disposition Process Concept

After working on an “innovative approach” with the Oak Hill Garage, the EDAB drafted and suggests a more generalized process for disposing of Town real estate. This process needed to take into account the varied nature of the properties, the need for remediation of some, and the desire to preserve some historical assets and environmental conditions.

The disposition of Town real estate would be guided by two general principles:

- 1) All property sales revenue shall be reserved for Town capital funds unless explicitly redirected by ballot measure.
- 2) Proposed uses of property with civic beneficial purposes shall receive preferential treatment. Civic benefit may arise from community use, cultural use, educational use, infrastructure use, charitable use, economic development, historical preservation, ecological protection or direct income to the town via taxes, in-lieu-of-taxes payments or lease payments. (Probably need some prioritization/weighting system for different uses.)

The overall concept is to divide properties into different classes and manage the process according to the type of property. The classification scheme is:

<u>Class</u>	<u>Type</u>		<u>Designation</u>
Non-disposable	Municipal use		ND-M
	Education use		ND-E
	Conserved		ND-C
Disposable	Immediate viability	Vacant land	D-I-V
		Improved land	D-I-I
	Limited viability	Historical property	D-L-H
		Other property	D-L-O

The intent is that only Disposable Class properties could be considered available property for this process.

All disposable properties would pass first to Town Departments and the Economic Development Administrator to review for possible Town uses. The limited viability properties would receive a preliminary assessment first to identify known problems and issues with a property before distributing for this review, to better inform any proposed uses by the Town.

Immediately disposable properties would then go through a simple process of voter approval and sale through an agent. If a property did not sell or have a reasonable response after 18 months, the property would automatically be reclassified as a limited viability property to take a different approach to finding a use for it.

Limited viability properties, after the preliminary assessment and Town review for uses, would either have (some or all of) its problems/issues remediated by the town or pass through a new process. If

remediated, the property would go back to be reclassified based on its improvements, and pass through the appropriate subsequent process.

The new process for limited liability properties would make the property available, after voter approval, through a “solicitation of interest” to produce initial proposals for possible approaches to the beneficial use of the property. Based on the proposals received the Town would negotiate with one or more of the proposers to move forward. This negotiation could either be for a direct sale or lease, or could be for a shared public-private pre-permitting process that would lead to a subsequent formal Town Request for Proposals for the disposition of the property.

A flow chart of the process is provided below as Figure 2. Further details are included as Attachment D.

Next Steps

The EDAB recommends the following initial specific Town actions in support of using Town real estate assets to further economic development:

- A) Perform title research for the seven properties identified as having the greatest potential for contributing to economic development in the short term. This is a necessary preliminary step to the most cost effective action available to using Town owned real estate for development purposes.
- B) Re-zone the Oak Hill Garage property to a residential classification and solicit proposals for potential uses of the five property site, with the possibility of pre-permitting of the site by the Town.
- C) Initiate a legal review of potential issues with the suggested Property Disposition Process as a preliminary step to drafting and adopting a Town policy for such property disposition.

Acknowledgements

This report was researched and drafted by an EDAB Working Group of Dave Caldwell, Toby Sonder and Tom Charlton, with the assistance of Amy Sonder. The report was approved in substance by the EDAB at its meeting of 20 June 2017.

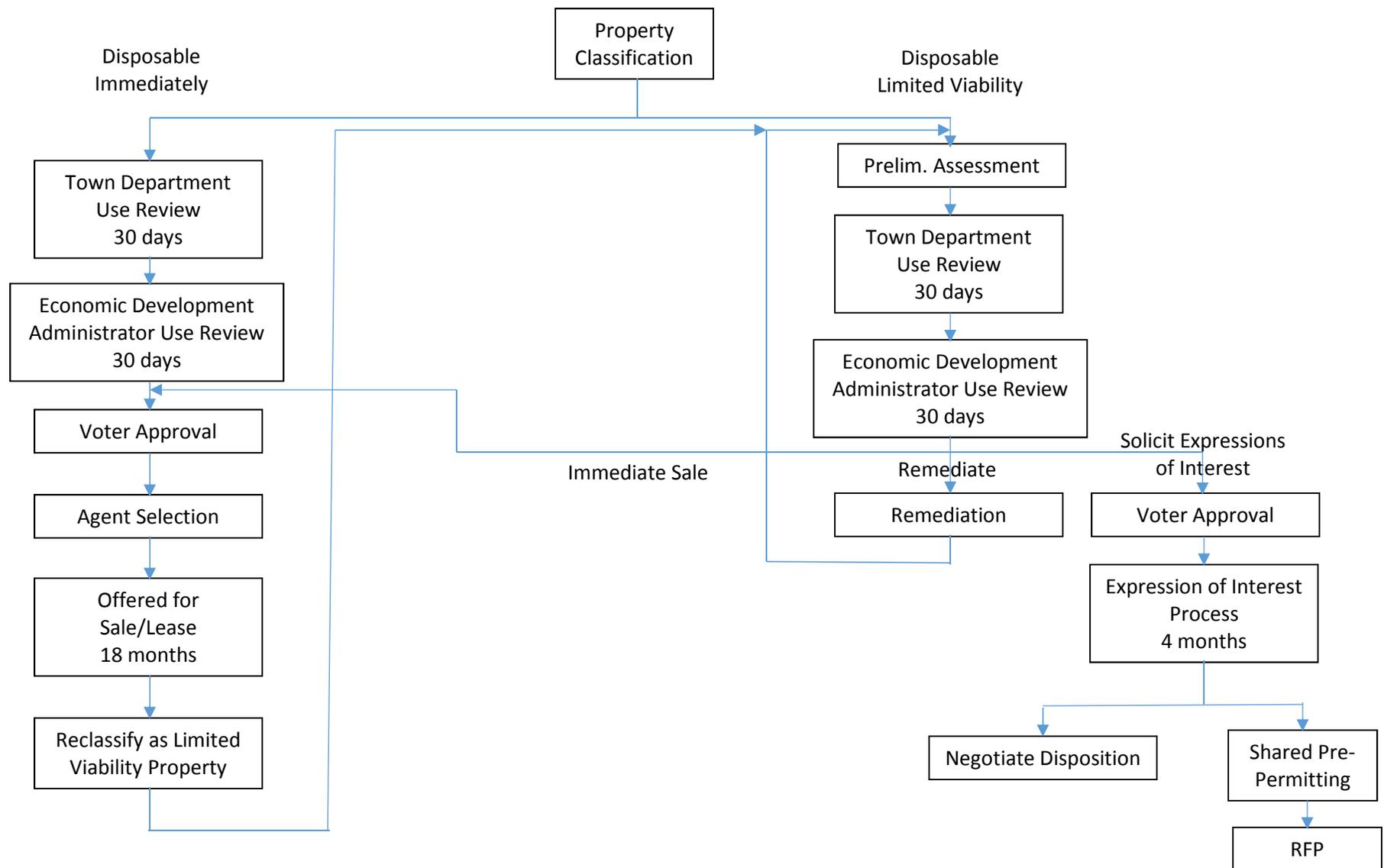


Figure 2. NK Real Estate Disposition Process Flow Chart

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