

Order 190-15/16

Amended in the attached Rules for the Disposition of City-Owned and Tax-Acquired Property, Section IV.B.(1.) by adding after the words, “will survey City Departments” “, the District Councilor, At-Large Councilors and the Mayor”: 8-0 (Strimling absent) on 4/4/2016

Passage: 8-0 on 4/4/2016

Effective 4/14/2016

ETHAN K. STRIMLING (MAYOR)
BELINDA S. RAY (1)
SPENCER R. THIBODEAU (2)
EDWARD J. SUSLOVIC (3)
JUSTIN COSTA (4)

CITY OF PORTLAND
IN THE CITY COUNCIL

DAVID H. BRENERMAN (5)
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JON HINCK (A/L)
NICHOLAS M. MAVODONES, JR (A/L)

**ORDER AMENDING THE RULES FOR THE DISPOSITION OF
CITY-OWNED AND TAX-ACQUIRED PROPERTY**

ORDERED, that the Portland City Council hereby amends the rules for the disposition of City-owned and Tax-Acquired Property, in the substantially the form attached hereto.

City of Portland

Rules for the Disposition of City-~~Owned and Tax-Tax~~-Acquired and ~~City-Controlled~~ Property

Adopted by City Council
October 18, 1999

Amended by City Council
December 7, 2009 by
Order #116-08/09

Amended by City Council
_____, 2016 by Order
-15/16-_____;

any further amendments to these Rules shall be effective upon approval by the City Manager pursuant Section 2-313 of the City Code.



Pursuant to Section 2-~~302~~313 of the City Code, the following rules will apply to the sale of City-~~owned and tax-tax~~-acquired and ~~City-controlled~~ property.

Note: References to “tax-acquired property” also includes ~~City-controlled property~~ where appropriate.

I. Background and Goals and Objectives of the Disposition Process:

A. Background for Tax-Acquired Property

These rules govern the process by which the City disposes of tax-acquired property **after** the lien process established under Maine law which automatically confers ownership of these properties to the City by operation of law. The process that has occurred up to the date of the application of these Rules is set forth in Title 36 of the Maine statutes and takes nearly two years to complete. First, within eight months and a year of the original commitment day of the real estate taxes, the municipality must send out a “30-day notice” letter, notifying the property owner that if their property taxes are not paid within thirty days, the municipality will file a lien against the property in the Registry of Deeds. 36 M.R.S.A. § 942. This creates a tax lien mortgage on the property which has priority over most other mortgages, liens, attachments and encumbrances. *See* 36 M.R.S.A. § 552.

Next, once the lien is recorded, the 18-month redemption period begins to run. Between 45 and 30 days before the expiration of the 18-month redemption period, Treasury must send out a Notice of Impending Automatic Foreclosure. If the tax lien mortgage, interest, and costs are not paid before the expiration of the 18-month redemption period, then the

mortgage is automatically foreclosed and the municipality owns the property. 36 M.R.S.A. § 943. From this point forward, these Rules govern the disposition of this property.

B. Goals and Objectives of Disposition Process for Tax-Acquired and other City-owned Properties

There are two major goals of the ~~tax-acquired~~ property disposition process. First, to find the highest and best use for ~~tax-acquired~~ property for the benefit of the City, its neighborhoods and its citizens. Second, to establish a clear and fair policy for the disposition of ~~tax-acquired~~ property. In establishing this policy for the sale and reuse of ~~tax-acquired~~ property, both land and buildings, the City has several goals/objectives, including but not limited to:

- Eliminate neighborhood blight
- Assist with neighborhood preservation and revitalization efforts
- Improve the City's housing stock
- Put properties back on the tax rolls

II. City--Owned and ~~Tax-Tax~~-Acquired Property Committee (TAPCCOTAPC):

The responsibility of implementing the City's Property Disposition Guidelines and Procedures will be delegated to the City--Owned and ~~Tax-Tax~~-Acquired Property Committee (TAPC). ~~The TAPCCOTAPC~~. COTAPC is an internal staff committee representing all City departments involved with the disposition of ~~tax-tax~~-acquired and other eCity--owned property. The Committee has four major functions:

- Selecting properties for sale using pre-established criteria
- Establishing conditions for the sale of individual properties
- Selecting the method of marketing and disposition
- Reviewing bids/proposals to purchase and making a recommendation to the ~~appropriate City Council Committee or~~ City Manager, as required

Members of ~~the Tax Acquired Property Committee~~ COTAPC include:

- Director of Economic Development, or designee
- ~~Assistant~~ Director of Finance, or designee
- Associate Corporation Counsel
- Director of Planning and Urban Development, or designee
- Tax Assessor, or designee
- ~~Deputy Assistant~~ City Manager, or designee
- Public ~~Services-Works~~ Director, or designee

III. Conditions for the Retention or Sale and Reuse of ~~Tax Acquired~~ Properties:

A. 1. — All Tax-Acquired Properties

~~1.~~ 1. Except as otherwise set forth below, all ~~tax-tax~~-acquired properties ~~will be~~ eligible for disposition immediately following foreclosure by the City, ~~with~~ pursuant to City Code Section 2-313.

~~2.~~ 2. Upon approval to sell ~~the following exceptions:~~ a tax-acquired property, ~~the Treasurer may send a letter, in substantially the form attached hereto as Exhibit A (a "60-Day Letter") by First Class Mail with Certificate of Mailing to the owner's(s') last known address and the address of the property to provide the owner a final opportunity to redeem their interest in the property through the payment of back taxes, interest, and costs. To do so, owners must pay their taxes, interest, and costs in full within 60 days of the date of the 60-Day Letter. In the event that the owner fails to redeem their interest in the property within the 60-day time period, the City will proceed with the sale of the property pursuant to these Rules. Any notice of these rules shall be deemed complete by regular mailing~~

~~a) In cases where the City has negotiated a payment arrangement, prior to foreclosure or within sixty (60) days of letter from City Treasurer regarding City's intent to dispose of real property (see Section IV(1)(A), for back taxes, interest, and costs with the owner and payments are being made accordingly.~~

~~b) In~~

~~3.~~ 3. Notwithstanding anything to the contrary in these Rules, in cases where the City wishes to retain ownership of a tax-acquired property for municipal purposes, ~~such as including~~, but not limited to: ~~open space, public improvements, sewers, storm drains, parks and recreation, public safety, transportation and education,~~ the Treasurer shall not send the property owner a 60-Day Letter or otherwise provide the owner an opportunity to redeem their interest in the property.

~~e) In~~ 4. Notwithstanding anything to the contrary in these Rules, in cases where the City wishes to retain tax-acquired property ~~Land Bank Commission has recommended the property be retained in the Land Bank for purposes of preservation of open space,~~ the Treasurer shall not send the property owner a 60-Day Letter or otherwise provide the owner an opportunity to redeem their interest in the property.

~~2.~~

-B. Conditions for Sale of Property (City-owned and Tax-acquired)

1. All properties will be sold for a price acceptable to meet the City's priorities for reuse, taking into consideration the assessed value and/or its current condition, as well as back taxes, interest, and costs if tax-acquired. In cases where two or more acceptable bids/proposals are received for the same use of the property, ~~the TAPCCOTAPC~~ will recommend the highest offer. Excess sale funds, above and beyond back taxes, interest and costs, will go to the City's Housing Trust Fund until the end FY2017, at which time this will be further evaluated.
- ~~2.~~ ~~3.~~ All properties must be sold for uses in keeping with City Zoning Code. It is the responsibility of the purchaser to obtain all required federal, state, and local approvals.
3. ~~4.~~ The TAPCCOTAPC, on behalf of the City, may place criteria on the disposition of individual properties or groups of properties that meet the City's objectives. More specifically, these conditions may be in the form of: affordability covenants and restrictions for residential property; type and density of development; design standards; and required local approvals and easements. Also, for properties with potential commercial/industrial uses, job creation standards may be required.
- ~~5.~~ The TAPC ~~4.~~ COTAPC, when determining the reuse of a ~~tax acquired parcel~~ property, may consider a role that property has historically played in the neighborhood and any benefits it has provided to area residents.
- ~~6.~~ The ~~5.~~ - For properties that are occupied, the City will ~~not dispose of occupied residential tax acquired~~ provide notice to the occupant(s) by First Class Mail with Certificate of Mailing that the City intends to sell or retain the property that will result in the displacement of. For occupied properties, the City Manager, on COTAPC's recommendation, shall decide whether to evict the occupant(s) or sell/retain the property as occupied.
- ~~6.~~ - In the event that a property is occupied when sold, the purchaser shall be responsible for any and all occupants, ~~with the following exception:~~ of the purchased property and shall, in writing, forever indemnify, defend, and save harmless the municipality from any and all claims arising out of the sale of the property brought by the previous owners, occupants and tenants of the property.
- ~~a)~~ In cases where the owner has to pay taxes in full within three (3) years of the payment arrangement, or failed to comply with the terms of the payment arrangement in three (3) consecutive months, the City will take steps to dispose of the property and assist with placement of displaced resident or renegotiate a payment arrangement.

~~7.~~ Residential properties may be sold to create opportunities for affordable, owner-occupied or rental housing.

~~8~~

~~7.~~ Properties will be sold to buyers who can show evidence of financial resources and expertise.

~~9.~~ Proposals to re-purchase properties will not be accepted from the prior owner.

~~10.~~

8. The City will provide tax-title only through a quit-claim deed without covenant to all purchasers of ~~tax-acquired~~ property.

119. Prior to conveyance, the City Manager has the right to reject any and all bids/proposals at any time during the process, if it is determined to be in the best interest of the City. The City Manager will give the bidder/proposer reasons whenever a rejection of a bid occurs.

IV. *Revised Disposition Process:*

A. Since properties are foreclosed on a yearly basis **Tax-acquired Properties**

1. Tax-acquired property foreclosures occur annually each December. As soon as practicable thereafter, the Treasurer will provide the City Council, the City's Land Bank Commission will then receive (LBC), and review the COTAPC with a list of tax-tax-acquired properties foreclosed on to. Within 60 days of its receipt of the list, the LBC shall recommend to TAPC/COTAPC which properties should be retained by the Land Bank for open space purposes. The Land Bank Commission will provide its list to TAPC by February 28 each year or within 60 days of receipt of list. TAPC/COTAPC will then make a recommendation to the City Manager-City Council based on Land Bank's request. One of the first TAPC meetings of each calendar year will be to as to which properties should be recommended to be forwarded for a Department-wide survey to determine if the property is excess or not to the City's needs. If survey results are to retain, City Manager will authorize retention of those properties by the Land Bank or for City use.

a. If the property is to be retained by the Land Bank, the City Council will need to vote to put the properties in the Land Bank.

b. If the City is retaining for a municipal purpose, this will be done administratively.

2. Contemporaneously, COTAPC will begin to determine which tax-acquired properties foreclosed on during the previous year to start the sale process beginning with the 60-day letter from the Treasurer as noted in Section IV(A)(1), and which will should be retained for municipal purposes. Those and which properties identified for retention will also should be given the 60-day letter as noted in Section IV(A)(1). TAPC sold in accordance with these Rules. Its recommendations for retention or sale shall be

forwarded to the City Manager for approval to conduct the Department--wide survey- to determine if ~~property is~~ excess or not to the City's needs.

~~(a)a.~~ If survey results are to retain for a municipal use (not Land Bank), City Manager will authorize retention of those properties, ~~which -and- will be~~ handled administratively.

~~(b)b.~~ If the survey results are to sell, COTAPC will move forward with the disposition process described in Section B below. COTAPC will meet as needed throughout the year to implement the disposition process. ~~Once a property or group of properties has been identified for resale, the TAPC and staff will undertake the process outlined below.~~

~~Regarding residential, commercial, business, and/or industrial City controlled and/or tax-acquired property, TAPC may refer these to the appropriate City Council Committee as noted in Section IV(1)(L)(i) and (ii) below.~~

~~1) All Properties~~

~~A. The Treasurer will send letters to owners in a last attempt to have them redeem their interest in the property through payment of back taxes, interest, and costs. Payment arrangements can be negotiated within 60 days of the date of the letter. Owners must pay their taxes, interest, and costs in full within 60 days or arrange to have a payment arrangement in place, or the disposition process will begin.~~

~~NOTE: For requests to purchase City owned property (non tax acquired), TAPC will be following steps 1(B) on below.~~

~~3. BProposals/bids to re-purchase tax-acquired properties will not be accepted from the prior owner(s) or any entity where the prior owner(s) is part owner of that entity.~~

B. Process for Sale of Tax--Acquired and Other City-Owned Property

1. In all cases, upon approval of the City Manager, staff will survey City ~~D~~departments, ~~the Land Bank Commission, and the District Councilor, the District Councilor, At-Large Councilors, and the Mayor~~ to obtain information on whether to sell or retain a specific property for municipal use, to ascertain whether there are neighborhood issues involving the use of the property, or whether conditions should be placed on a sale.

€2. A field survey will be conducted, if necessary, by a combination of staff from the Housing and ~~Neighborhood Services~~Community Development Division, Inspections, Corporation Counsel, Executive, Public ~~Services Works~~, and the Economic Development ~~Division~~Department (as staff members determine the most appropriate representation for a

particular piece of property) to determine the general conditions of the building and/or land and its potential use.

- ~~D3.~~ Corporation Counsel's Office will determine status of title and degree of difficulty to clear using either the quiet title process or negotiations with other owner of record to release their interest.
- ~~E4.~~ Assessors Office will confirm assessed value of property.
- ~~F5.~~ After the survey is completed and a tax-acquired property is determined to be excess to the City's needs, COTAPC, upon City Manager approval, may have the Treasurer issue a 60-day letter to the prior owner as a last attempt for the prior owner to redeem the property (as detailed previously in Section III(A)(2)). In the event the owner fails to redeem their interest within the 60-day time period, COTAPC will follow steps 7 through 13 below.
6. —After the survey is completed and a City-owned property is determined to be excess to the City's needs, COTAPC will follow steps 7 through 13 below.
7. —TAPCCOTAPC will meet to determine if a minimum acceptable bidpurchase price can and should be set for a particular parcel based on assessed value, back taxes, interest, and costs, potential for reuse, and current condition of the property., and, if tax-acquired, the amount of outstanding back taxes, interest, and costs. When minimum bidpurchase prices are set, they will be included in the marketing materials. Excepting those lots that are vacant and undersized to be offered directly to abutters upon approval by the City Manager and pursuant to Section IV(C), TAPC'sCOTAPC's recommendations, including method of marketing and conditions, if any, to be placed on sale, if any, will be forwarded to the City Manager for approval and recommendation will be forwarded to either to move forward with the disposition process as follows:
 - a. For tax-acquired properties under the City Manager's parameters, the City Manager authorizes the disposition process, after prior notice to the District Councilor, following Steps 8 to 13 below the Housing Committee for residential property, or to the Community Development Committee for commercial, business, and/or industrial property and will execute any and all documents to close the sale by the City Manager and Finance Director; and,
 - b. For City-owned properties and other tax-acquired properties outside the City Manager's parameters, the City Manager will recommend to the City Council that it authorize the disposition process, with prior notice to the District Councilor. City Council to authorize staff or the appropriate City

Council Committee to review bids/proposals for a recommendation to the City Council for a Purchase and Sale Agreement. After approval of the City Council to begin the disposition process, COTAPC will move forward with Steps 8 to 13 below. for review and approval to move forward.

~~G.~~

8. All property owners within a 500-foot radius of the subject property, measured from the property line of the subject property, - will be notified that the City intends to sell the property as detailed in Section IV(~~D3~~)(1A) below. Immediate abutters will be re-notified if the City is considering a differentchange of use.

~~H99.~~ Upon reaching a stated due date to make an offer to purchase to the City, staffCOTAPC will then proceed with the sale process with the offers it has received. If the City receives no response, the property willmay be further marketed per Section V belowin accordance with these Rules and the City Code.

~~I10.~~ Staff will keep all bidders/proposers informed throughout the sale process to ensure they have the information regarding the status of the process, the procedures from that point on, and the timeframe for a decision.

~~J.~~ If TAPC11. In cases where only one bid or a City Councilproposal is received and COTAPC recommends to the City Manager rejection Committee rejects a recommended of the bid/offerproposal, the sale process will automatically terminate, unless the process is extended by the City Manager.

~~K12.~~ In cases where more than one bid-proposal is received for the same property, but for different uses, the ~~TAPC~~COTAPC may recommend to the bidCity Manager the proposal and use that will best accomplish the City objectives -as detailed in Section ~~H~~I of these Rules, regardless of price offered.

~~L.~~ In all cases where recommendations are forwarded to a City Council Committee, the following committees will review TAPC proposals for housing and commercial reuse and proceed as noted in Section IV(3)(C), (D), and (E);

(i) ~~Housing Committee reviews all proposals for residential reuse, as well as vacant lots in residential zones, -excepting those referred to in Section IV(2)(A), (B), and (D);~~

(ii) ~~Community Development Committee reviews all proposals for commercial and industrial reuse within business and industrial~~

zones excepting those referred to in Section IV(2)(A), (B), and (D).

2)C. Vacant Undersized Lots (properties under \$5,000 in assessed value)

A1. - Vacant lots that do not meet minimum lot size for construction will be offered first to direct abutting property owners giving abutters 30 days to respond. If the City receives no response, these properties ~~will~~may be marketed per Section V below.

B2. - Vacant lots that do not meet minimum lot size for construction, and are less than \$5,000 in assessed value, where no neighborhood issues or municipal uses have been identified, will proceed directly to the City Manager for review. If the City Manager approves the sale, he will sign the Purchase and Sale Agreement. The Finance Director will sign the Quit Claim Deed and Corporation Counsel's Office will prepare the closing. City Council approval will not be required.

~~**C. Vacant3.**~~ - ~~The sale of vacant~~ lots that do not meet minimum lot size for construction, and are less than \$5,000 in assessed value, where neighborhood issues have been identified, will proceed to the ~~appropriate~~ City Council ~~Committee~~ for review and recommendation for the City Manager and Finance Director to execute any and all documents to close the sale to the City Council.

~~**D4.**~~ - Vacant lots that do not meet minimum lot size for construction, and are less than \$5,000 in assessed value, will be sold for a price acceptable to meet the City's priorities for reuse, taking into consideration the assessed value and/or its current condition. In cases where two or more acceptable bids/proposals are received for one property, for the same reuse, the TAPCCOTAPC will recommend the highest offer to the City Manager.

3)D. All Other Properties (properties over \$5,000 in assessed value)

A1. - The Finance Department, Housing and ~~Neighborhood Services~~Community Development Division and/or the Economic Development ~~Division~~Department, will market specific property or groups of properties, utilizing one or more of the methods described in Section V below. In this marketing, all property owners within a 500-foot radius will be notified.

B. TAPC2. - COTAPC will evaluate bids/proposal(s) received for a specific property and will select a bid/proposal to recommend to the City Manager for approval to sell~~appropriate City Council Committee based on objectives as detailed in Section 1 of these Rules for this process.~~

~~€3.~~ 3. -The ~~City Manager-City Council Committee~~ will review all bids/proposals and ~~the TAPCCOTAPC's~~ recommendation. The ~~City Manager Committee~~ can either endorse the recommended bid/proposal, endorse a different bid/proposal, hold his table the decision for additional information, or reject all bids/proposals. If all bids or proposals are rejected, City Manager may terminate the sale process or continue to market the property and seek bids or proposals in accordance with these Rules.

~~D. The City Council will review the Committee's recommendation for authorization of the sale of property, one reading required.~~

~~E. The~~ 4. -For tax-acquired properties under the City Manager's parameters, the City Manager will sign the Purchase and Sale Agreement, and other documents approved by the Corporation Counsel's office. The Finance Director will ~~then~~ sign the Quit-Claim Deed, and Corporation Counsel's Office will prepare the closing.

5 -For City-owned properties, and other tax-acquired properties outside the City Manager's parameters, the City Manager will forward his or her recommendation to the City Council or to the appropriate City Council Committee. The Committee can either endorse the recommended bid/proposal, endorse a different bid/proposal, table the decision for additional information, or reject all bids/proposals.

6. The City Council will review the City Manager's or the City Council Committee's recommendation for authorization of the sale of property, one reading required.

V. Methods of Marketing:

Depending on the type of property and its value, ~~the Tax Acquired Property Committee (TAPC) will~~ COTAPC may use a variety of methods to market ~~tax acquired~~ property to the general public. In some cases more than one method may be employed. Regardless of the method used, prior to conveyance, the City reserves the right to reject any and all bids/proposals at any time during the process if it is determined to be in the best interest of the City. The City will give the bidder/proposer reasons whenever the rejection of a bid/proposal occurs.

~~Whichever method is used, TAPC will determine when to bring a recommended sale to the appropriate City Council Committee for its recommendation to the City Council.~~

1. Public Listing:

~~TAPC will maintain a listing of tax-acquired properties available for sale. TAPC can review proposals for sale off the public listing at any time. The list will be available to the public upon request. The City reserves the right to request additional proposals, through an RFP process, for properties selected by the public for purchase from the list.~~

2. - Real Estate Broker Contract:

For a specific ~~properties~~property or groups of properties, ~~TAPC~~COTAPC may ~~choose~~recommend to contract with a pre-qualified approved Real Estate Broker to find a buyer. The City's contract with the Broker will contain the City's terms and conditions of sale. The City will negotiate the amount of the commission with the Broker based on market rate and the assessed values of the properties involved. Broker commissions will be paid from the price received.

3.2. - Public Offering – Straight Bid Process:

~~TAPC~~COTAPC may ~~recommend to solicit~~solicit sealed proposals with an advertised public offering of a property or grouping of properties. Under this method, the offer with the highest bid will be selected.

4.3. - Public Offering - Request for Proposals:

~~TAPC~~COTAPC may ~~solicit~~recommend soliciting proposals using a Request for Proposals (RFP) process.

4. Auction

~~COTAPC may recommend to solicit~~contract a pre-qualified approved Auctioneer or Attorney for the sale of property.

City of Portland



Rules for the Disposition of City-Owned and Tax-Acquired Property

Adopted by City Council October 18, 1999

Amended by City Council December 7, 2009 by Order 116-08/09

Amended by City Council April 4, 2016 by Order 190-15/16;

any further amendments to these Rules shall be effective upon approval by the City Manager pursuant Section 2-313 of the City Code.

Pursuant to Section 2-313 of the City Code, the following rules will apply to the sale of City-owned and tax-acquired property.

I. Background and Goals and Objectives of the Disposition Process:

A. Background for Tax-Acquired Property

These rules govern the process by which the City disposes of tax-acquired property **after** the lien process established under Maine law which automatically confers ownership of these properties to the City by operation of law. The process that has occurred up to the date of the application of these Rules is set forth in Title 36 of the Maine statutes and takes nearly two years to complete. First, within eight months and a year of the original commitment day of the real estate taxes, the municipality must send out a “30-day notice” letter, notifying the property owner that if their property taxes are not paid within thirty days, the municipality will file a lien against the property in the Registry of Deeds. 36 M.R.S.A. § 942. This creates a tax lien mortgage on the property which has priority over most other mortgages, liens, attachments and encumbrances. *See* 36 M.R.S. § 552.

Next, once the lien is recorded, the 18-month redemption period begins to run. Between 45 and 30 days before the expiration of the 18-month redemption period, Treasury must send out a Notice of Impending Automatic Foreclosure. If the tax lien mortgage, interest, and costs are not paid before the expiration of the 18-month redemption period, then the mortgage is automatically foreclosed and the municipality owns the property. 36 M.R.S. § 943. From this point forward, these Rules govern the disposition of this property.

B. Goals and Objectives of Disposition Process for Tax-Acquired and other City-owned Properties

There are two major goals of the property disposition process. First, to find the highest and best use for property for the benefit of the City, its neighborhoods and its citizens. Second, to establish a clear and fair policy for the disposition of property. In establishing

this policy for the sale and reuse of property, both land and buildings, the City has several goals/objectives, including but not limited to:

- Eliminate neighborhood blight
- Assist with neighborhood preservation and revitalization efforts
- Improve the City's housing stock
- Put properties back on the tax rolls

II. City-Owned and Tax-Acquired Property Committee (COTAPC):

The responsibility of implementing the City's Property Disposition Guidelines and Procedures will be delegated to the City-Owned and Tax-Acquired Property Committee (COTAPC). COTAPC is an internal staff committee representing all City departments involved with the disposition of tax-acquired and other City-owned property. The Committee has four major functions:

- Selecting properties for sale using pre-established criteria
- Establishing conditions for the sale of individual properties
- Selecting the method of marketing and disposition
- Reviewing bids/proposals to purchase and making a recommendation to the City Manager

Members of COTAPC include:

- Director of Economic Development, or designee
- Director of Finance, or designee
- Associate Corporation Counsel
- Director of Planning and Urban Development, or designee
- Tax Assessor, or designee
- Deputy City Manager, or designee
- Public Works Director, or designee

III. Conditions for the Retention or Sale and Reuse of Properties:

A. All Tax-Acquired Properties

1. Except as otherwise set forth below, all tax-acquired properties are eligible for disposition immediately following foreclosure by the City pursuant to City Code Section 2-313.
2. Upon approval to sell a tax-acquired property, the Treasurer may send a letter, in substantially the form attached hereto as Exhibit A (a "60-Day Letter") by First Class Mail with Certificate of Mailing to the owner's(s') last known address and the address of the property to provide the owner a final opportunity to redeem their interest in the property through the payment of back taxes, interest, and costs. To do so, owners must pay

their taxes, interest, and costs in full within 60 days of the date of the 60-Day Letter. In the event that the owner fails to redeem their interest in the property within the 60-day time period, the City will proceed with the sale of the property pursuant to these Rules. Any notice of these rules shall be deemed complete by regular mailing

3. Notwithstanding anything to the contrary in these Rules, in cases where the City wishes to retain ownership of a tax-acquired property for municipal purposes, including, but not limited to, open space, public improvements, sewers, storm drains, parks and recreation, public safety, transportation and education, the Treasurer shall not send the property owner a 60-Day Letter or otherwise provide the owner an opportunity to redeem their interest in the property.
4. Notwithstanding anything to the contrary in these Rules, in cases where the City wishes to retain tax-acquired property in the Land Bank for purposes of preservation of open space, the Treasurer shall not send the property owner a 60-Day Letter or otherwise provide the owner an opportunity to redeem their interest in the property.

B. Conditions for Sale of Property (City-owned and Tax-acquired)

1. All properties will be sold for a price acceptable to meet the City's priorities for reuse, taking into consideration the assessed value and/or its current condition, as well as back taxes, interest, and costs if tax-acquired. In cases where two or more acceptable bids/proposals are received for the same use of the property, COTAPC will recommend the highest offer. Excess sale funds, above and beyond back taxes, interest and costs, will go to the City's Housing Trust Fund until the end FY2017, at which time this will be further evaluated.
2. It is the responsibility of the purchaser to obtain all required federal, state, and local approvals.
3. COTAPC, on behalf of the City, may place criteria on the disposition of individual properties or groups of properties that meet the City's objectives. More specifically, these conditions may be in the form of: affordability covenants and restrictions for residential property; type and density of development; design standards; and required local approvals and easements. Also, for properties with potential commercial/industrial uses, job creation standards may be required.
4. COTAPC, when determining the reuse of a property, may consider a role that property has historically played in the neighborhood and any benefits it has provided to area residents.

5. For properties that are occupied, the City will provide notice to the occupant(s) by First Class Mail with Certificate of Mailing that the City intends to sell or retain the property. For occupied properties, the City Manager, on COTAPC's recommendation, shall decide whether to evict the occupant(s) or sell/retain the property as occupied.
6. In the event that a property is occupied when sold, the purchaser shall be responsible for any and all occupants of the purchased property and shall, in writing, forever indemnify, defend, and save harmless the municipality from any and all claims arising out of the sale of the property brought by the previous owners, occupants and tenants of the property.
7. Properties will be sold to buyers who can show evidence of financial resources and expertise
8. The City will provide title only through a quitclaim deed without covenant to all purchasers of property.
9. Prior to conveyance, the City Manager has the right to reject any and all bids/proposals at any time during the process, if it is determined to be in the best interest of the City. The City Manager will give the bidder/proposer reasons whenever a rejection of a bid occurs.

IV. Disposition Process:

A. Tax-acquired Properties

1. Tax-acquired property foreclosures occur annually each December. As soon as practicable thereafter, the Treasurer will provide the City Council, the City's Land Bank Commission (LBC), and COTAPC with a list of tax-acquired properties. Within 60 days of its receipt of the list, the LBC shall recommend to COTAPC which properties should be retained by the Land Bank for open space purposes. COTAPC will then make a recommendation to the City Manager as to which properties should be recommended to be forwarded for a Department-wide survey to determine if the property is excess or not to the City's needs. If survey results are to retain, City Manager will authorize retention of those properties by the Land Bank or for City use.
 - a. If the property is to be retained by the Land Bank, the City Council will need to vote to put the properties in the Land Bank.
 - b. If the City is retaining for a municipal purpose, this will be done administratively.

2. Contemporaneously, COTAPC will begin to determine which tax-acquired properties should be retained for municipal purposes and which properties should be sold in accordance with these Rules. Its recommendations for retention or sale shall be forwarded to the City Manager for approval to conduct the Department-wide survey to determine if property is excess or not to the City's needs.
 - a. If survey results are to retain for a municipal use (not Land Bank), City Manager will authorize retention of those properties, which will be handled administratively.
 - b. If the survey results are to sell, COTAPC will move forward with the disposition process described in Section B below. COTAPC will meet as needed throughout the year to implement the disposition process.
3. Proposals/bids to re-purchase tax-acquired properties will not be accepted from the prior owner(s) or any entity where the prior owner(s) is part owner of that entity.

B. Process for Sale of Tax-Acquired and Other City-Owned Property

1. In all cases, upon approval of the City Manager, staff will survey City Departments, the District Councilor, At-Large Councilors, and the Mayor to obtain information on whether to sell or retain a specific property for municipal use, to ascertain whether there are neighborhood issues involving the use of the property, or whether conditions should be placed on a sale.
2. A field survey will be conducted, if necessary, by a combination of staff from the Housing and Community Development Division, Inspections, Corporation Counsel, Executive, Public Works, and the Economic Development Department (as staff members determine the most appropriate representation for a particular piece of property) to determine the general conditions of the building and/or land and its potential use.
3. Corporation Counsel's Office will determine status of title and degree of difficulty to clear using either the quiet title process or negotiations with other owner of record to release their interest.
4. Assessors Office will confirm assessed value of property.
5. After the survey is completed and a tax-acquired property is determined to be excess to the City's needs, COTAPC, upon City Manager approval, may have the Treasurer issue a 60-day letter to the prior owner as a last attempt for the prior owner to redeem the property (as detailed previously

in Section III(A)(2)). In the event the owner fails to redeem their interest within the 60-day time period, COTAPC will follow steps 7 through 13 below.

6. After the survey is completed and a City-owned property is determined to be excess to the City's needs, COTAPC will follow steps 7 through 13 below.
7. COTAPC will meet to determine if a minimum acceptable purchase price can and should be set for a particular parcel based on assessed value, potential for reuse, current condition of the property, and, if tax-acquired, the amount of outstanding back taxes, interest, and costs. When minimum purchase prices are set, they will be included in the marketing materials. Excepting those lots that are vacant and undersized to be offered directly to abutters upon approval by the City Manager and pursuant to Section IV(C), COTAPC's recommendations, including method of marketing and conditions to be placed on sale, if any, will be forwarded to the City Manager for approval and recommendation to move forward with the disposition process as follows:
 - a. For tax-acquired properties under the City Manager's parameters, the City Manager authorizes the disposition process, after prior notice to the District Councilor, following Steps 8 to 13 below and will execute any and all documents to close the sale by the City Manager and Finance Director; and,
 - b. For City-owned properties and other tax-acquired properties outside the City Manager's parameters, the City Manager will recommend to the City Council that it authorize the disposition process, with prior notice to the District Councilor. City Council to authorize staff or the appropriate City Council Committee to review bids/proposals for a recommendation to the City Council for a Purchase and Sale Agreement. After approval of the City Council to begin the disposition process, COTAPC will move forward with Steps 8 to 13 below.
8. All property owners within a 500-foot radius of the subject property, measured from the property line of the subject property, will be notified that the City intends to sell the property as detailed in Section IV(D)(1) below. Immediate abutters will be re-notified if the City is considering a change of use.
9. Upon reaching a stated due date to make an offer to purchase to the City, COTAPC will then proceed with the sale process with the offers it has received. If the City receives no response, the property may be further marketed in accordance with these Rules and the City Code.

10. Staff will keep all bidders/proposers informed throughout the sale process to ensure they have the information regarding the status of the process, the procedures from that point on, and the timeframe for a decision.
11. In cases where only one bid or proposal is received and COTAPC recommends to the City Manager rejection of the bid/proposal, the sale process will automatically terminate, unless the process is extended by the City Manager.
12. In cases where more than one proposal is received for the same property but for different uses, the COTAPC may recommend to the City Manager the proposal and use that will best accomplish the City objectives as detailed in Section I of these Rules, regardless of price offered.

C. Vacant Undersized Lots (properties under \$5,000 in assessed value)

1. Vacant lots that do not meet minimum lot size for construction will be offered first to direct abutting property owners giving abutters 30 days to respond. If the City receives no response, these properties may be marketed per Section V below.
2. Vacant lots that do not meet minimum lot size for construction, and are less than \$5,000 in assessed value, where no neighborhood issues or municipal uses have been identified, will proceed directly to the City Manager for review. If the City Manager approves the sale, he will sign the Purchase and Sale Agreement. The Finance Director will sign the Quit Claim Deed and Corporation Counsel's Office will prepare the closing. City Council approval will not be required.
3. The sale of vacant lots that do not meet minimum lot size for construction, and are less than \$5,000 in assessed value, where neighborhood issues have been identified, will proceed to the City Council for review and recommendation for the City Manager and Finance Director to execute any and all documents to close the sale.
4. Vacant lots that do not meet minimum lot size for construction, and are less than \$5,000 in assessed value, will be sold for a price acceptable to meet the City's priorities for reuse, taking into consideration the assessed value and/or its current condition. In cases where two or more acceptable bids/proposals are received for one property, for the same reuse, the COTAPC will recommend the highest offer to the City Manager.

D. All Other Properties (properties over \$5,000 in assessed value)

1. The Finance Department, Housing and Community Development Division and/or the Economic Development Department, will market specific property or groups of properties, utilizing one or more of the methods described in Section V below. In this marketing, all property owners within a 500-foot radius will be notified.
2. COTAPC will evaluate bids/proposal(s) received for a specific property and will select a bid/proposal to recommend to the City Manager for approval to sell.
3. The City Manager will review all bids/proposals and COTAPC's recommendation. The City Manager can either endorse the recommended bid/proposal, endorse a different bid/proposal, hold his decision for additional information, or reject all bids/proposals. If all bids or proposals are rejected, City Manager may terminate the sale process or continue to market the property and seek bids or proposals in accordance with these Rules.
4. For tax-acquired properties under the City Manager's parameters, the City Manager will sign the Purchase and Sale Agreement and other documents approved by the Corporation Counsel's office. The Finance Director will sign the Quitclaim Deed, and Corporation Counsel's Office will prepare the closing.
5. For City-owned properties, and other tax-acquired properties outside the City Manager's parameters, the City Manager will forward his or her recommendation to the City Council or to the appropriate City Council Committee. The Committee can either endorse the recommended bid/proposal, endorse a different bid/proposal, table the decision for additional information, or reject all bids/proposals.
6. The City Council will review the City Manager's or the City Council Committee's recommendation for authorization of the sale of property, one reading required.

V. Methods of Marketing:

Depending on the type of property and its value, COTAPC may use a variety of methods to market property to the general public. In some cases more than one method may be employed. Regardless of the method used, prior to conveyance, the City reserves the right to reject any and all bids/proposals at any time during the process if it is determined to be in the best interest of the City. The City will give the bidder/proposer reasons whenever the rejection of a bid/proposal occurs.

1. Real Estate Broker Contract:

For a specific property or groups of properties, COTAPC may recommend to contract with a pre-qualified approved Real Estate Broker to find a buyer. The City's contract with the Broker will contain the City's terms and conditions of sale. The City will negotiate the amount of the commission with the Broker based on market rate and the assessed values of the properties involved. Broker commissions will be paid from the price received.

2. Public Offering – Straight Bid Process:

COTAPC may recommend soliciting sealed proposals with an advertised public offering of a property or grouping of properties. Under this method, the offer with the highest bid will be selected.

3. Public Offering - Request for Proposals:

COTAPC may recommend soliciting proposals using a Request for Proposals (RFP) process.

4. Auction

COTAPC may recommend to contract a pre-qualified approved Auctioneer or Attorney for the sale of property.