

## ORDINANCE NO. 208.11

An ordinance to amend the Highland Park Administrative Code, Chapter 208, by adding section 208.11 to adopt policies and procedures for the sale of real property, other than vacant lots.

WHEREAS, the City of Highland Park desires to amend a local ordinance by adopting policies and procedures for the sale of real property, other than vacant lots; and

WHEREAS, the Charter for the City of Highland Park provides that the City Council has the authority to enact all ordinances they deem necessary for the safety, order, and good government of the City and the general welfare of its inhabitants.

NOW, THEREFORE, THE CITY OF HIGHLAND PARK ORDAINS:

### 208.11 POLICY RE THE PURCHASE, SALE, GIFT OR LEASE OF REAL PROPERTY

- (a) Whenever city real estate is no longer required for corporate or public purposes, except any park, or part thereof, except where a park is no longer required under an official master plan, such real estate may be sold or leased upon the affirmative vote of four or more members of the City Council. The City may sell or lease city-owned real property using one or more of the following methods: public auction, negotiated sale, listing with real estate broker pursuant to guidelines established by the Administration, solicitation of sealed bids, or request for proposals. In all cases, the Administration may develop the disposition strategies, policies, and procedures to facilitate the sale of city-owned real estate.
- (b) Private Property under City Control. The City shall acquire by purchase, gift, condemnation, tax reversion or otherwise, real property, and interests in real property, within the corporate limits of the City, for any public use, purpose, improvement or service within the scope of its powers and to encumber or dispose of the same.
- (c) *Auctions.* The City may auction residential property owned by the City as the need arises.
  - a. Individuals may bid on no more than three (3) residential properties per auction, and highest bidder shall become the Purchaser.
  - b. The City shall have the right to negotiate with the Purchaser a minimum sum to be spent on rehabilitation.
  - c. The Purchaser must board up and otherwise secure the property within 14 days of purchase and keep secure before, during and up to the completion of any project.
  - d. Rehabilitation of each property must commence within six (6) months of the date of purchase, and the entire rehabilitation completed within one (1) year from the date of purchase. If Purchaser does not complete the residential renovations within one (1) year, the property will automatically revert to the City, unless the City, at its sole discretion, grants an extension to Purchaser.
  - e. Residential lots with structures - Residential lots with existing structures are categorized in two classifications:
    - i. Demolish – Residential lots have structures on them that require demolition may be purchased. Within 30 days after closing the purchaser must:
      - 1. Provide the City a copy of an executed demolition contract from a licensed contractor showing that the structure will be demolished within 180 days after closing.

2. Provide a copy of a demolition permit from the State of Michigan.
  3. After completion of demolition, secure and maintain the property thereafter.
- ii. Rehabilitation - Residential lots that have structures on them that will be purchased for personal residential living are subject to the following:
    1. They will be required to enter into a purchase agreement.
    2. They will be required to secure the property and remove any debris within 14 days after closing.
    3. They will be required to provide the City proof of a certificate of occupancy within 12 months after closing. Where proof of significant repair progress has been made, but work is not complete, with reasonable proof and explanation, the City may, at its sole discretion, extend the 12-month deadline.
    4. Violation of the purchase agreement of any kind may subject the property to revert back to the City
- f. Commercial lots with structures - Commercial lots with existing structures are categorized in two classifications:
    - i. Demolish – Commercial lots that have structures on them that require demolition may be purchased. Within 30 days after closing the purchaser must:
      1. Provide the City a copy of an executed demolition contract from a licensed contractor showing that the structure will be demolished within 180 days after closing.
      2. Provide a copy of a demolition permit from the State of Michigan.
      3. After completion of demolition, secure and maintain the property thereafter.
    - ii. Rehabilitation - Commercial lots that have structures on them that will be purchased for commercial uses are subject to the following:
      1. They will be required to enter into a purchase agreement.
      2. They will be required to secure the property and remove any debris within 14 days after closing.
      3. They will be required to provide the City proof of a certificate of occupancy within 12 months after closing. Where proof of significant repair progress has been made, but work is not complete, with reasonable proof and explanation, the City may, at its sole discretion, extend the 12-month deadline.
      4. Violation of the purchase agreement of any kind may subject the property to revert back to the City
- g. For individuals/businesses purchasing commercial lots with structures, the following conditions apply:
    - i. The Purchaser must submit an Offer to Purchase Application and pay a \$25 non-refundable fee.
    - ii. The Purchaser shall submit to the Real Estate Division at the time of his or her request for purchase a notarized statement of a development plan. The purchaser shall also be in compliance with Zoning and Community Development Policy.
    - iii. Purchaser must maintain the commercial lot with structure in accordance with city ordinance.
    - iv. Purchasers cannot owe personal or corporate past due taxes, unpaid blight bills nor unpaid water bills; and/or any other indebtedness to the City.
    - v. Not have any code violations within the past 18 months.

- vi. Secure the lot with structure, remove debris and maintain the land within 14 days after closing;
  - vii. If not current, Purchaser must pay the annual taxes on the property and stay current on water bills after purchase.
  - viii. Commercial property located in strategic areas, or properties that the City expects will be in high demand or receive more than one bid are generally publicly marketed or packaged as part of a Request for Proposals (RFP). During the public marketing or RFP process, the City's real estate committee will make disposition decisions based on offered purchase price, the use proposed, and the determined capacity of the potential purchaser.
- h. Upon completion, the City shall certify the property prior to allowing occupancy or resale.
  - i. Purchaser is not eligible to purchase property if any of the following conditions exist:
    - i. Previously owned the property.
    - ii. Currently owes property taxes or other indebtedness to the City (i.e., water bills, tickets, tax liens, etc.)
    - iii. Failure to maintain property.
    - iv. Has outstanding code, policy or ordinance violations
- (d) Development Agreements. The City may enter into development agreements to renovate residential properties with any developer seeking to purchase a minimum of twenty-five (25) properties.
- a. Developer must provide a project plan that the City deems suitable for the benefit of the public's interest.
  - b. Developer must invest a minimum of \$30,000 - \$100,000 into each property, as determined by the Administration and approved by the City Council. If the approved investment is not realized, the City may fine the Developer an agreed-upon amount, unless good cause is shown.
  - c. Developer shall provide adequate proof of funds equal to fifty percent (50%) of the total projected cost of the rehabilitation prior to signing a development agreement.
  - d. Any properties subject to a development agreement shall be excluded from any city auctions.
  - e. The City may support the development project with letters of support and grant applications to government entities; however, the City shall not incur any financial obligation or liability.
  - f. Once ownership of the property is finalized, all taxes, water and sewerage bills become the responsibility of the Developer.
  - g. Development and rehabilitation on each property shall commence within six (6) months of purchase and must be completed within two (2) years from the date of purchase. Residential renovations not completed within two (2) years will automatically revert to the City, unless the City, at its sole discretion, grants an extension to Developer.
  - h. Once rehabilitation is complete, Developer may only sell or rent the property to owner-occupants.
  - i. Developer may request an Option to hold property from being sold for a due diligence period starting at 3 months not to exceed 6 months. When, after recommendation by the Administration, the City Council determines that it is not a detriment to the City, Developer may pay a non-refundable fee of \$500, to hold the property. If an Option is granted, Developer must secure and maintain the property by:
    - i. Boarding all broken or missing windows and doors of structural improvements, if any;

- ii. Securing all openings of structural improvements, if any, to prevent entry of unauthorized persons;
  - iii. Clearing the property of trash and debris and continuing to remove such trash and debris as needed;
  - iv. Ensuring that the grass is neatly edged and does not exceed 6 inches;
  - v. Trimming all trees, shrubs, and other plant life as needed; and
  - vi. Maintaining all sidewalks and other paved portions of the vacant lot clear of snow and ice in a manner that makes it safe for pedestrians and within the timeframe currently required under City regulations.
- j.
- (e) When, after recommendation by the Administration, the City Council determines that it is in the best interest of the City, real property acquired by the City through tax reversion may be disposed of by one, or a combination of more than one, of the following methods, as determined appropriate by the Administration, on a case-by-case basis: listing with real estate broker; auctions; solicitation of sealed bids; negotiated sale; or request for proposals. The Administration shall submit the offer, which he or she deems to be in the best interests of the City, together with his or her recommendation, to the City Council for action.
  - (f) This section shall not apply to real estate purchased pursuant to a United States Department of Housing and Urban Development program.
  - (g) All sales of real estate shall be for cash, except that the City may sell on executory land contract if four or more members of the City Council shall vote in favor thereof, provided that in no case shall the contract be for a term of more than five (5) years, nor for less than thirty (30%) percent down; and provided further that the balance owing on the contract shall be paid in monthly or quarterly installments, whichever the City Council shall approve, and shall bear interest at a rate to be determined by the City Council on the unpaid balance. Such contract shall have such other provisions, as the City Council shall approve on the advice of the City Attorney.
  - (h) Transactions involving the purchase, sale, gift or lease of real property shall be authorized by City Council resolution. Offers to purchase and proposals to sell city-owned property shall be reviewed by the City Attorney and a recommendation made concerning:
    - a. The sufficiency of the consideration.
    - b. The public purpose involved in the land transaction.
  - (i) The following factors shall be considered and identified by the Administration and approved by the City Attorney prior to making any recommendation to the City Council for the purchase, sale or lease of real property:
    - a. Purchase
      - i. Identification of the public purpose involved in the proposed land transaction.
      - ii. At a price which shall be not less than its market value, as determined and certified by the Assessor.
      - iii. Determination of value as reflected by any recent comparable sales in the immediate area.
      - iv. Obtaining an outside appraisal or opinion of value if recommended by the City Attorney or requested by the City Council.
      - v. Transaction upon a negotiated purchase price or through condemnation, if authorized by separate Council resolution.
    - b. Sale

- i. Identification of the public purpose involved in the proposed land transaction.
  - ii. At a price which shall be not less than its market value, as determined and certified by the Assessor.
  - iii. Advertising and/or posting the property if two or more persons have indicated an interest in the property, the property has a general utility, or the City Council requests the property be advertised.
  - iv. Examining the use to which the property can or will be put and the cost of acquisition, demolition and improvement.
  - v. Sale to the highest bidder. Consideration to include dollar offer and such other items as identified by the City Attorney that represent a legal obligation to the City and value assigned thereto. The City shall reserve the right to reject all bids.
- c. Lease
- i. Identification of the public purpose involved in the proposed land transaction.
  - ii. At a price which shall be not less than its market value, as determined and certified by the Assessor.
  - iii. As lessor, advertising and/or posting the property if two or more persons have indicated an interest in the property or the property has general utility or the City Council requests that the property be advertised.
  - iv. As lessee, the lease fee should be based upon the above indicators of value through a negotiated lease fee procedure.

These rules of procedure shall be construed liberally in recognition of the unique character of land transactions and the requirement that all real property transactions shall be authorized by City Council resolution. All land transactions involving city officers or employees shall be governed by applicable provisions of state law and city charter on conflicts of interest and, in any event, shall require a full disclosure of the officer or employee's interest and non-voting of the officer involved.

FIRST READING: \_\_\_\_\_

SECOND READING AND ADOPTION:  
\_\_\_\_\_

PASSED AND ADOPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2018.

ATTEST:

\_\_\_\_\_  
Brenda Green, City Clerk