


CITY COMMISSION POLICY

 <p>GRAND RAPIDS MICHIGAN</p>	NUMBER: 900-44	HISTORY FILE # DATE
	DATE: August 20, 2002	82442 05/28/13
	FILE NUMBER: 70274	
	DEPARTMENT: ECONOMIC DEV	

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

PURPOSE: TO PROVIDE GUIDELINES FOR THE ACQUISITION AND TRANSFER OF TAX FORECLOSED PROPERTIES UNDER P.A. 123 OF 1999

POLICY:

The City of Grand Rapids Economic Development Office will oversee the acquisition and transfer of tax foreclosed properties in accordance with the City’s right of first refusal opportunities under P.A. 123 of 1999.

A. Background

In 1999, the State of Michigan enacted a new system for the collection of delinquent taxes and disposition of tax reverted property to address redevelopment of urban areas. The Act contains the following statement of intent,

“The legislature finds that there exists in this state a continuing need to strengthen and revitalize the economy of this state and its municipalities by encouraging the efficient and expeditious return to productive use of property returned for delinquent taxes. Therefore, the powers granted in this act relating to the return of property for delinquent taxes constitute the performance by this state or a political subdivision of this state of essential public purposes and functions.”¹

Under the new process, tax reverted properties are transferred to Michigan counties, which are to make them available for public auction each year. Before the first public auction is held, local governments may purchase properties for public purposes at the minimum bid price which includes unpaid taxes, interest, penalties and fees.

¹ Liedel, Steven C., “Delinquent Property Tax Collection in the 21st Century,” A Summary for the City of Grand Rapids, Dykema Gossett PLLC, Lansing, March 8, 2002, p.2

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B. Purpose

The purpose of this policy is to establish criteria for evaluating and determining which properties, if any, the City may wish to obtain before the September public offering.

C. Goals

Purchases would be made to provide properties for City services or to further development goals of the City consistent with the Master Plan and Strategic Plan. Such goals include, but are not limited to, the following: add parklands, clear blight, provide affordable housing, expand health and education services and improve infrastructure.

D. Process

1. City departments are offered the list of foreclosed properties at Kent Counties' book value of the back taxes including penalties, interest, and a small transfer fee. Departments requesting properties in conformance with this policy must show:
 - a. Public Purpose for which the property will be utilized.
 - b. That the funds necessary to cover all acquisition costs are either budgeted in the case of City departments or in the case of all others deposited with the City prior to the City's attempt to purchase the tax foreclosed properties from the County Treasurer's Office.
2. The remaining list of foreclosed properties is then offered to the Kent County Land Bank Authority (KCLBA) at Kent Counties' book value of the back taxes including penalties, interest, a small transfer fee and agreement to enter into a development agreement. If any properties are requested, the City would notify Kent County it wishes to acquire the Land Bank requested properties. If KCLBA requests properties in conformance with this policy, it must demonstrate:
 - a. Public Purpose for which the property will be utilized.
 - b. That the funds necessary to cover all acquisition costs are deposited with the City or in an acceptable escrow prior to the City's attempt to purchase the tax foreclosed properties from the County Treasurer's Office.
 - c. 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.
3. The list of requested properties, both for City Departments and the KCLBA, goes to the Grand Rapids City Commission for its authorization to acquire the properties. Prior to submitting the list of requested properties the KCLBA will execute a

development agreement committing to developing the properties and KCLBA would escrow the funds equal to the cost to acquire the foreclosed properties.

4. Economic Development formally requests the selected properties from Kent County and submits the payment in full.
5. Kent County issues a deed to the City for each of the requested properties.
6. The City issues a quit claim deed to the Land Bank without reverter rights.

E. City Obligation

The City Commission shall enact a resolution declaring the public purpose for which the acquisition of the designated tax foreclosed properties are necessary. The City is under no obligation to purchase tax reverted properties at any time.

F. Development Agreement

The City shall require the KCLBA to enter into a development agreement prior to the purchase of properties, which guarantees financial capacity, compliance with local planning, zoning, housing and nuisance codes, State and Federal laws and regulation and that development shall be completed within a stated time period.

G. City Attorney Review and Approval of Documents

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

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H. Waiver of Policy by City Commission

The City Commission may at its sole discretion waive application of this policy if it determines that such waiver is in the public interest.