


CITY COMMISSION POLICY

GRAND RAPIDS  MICHIGAN	NUMBER: 900-41	HISTORY	
	DATE: 02/20/01	FILE #	DATE
	FILE NUMBER: 68340	69142	10/9/01
	DEPARTMENT: Economic Dev.	80775	10/11/11

SUBJECT: DISPOSAL OF CITY OF GRAND RAPIDS OWNED NON-RESIDENTIAL PROPERTY

PURPOSE: To provide procedures and guidelines for the disposition of City-owned non-residential property.

POLICY:

The City's Economic Development Office will oversee the disposition of City-owned non-residential property in conformance with this policy.

A. Goals

Disposal of non-residential property shall be guided in no particular order, by the principles of (i) maximize receipt of revenue unless determined otherwise, (ii) conveyance of ownership to responsible parties, (iii) recoupment of lost tax revenues and collection of unpaid debts, (iv) maximization of land use, (v) improvement of the general condition of neighborhoods, (vi) increase in the value of real property and (vii) advancement of the goals of economic development and other strategies of the City.

B. Classification of Property

Properties covered by this policy shall be classified by the Economic Development Office, with input as needed from the Planning Department, and identified in the City inventory as:

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1. Improved - property with a structure.
2. Buildable vacant - vacant land that has the size, access and topography to accommodate development.
3. Non-buildable vacant - vacant land that does not have the size, access or topography to accommodate development.
4. Significant Non-Residential Property - property of high value or known to be critical to the needs of a governmental partner.

C. Evaluation for Disposal

Property subject to this policy shall at a minimum be evaluated annually. The Economic Development Office, after receiving input from appropriate City departments, shall, from time to time as appropriate determine whether City-owned non-residential property should be:

1. assigned to a specific City department for its use;
2. made available for disposal according to this policy; or
3. held in the City inventory;

The City Commission shall review and approve the properties to be made available for disposal and tentatively approve the method of disposal as identified in paragraph E hereof.

D. Preparation for Disposal

In order to prepare a property for disposal, the following steps will be taken:

1. Identification of the goals to be attained by disposal.
2. Determine criteria, if any, to be established for disposal. Criteria may include but is not limited to: asking price, type of use, compatibility with neighboring properties, quality of workmanship, previous development experience, compliance with design standards, compliance with existing zoning, size, appearance, streetscape development, number of new jobs created, financial capacity, amount of investment, timing of completion of development and landscaping and site design. The availability and feasibility of using other program dollars should also be considered as an incentive for eligible properties.

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3. If determined to be necessary by the Economic Development Office, conduct a marketing study to determine the potential use(s) of the property and a marketing strategy.
4. Determination of fair market value based on goals, criteria, type of use, etc. Such determination of fair market value may include one or more of the following, provided, however, an independent fee appraisal shall generally be obtained if the fair market value of the property is expected to be in excess of \$50,000:
 - a. An independent fee appraisal.
 - b. City Assessor's written determination of fair market value.
 - c. A written determination of fair market value from the real estate staff of the Economic Development Office based upon a review of current market data and forces.
5. Consultation with neighborhood organization representatives, if any, to determine concerns or suggestions related to disposal.
6. Prior to making a public offering of a Significant Property, the property should first be offered to governmental partners. The City reserves the right to reject any and all proposals submitted to purchase, if the City Commission, with the recommendation of Staff, determines that the partner's development proposal and terms do not meet the City's objectives for the property. Noticed parties shall be given thirty (30) days to submit a notice of intent to purchase and develop the property.
7. If required, initiate steps through the City Attorney to "clear" title to the property. It is the intent of the City policy to provide the purchaser or grantee with marketable title.

After a property has been prepared for disposal in accordance with this paragraph D, the City Commission shall approve the method of disposal as identified in paragraph E hereof, provided, however, the City Manager, rather than the City Commission, may determine the method of disposal for properties with an established fair market value of \$50,000 or less.

Disposal of Improved or Buildable Vacant Properties

Improved or buildable vacant properties made available for disposal will be disposed of through one or a combination of the following methods:

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1. Listing and Sale. The asking price and other conditions of sale of a property are established in accordance with paragraph D hereof. The property may be sold, upon approval of the City Commission, to the first person offering to purchase the property at a price which is acceptable, given market forces and the amount of time it has been listed as determined by the staff of the Economic Development Office.
2. Highest Price Sale. The asking price and other conditions of sale of a property are established in accordance with paragraph D hereof. Thereafter, the Economic Development Office will request sealed bids by an established time period. Proposals timely received will be simultaneously opened.

Subject to compliance with the other provisions of this policy, the property, upon approval of the City Commission, may be sold to the bidder bidding the highest price and otherwise meeting the conditions of sale. If the property is not sold it may be re-offered for sale by requesting sealed bids by an established time period.

3. Negotiated Sale. The property is prepared for disposal in accordance with paragraph D hereof including the establishment of goals to be attained, the determination of fair market value and the establishment of criteria for disposal. Notices of sale shall include the asking price, criteria for disposal, any other conditions of sale and a period of time during which the City will receive proposals. If one or more proposals are received during the established time period which generally meet the criteria for disposal and other conditions of sale, the Economic Development Office shall review such proposals and may negotiate with prospective purchasers. After negotiations, the City Manager, based on information provided by the Economic Development Office, may recommend to the City Commission the negotiated proposal which he/she believes best meets this policy. Upon approval of the City Commission, the negotiated proposal shall be accepted and the property conveyed in accordance therewith.

If during the established time period, no proposals are received which meet or exceed the asking price and generally meet the criteria for disposal and other conditions of sale, the Economic Development Office may any time thereafter receive and review proposals which generally meet the criteria for disposal and the other conditions of sale. It may, upon such review, negotiate with the party submitting the proposal and if negotiated to the City Manager's satisfaction, he/she shall recommend the negotiated

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proposal to the City Commission. Upon approval of the City Commission, the negotiated proposal shall be accepted and the property conveyed in accordance therewith.

If a property has not been disposed of, the Economic Development Office may from time to time, re-evaluate the goals to be attained, the fair market price and the criteria for disposal and re-notice publicly a time period for the receipt of proposals.

4. Request for Proposals. The property is prepared for disposal in accordance with paragraph D hereof including the establishment of goals to be attained, the determination of fair market value and the establishment of criteria for disposal. Thereafter, the Economic Development Office will request sealed proposals by an established time. The notice shall contain the asking price, criteria for disposal and other conditions of sale. Proposals timely received will be simultaneously opened, reviewed and evaluated. After review, the City Manager, based on information provided by the Economic Development Office, will recommend to the City Commission the proposal, if any, he/she believes best meets this policy including the goals to be attained for, and the criteria for disposal of, the property. Upon approval of the City Commission, the proposal shall be accepted and property conveyed in accordance therewith.
5. Under either of the methods of disposal identified in subparagraphs 1, 2, 3, and 4 above, the following will apply:
 - a. A potential buyer must demonstrate financial capability to successfully comply with the terms and conditions of its offer or proposal.
 - b. A potential buyer must demonstrate a level of experience indicating it can successfully comply with the terms and conditions of its offer or proposal.
 - c. A potential buyer shall not have an adverse history of building or zoning code violations.
 - d. A potential buyer shall not owe any delinquent taxes or debts to the City.
 - e. If under subparagraphs 3 and 4 above more than one proposal is received, a public hearing may be held before the City Commission for presentation of proposals.

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- f. Conveyance to a successful buyer will be by either a conditional or unconditional quit claim deed (or warranty deed if recommended by the City Attorney and approved by the City Commission), depending on the terms of sale. A conditional deed will contain certain restrictions, limitations and obligations of the buyer which may be included in a development agreement with the buyer. Failure to comply with such restrictions, limitations and obligations may result in the City reacquiring the property. After compliance with applicable restrictions, limitations and obligations of the conditional deed, the City will release as a condition of such conveyance such restrictions, limitations and obligations.
 - g. The City Commission is the sole final authority with respect to the disposal of City-owned non-residential property.
 - h. The City Commission, in its sole discretion, may accept or reject any offer or proposal, waive defects, informalities and minor irregularities in offers or proposals, and select the offer or proposal deemed to be in the best interest of the City.
 - i. Conveyance of property shall be by quit claim deed unless conveyance by warranty deed is recommended by the City Attorney and approved by the City Commission.
6. Notices. For all methods of disposal properties will be at minimum advertised for sale by a public notice published at least once in a newspaper of general circulation in a) the City and b) the area in which the property is located. In addition properties may be listed with the Grand Rapids Association of Realtors multiple listing service and/or advertised via other media as determined by the City's Economic Development Office.

E. Disposal of Non-buildable Vacant Properties

Non-buildable vacant properties made available for disposal may only be offered to an adjacent side lot-line property owner. A standard minimum sale price will be established from time to time by the Economic Development Office with concurrence of the City Commission to cover the City's administrative handling costs. The minimum price shall be \$1,050, or more based on actual City expenses and costs incurred with respect to the sale of the property. If a request to purchase a non-buildable vacant property is submitted by an adjacent side lot-line property owner, a written notice of sale will be

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sent by first class mail to other side lot-line adjacent property owners at the address shown on the City's most recent *ad valorem* property tax roll to determine if they have an objection to the sale or if they also may be interested in purchasing the property. If multiple requests to purchase the property are received, the Economic Development Office will make a reasonable effort to accommodate an equitable settlement between the adjacent side lot-line property owners. If a reasonable settlement cannot be reached, the City Manager, based on information provided by the Economic Development Office, will make a recommendation to the City Commission who will make the final determination. Conveyance of property shall be by quit claim deed.

G. Presentations for Negotiated Sale and RFP Methods

Proposers may be invited to present their proposal to an evaluation committee of the Economic Development Priority Team, which includes at minimum two City Commissioners, two staff members of the Economic Development Office and a Deputy or Assistant City Manager or the Planning Director. Two persons representing the appropriate neighborhood business association, who do not have a direct concern with the property, may also be included on an evaluation committee.

H. Notification to City Commissioners when Bids or Proposals are Rejected

The City Commission will be advised if a bid or proposal is rejected under all methods. If after two weeks of such notice there is not a request by two or more Commissioners to present the proposal to the entire City Commission, the bid or proposal will no longer be considered.

I. Return of Offers to Purchase

The City will not receive any offers to purchase property covered by this policy unless it has been made available for disposal in accordance herewith. Such offers received including any earnest money deposit shall be promptly returned to the offeror.

J. City Attorney Review and Approval of Documents

The City Attorney shall review and approve written agreements and instruments of conveyance in connection with the disposal of property pursuant to this policy prior to execution by an officer or other authorized representative of the City.

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K. Approval of City Commission

The sale or other disposal of property pursuant to this policy shall be approved by the City Commission prior to conveyance.

L. Waiver of Policy by City Commission

The City Commission may in its sole discretion waive application of this policy with respect to a City-owned non-residential property if it determines that such waiver is in the public interest.

M. Disposition of Funds

Proceeds from the sale of property pursuant to this policy shall be deposited in the appropriate City account as directed by the City Commission. In general, proceeds of sale will be used in this order:

1. Pay for cost associated with relocation of displaced City facilities, if necessary
2. Retire debt associated with the property
3. Recoup the acquisition costs incurred to the acquiring department
4. Deposited in the Property Management Fund

In the case of tax reverted properties costs associated with maintenance and sale of the property will be reimbursed before excess proceeds are allocated to taxing jurisdictions.