

**Guidance Document to Supplement
City Commission Policy 900-44
Issued June 13, 2017
City Commission Proceeding Number 86859**

SUBJECT: ACQUISITION AND TRANSFER OF TAX FORECLOSED PROPERTIES ACQUIRED IN ACCORDANCE WITH P.A. 123 OF 1999

BACKGROUND:

On May 28, 2013, via City Commission proceeding number 82442, the City Commission amended Policy 900-44 (the "Policy") to guide the acquisition and disposition of tax foreclosed properties in the City of Grand Rapids ("City").

In order to clarify several aspects of the Policy, the City is providing this guidance document to the Kent County Land Bank Authority and any eligible Non-Profit Housing Developers that intend to access tax foreclosed properties in the City pursuant to the Policy.

GUIDANCE

Section D. 2. a. of the Policy states that the Kent County Land Bank Authority (KCLBA) must demonstrate the Public Purpose for which the property it intends to acquire will be utilized. In Section D., the City identifies certain goals, including providing affordable housing and clearing blight. To expand and clarify this statement, the City provides the following guidance:

- Affordable housing, for the purposes of the Policy, means housing that is available for home ownership opportunities to households with income at or below 80% of the Area Median Income (AMI) as most recently published by the U.S. Department of Housing and Urban Development for the Kent County area. As a condition of its partnership, the City expects the KCLBA to make its reasonable best efforts to provide such housing with the tax foreclosed properties, whether by itself, or through partnerships with non-profit or for-profit developers, and to include in its reporting to the City, the successes and challenges in accomplishing this provision.
- The City, as a condition of its partnership, expects the KCLBA to undertake steps to eliminate any potential health impacts that may be caused by the presence of lead-based paint at all of the foreclosed properties. This work is to include, at a minimum, the requirement that any contractor working on or at any of the properties acquired by the KCLBA will utilize lead safe work practices as defined in the Environmental Protection Agency's (EPA) Lead Based Paint Renovation, Repair and Painting Rule, and to evidence that any hazard has been eliminated by completion of both an interior and exterior clearance by a State Certified Clearance Technician. The KCLBA shall also impose this requirement on any individual or entity that acquires tax foreclosed property from the KCLBA, and will maintain documentation of compliance which will be audited by the City annually. KCLBA shall submit to such audit, and acknowledges that future partnerships, including those related to tax foreclosed properties, will be conditioned upon successful audits.

Section D. 2. c. of the Policy states that the KCLBA must demonstrate *“that it has worked with non-profit housing developers to obtain the foreclosed properties that said non-profit housing developers wish to acquire from the list.”* To expand and clarify this statement, the City provides the following guidance:

- “Non-profit Housing Developers” means eligible non-profit corporations which is defined to include not less than those non-profit housing development corporations that have worked collaboratively with the City at any given time in the preceding five years to provide affordable housing in the City. Working collaboratively with the City to provide affordable housing means that the non-profit corporation has accessed financial resources (including but not limited to Community Development Block Grant or HOME Investment Partnership Program funds) to develop or rehabilitate housing that is available for occupancy on an income-restricted basis. In addition, non-profits that have a proven history of providing affordable housing in the City as defined above, regardless of prior partnerships with the City, may be eligible to acquire tax foreclosed properties if a particular tax foreclosed property would contribute to geographically targeted initiative for which the non-profit has approved funding. The necessity of acquiring such property must be demonstrated to the reasonable satisfaction of the City.
- In its partnership with the KCLBA, and in recognition of the value provided to the community by non-profit housing development corporations, it is the intent of the Policy that the KCLBA will provide an opportunity for non-profit housing corporations to identify property or properties from the foreclosed properties list that said non-profit housing corporations wish to acquire.
- The KCLBA, as a condition of its agreement with the City entered into pursuant to the Policy, will facilitate the non-profit corporations' acquisition of the identified property under the following three conditions. The requesting non-profit must submit documentation to KCLBA and the City that satisfies the following three conditions.
 - The non-profit requesting property(ies) must be acquiring properties for the purpose of providing housing to households with income at or below 80% of AMI for home-ownership opportunities.
 - The non-profit must demonstrate that it has secured readily available financial resources to develop or rehabilitate the property for the above-described purpose in a timely manner.
 - The non-profit must not, at the time of its request, be in possession of property for which the secured financial resources may reasonably be utilized.
- The City expects that as a condition of its partnership, the KCLBA will not charge an eligible non-profit a premium for the property, meaning any cost in excess of the KCLBA's cost to acquire the property from the City (inclusive of any fines and fees recovered by the City subsequent to its acquisition from Kent County), except for reasonable costs or fees for which the KCLBA is providing a service to the requesting non-profit corporation, including but not limited to clearing title to a property or demolishing improvements existing on a property.