# HURON COUNTY LAND REUTILIZATION CORPORATION

# POLICIES & PROCEDURES

# AUTHORITY

## 

## Section 2.1 – Delegated Authority

## Unless otherwise provided in these Policies & Procedures, the Board of Directors of the HCLRC assumes the authority, by a majority vote of its membership:

## To acquire and dispose of property on behalf of the HCLRC;

## To contract with third parties on behalf of the HCLRC;

## To determine the selling price of a property owned by the HCLRC;

## To determine the potential for renovation of a structure; and

## To expend HCLRC funds consistent with its approved annual budget.

## The authority provided in this Article may only be exercised consistent with these Policies & Procedures. The action of a HCLRC staff member inconsistent with these Policies & Procedures will have no effect unless ratified by the Board of Directors after a complete presentation by the HCLRC staff.

# ARTICLE IV

## DISPOSITION OF PROPERTIES

## Section 4.1 – General Considerations and Prohibitions

## An individual or business entity that was the owner of property at the time of the tax foreclosure action which transferred title to the Land Bank may not subsequently qualify as an end user for that property. For this section, ineligible parties include shareholders, partners, members, and officers of the business entity owner, immediate family members of the individual owner whose primary intent as an end user is to evade the letter and spirit of these prohibitions and owners who took title lis pendens.

## A prospective end user who does not personally reside or whose principal place of business is not within 50 miles of the local area give or take a few miles as context requires, will be ineligible to purchase property for non-owner occupant purposes unless:

## The end user has owned other similar properties in Huron County for approximately one (1) year;

## Such properties are occupied by bona fide tenants and nuisance-free as demonstrated by publicly available code compliance information and an exterior inspection conducted by the Land Bank;

## The end user has identified and documented a local property manager with a demonstrated track record for such properties; and

## The end user has identified and documented a detailed renovation scope and will follow local or state law for completion of work.

## The Land Bank will prioritize its disposition resources, including any dollars allocated for demolition, maintenance, and renovation, based on the following general criteria:

## Where the targeted elimination of blight will make an impact on the overall stability of the neighborhood;

## Where unrestricted dollars can bridge funding gaps to stabilize neighborhoods and preserve property values;

## Where an investment will support mixed-income development; and

## Where an investment will leverage funds from existing federal, state, or local housing programs.

## Transactions will be structured in a manner that permits the Land Bank to enforce conditions upon title pertaining to development and use of the property for a specified period, consistent with these Polices & Procedures.

## The proposed end user must follow local development plans.

## The proposed end user must follow current zoning and special use requirements, or a rezoning or variance must be obtained as a condition of the transfer.

## Options to purchase Land Bank property may be available under terms negotiated by the prospective end user and the Land Bank. Any option fee will be credited to the purchase price at closing. If closing does not occur, the fee is forfeited.

## The Land Bank reserves the right to convey or not to convey real property, or to convey real property in the way that constitutes the best long-term end use for the property and for the neighborhood. Considerations under this section include preserving access to adjacent property and preserving or promoting good planning practices.

## If the rules of an external funding source or federal, state, or local laws and regulations require disposition outcome that is contrary to these Policies & Procedures of a particular property, the Land Bank will comply with those rules, laws, or regulations.

## Section 4.2 – Financial Considerations

## In every transfer of real property, the Land Bank will require good and valuable consideration in an amount determined by the Land Bank in its sole discretion and consistent with these Policies & Procedures.

## Consideration will be in cash. The Land Bank may accept deferred financing, performance of contractual obligations including timeline and the commitment as to property usage, or other obligations and responsibilities as defined in the purchase agreement at its sole discretion.

## The Land Bank may not accept cash consideration through installment payments.

## Section 4.3 – Residential Structure Transfer Program

## Every residential structure acquired by the Land Bank and determined to be marketable will be marketed and available for a prospective end user to purchase. In the case where an end user was identified prior to the land bank acquiring the property, the identified end user has first opportunity to purchase the property at the price established by the land bank. If the identified end user is no longer interested in the property, the property will be marketed by the land bank.

## The Land Bank will determine the initial listing price for a property~~.~~ The final purchase price for any property will be negotiated between the Land Bank and the end user.

## Prospective end users will be required to complete a Residential Structure Transfer Application, in the form posted on the Land Bank’s website as amended from time to time.

## Besides the general considerations under this Article, the Land Bank may require the following additional information from potential end users that desire to renovate any residential structures:

## A complete renovation for the property that will make the property safe and habitable and return all of the property’s systems to functional conditions;

## Proof of funding immediately available to acquire and complete the renovation work for each structure to be acquired and renovated;

## Proof of prior experience successfully renovating residential structures, including photographs of work undertaken and completed, and a narrative describing past or current projects; and

## Any additional information the prospective end user wishes to share with the Land Bank that relates to the renovation project.

## Acceptable proof of funding includes cash-on-hand, available credit, and other liquid assets. Financial assistance offered by a friend or relative may not be accepted unless the individual or entity offering assistance is also an applicant.

## Priority for selecting between qualified purchasers will be determined as follows:

## Owner occupants verified by the Land Bank; then

## Owners renting to immediate family members verified by the Land Bank; then

## Rental, land contract, or resale opportunities.

## To determine a final purchaser among qualified end users with equal priority under the Policies & Procedures, the Land Bank will accept the highest and best purchase offer for the property.

## Disposition Procedure

## The Land Bank and purchaser will negotiate a purchase price and enter into a purchase agreement for the property. Closing will be held at a local title company acting as title (and escrow, where applicable) agent for the transaction.

## The purchaser must complete the renovation work on the property and pass a proposed renovation compliance inspection within a negotiated renovation time period.

## Closing will be handled with a renovation enforcement note and mortgage, or by deed-in-escrow in limited circumstances where ownership of title by the Land Bank is necessary to enforce key provisions of these Policies & Procedures.

## Renovation Enforcement Note and Mortgage: Title will transfer to the purchaser at closing, at which time the purchaser will personally execute the Renovation Enforcement Note and Renovation Enforcement Mortgage, which will secure the subject property. The amount of the Renovation Enforcement Note shall be the greater of the sale price of the property or the Land Bank’s projected renovation costs for the property. When the renovation work is complete and has passed the Land Bank’s proposed renovation compliance inspection, the Land Bank will provide the purchaser with written confirmation that the proposed renovations to the property is in satisfaction of the Land Bank’s conditions and will record a satisfaction of the Renovation Note and Mortgage.

## Deed-in-Escrow: The Land Bank will retain title to the property at closing, and the deed transferring title to the purchaser will be held in escrow either in-office or with the closing agent. The Land Bank will issue a notice to proceed allowing the purchaser to move forward with the renovation work. Title will transfer following completion of the renovation work and passage of the Land Bank’s proposed renovation compliance inspection. When the renovation work is complete and the purchaser has passed the Land Bank’s proposed renovation compliance inspection, the Land Bank, or the closing agent at the Land Bank’s instruction, will transfer title in the property to the purchaser.

## Reverse Deed-in-Escrow: Title will be transferred to the purchaser. The purchaser will simultaneously execute a deed transferring title back to the Land Bank held by the escrow and title agent during the renovation time period. The deed held in escrow will be voided and released following completion of the renovation work and passage of the Land Bank’s proposed renovation compliance inspection.

## If the Purchaser fails to renovate the subject property during the agreed upon renovation period, or otherwise fails to comply with the terms of the Purchase Agreement, a “Default” will occur, and the Enforcement Note will become due and payable. The purchaser can convey the property back to the Land Bank in lieu of payment of the indebtedness and foreclosure. The Lank Bank will have the right to foreclose on the Enforcement Mortgage as necessary to retake title and possession to the property.

## Marketing Residential Properties

## The Land Bank will list all properties that may be acquired and renovated under its residential structure transfer program on its website unless an end user has been previously identified. If the Land Bank has an identified end user, the property may be offered to the end user before the property is marketed on the website.

## Renovation properties available to owner occupant end users (including bona fide renovation for resale to an owner occupant and family renovation end users at the Land Bank’s discretion) for at least 20 days following listing. The owner occupant exclusively period may be extended or shortened by the Land Bank on a case-by-case basis.

## Section 4.4 Side Lot Disposition Program

## Parcels of property transferred under the Side Lot Disposition Program must meet the following criteria:

## The proposed side lot is vacant unimproved real property;

## The proposed side lot is ineligible for new development based on local rules or the Land Bank’s own determination;

## The proposed side lot is physically contiguous to an adjacent end user, with not less than a 50% common boundary line on one side;

## The intended use for the proposed side lot is disclosed;

## The proposed side lot will be combined to the adjacent property, unless special circumstances render combination at the time of transfer impracticable or infeasible;

## The end user holds title to the contiguous property;

## The contiguous property is occupied;

## The end user meets all other general disposition considerations under this Article.

1. Side Lot Pricing
   1. The Land Bank will offer up to two contiguous parcels to qualified side lot end users. Contiguous parcels are parcels contiguous to the end user’s adjacent property or contiguous to another eligible side lot.
   2. The selling price for side lot properties will be determined by the land bank on a case-by-case basis.
2. Side Lot Transfer Procedure
   1. Prospective side lot end users must submit a Vacant Land Transfer Application to the Land Bank. The Land Bank may accept applications until it enters into a purchase agreement with one or more qualified end users.
   2. The Land Bank will notify every eligible adjacent end user regarding an available side lot prior to entering into a purchase agreement that disposes of the entire parcel. Prospective end users will have 30 days from the Land Bank’s notice to apply for a side lot. Adjacent owners who are ineligible to purchase a side lot during review will not be notified of a side lot opportunity.
   3. The Land Bank may enter into a purchase agreement with a qualified side lot end user prior to acquisition. If the Land Bank does not hold title when the purchase agreement is executed, the agreement will be conditional upon the Land Bank ultimately acquiring title to the property.
   4. At the time of closing, the end user will authorize the Land Bank to transfer title in the property into the end user’s name upon the Land Bank’s acquisition of title. The side lot purchase price will be paid at the time of closing or upon the Land Bank taking title, at the Land Bank’s discretion.
   5. If two or more qualified side lot end users have applied under the Side Lot Program, the Land Bank maysplit the property among the end users in as equitable a manner as possible. The Land Bank may require the side lot end users to pay for all or some of the cost of splitting the property. Split costs may be in addition to the side lot purchase price.
   6. If an end user will not agree to the proposed split, the Land Bank mayconvey the property in the way that it deems best for the property and for the surrounding neighborhood.

Section 4.5 Vacant Land Disposition Program

1. The Land Bank may sell, lease, or license vacant land to non-adjacent qualified end users at its discretion.
2. If vacant land is eligible to be developed for new residential, commercial, or industrial use, the Land Bank may offer the vacant land for sale for immediate development at a purchase price determined by the Land Bank. The Land Bank may offer such vacant land for immediate development purposes even if there are eligible adjacent property owners who have expressed an interest in acquiring the land as a side lot after notice to those interested property owners.

REVISED 7/12/19

Motion to approve revisions made by Mitch, seconded by Terry and passed.