City Commission Policy 900-63
Disposition of City Owned Real Property
June 21, 2022 - Committee of the Whole

Initially presented on May 24, 2022; directed to come back for more discussion

Presentation covers two separate resolutions:
1. Adoption of City Commission Policy 900-63
2. Approving Listing Criteria for Existing Residential Property Inventory
Property Disposition Policy Overview
City Commission Policy 900-63

- Collaborative effort with Economic Development, Community Development, and Housing Practice Leader

- Consolidates and replaces three existing policies (900-22, 900-27, 900-41)
  - **900-22** – Disposal of City of Grand Rapids Owned Residential Property
  - **900-27** – Good Faith Deposits on Bid Proposals
  - **900-41** – Disposal of City of Grand Rapids Owned Non-Residential Property

- No significant changes to policy pertaining to **NON-RESIDENTIAL** property

- Retains majority of existing policy and practice from consolidated policies, with improvements as follows:
  - Defines Affordable Housing
    - For Sale: At or below 80% AMI
    - For Rent: At or below 60% AMI
  - Defines requirements for submitting a proposal to purchase property
  - Provides for up to 12-month option period instead of direct sale
  - Will not convey property if proposer has other suitable property, or behind schedule on previously conveyed property
  - Provides for 3rd Party delegation of some or all responsibilities

- Significant changes to process for disposing of **RESIDENTIAL** property
Residential Property (Property that can hold four or fewer residential units)

<table>
<thead>
<tr>
<th>0 – 6 Months</th>
<th>Available to Non-Profits for Affordable Housing</th>
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<tbody>
<tr>
<td>• Current construction costs $300,000+ for new home</td>
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<td>• Translates to housing for 125%+ AMI without subsidy</td>
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<td>• Non-profit organizations have access to local/state/federal housing subsidies others may not</td>
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<tr>
<th>6 – 12 Months</th>
<th>Available for Affordable Housing</th>
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<td>• Recognizes that other subsidies may exist outside of what is available to non-profits exclusively</td>
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<td>• Provides an opportunity for “unqualified” non-profits to become “qualified” through performance</td>
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<tr>
<th>After 12 Months</th>
<th>Available for any residential use, with priorities</th>
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<td>• Affordable housing and homeownership prioritized, but not required</td>
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<td>• Recognizes the need for housing at all price points, and the limitations on affordable housing funding</td>
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<td>• Should reduce ongoing City maintenance costs of $70,000/year</td>
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Property Disposition Policy – Proposal Rankings
City Commission Policy 900-63

Residential Property (Property that can hold four or fewer residential units)

Proposal Ranking

1. Affordable Housing (Req’d for 12 Months)
   - 1A. Homeownership
   - 1B. Rental

2. Homeownership
   - 2A. Buyer will Own
   - 2B. Buyer will Sell

3. Local Ownership
   - 3A. Neighborhood
   - 3B. City
   - 3C. County

4. Emerging Developers

Additional Considerations

- Increase home-ownership rates for households of color
- Improve condition of neighborhoods and preserve character
- Increase property values
- Assist in implement of community development programs and goals
- Maximize receipt of revenues
Recommendation Approving Disposition Process for Existing Residential Real Property Inventory

**Background**

- All residential property has been available to non-profits for 20 months
- Nine (9) properties have been sold in that time
- 60 parcels currently in the State Land Bank Authority inventory
Recommendation Approving Disposition Process for Existing Residential Real Property Inventory

0 – 6 Months
Available to Non-Profits for Affordable Housing

• 35 Properties remain in this status, in locations where fewer income restricted units exist
  • Affordable Housing Fund resources may come available
  • If released, most likely outcome is the most valuable properties become high-income homeownership

6 – 12 Months
Available for Affordable Housing

• No Properties in this category until January 2023

After 12 Months
Available for any residential use, with priorities

• 25 Properties placed into this category, in locations where there are many income restricted units or vacant parcels
  • Proposals still prioritized for affordable housing and homeownership, but not required
  • Additional priorities for local-ownership and emerging developers
Property Disposition Policy
City Commission Policy 900-63

Residential Land Bank Property (60 Total)
Availability
- AT TIME OF POLICY ADOPTION (25)
- RESERVED FOR 12 MONTHS (35)

Layer Areas
- Ward 1
- Ward 2
- Ward 3
- Neighborhoods of Focus

Ward 1: 19
Ward 2: 4
Ward 3: 37
NOF: 53
Recommendations and Timeline

1. Adopt Resolution approving Policy 900-63 – Disposition of City owned property and repealing City Commission Policies 900-41, 900-22, and 900-27

2. Adopt Resolution approving listing criteria and timeline for 60 residential properties owned by the State Lank Bank Authority on behalf of the City of Grand Rapids
   - Makes 25 properties available for housing with priorities for affordability, home ownership, local ownership, and emerging developers no later than July 31, 2022
   - Reserves 35 properties for qualified non-profit developers for affordable housing with a priority of home ownership for an additional six months starting on July 31, 2022