

BRAINERD HOUSING AND REDEVELOPMENT AUTHORITY
Tax Forfeited Property Hold Policy and Sales Procedure
Adopted: 2/28/2018, Revised: 5/30/2018

TAX FORFEITED HOLD POLICY

The purpose of this policy is to ensure tax forfeited property in Brainerd is returned to productive use. Primary goals of this policy are:

- To build Brainerd’s density and tax base by ensuring tax forfeited properties are developed
- To eliminate blight and reinvest in our neighborhoods
- To create a clear, straightforward, and efficient procedure for the HRA and developers to act on acquisition of tax forfeited property
- To encourage developer investment to improve Brainerd neighborhoods and construct affordable housing

The Brainerd HRA receives a list of tax forfeited properties (“Properties”) from Crow Wing County annually. The Brainerd HRA has 30 days following receipt of the list to put Properties on hold, and six months to complete due diligence related to acquiring Properties from the State of Minnesota through Crow Wing County as the administrator.

The Brainerd HRA will put a hold on Properties that the Brainerd HRA determines are required to achieve commercial or residential redevelopment strategies.

Properties that the Brainerd HRA desires to acquire will be made available to developers or community development organizations (“Developers”) utilizing the Tax Forfeited Hold Sale Procedure outlined below. Properties that are not desired by the Brainerd HRA and do not receive eligible applications through the Tax Forfeited Hold Sale Procedure shall be released to Crow Wing County.

TAX FORFEITED HOLD SALE PROCEDURE

The following procedure will apply:

1. **Application:** The Brainerd HRA will solicit proposals from Developers for the purchase of the Property, or will consider proposals received from Developers without solicitation. All interested Developers must submit a proposal, which will be subject to approval by the Brainerd HRA Board. Proposals may be for affordable housing (as defined below) or for market housing that would result in the elimination or prevention of blight or blighting influences on the Property.
 - **Relocation:** If a Property contains an occupied building, relocation costs may apply. The Developer will be responsible for any relocation costs. The Brainerd HRA will clarify whether relocation costs will apply and assist the Developer to estimate the amount of payment required.
 - **Discount for Affordable Housing:** A discounted price will be targeted at 50% of assessed market value for for-profit developers and targeted at 25% of assessed market value for non-profit developers proposing the construction of affordable housing. “Assessed market value” means the current-year market value of the Property as determined by Crow Wing County Assessor. “Affordable” means the owner-occupant has an income at or below 115% of the Area Median Income, as defined by the Department of Housing and Urban Development.

2. **Contract:** When a Developer proposal has been approved, the Brainerd HRA staff will negotiate a purchase and development contract (the “Contract”) with the Developer. Brainerd HRA staff require the following from the Developer before presenting the Contract to the Brainerd HRA Board for approval:
 - Contract signed by the Developer
 - Crow Wing County acquisition price (“Acquisition Price”): The Acquisition Price will either be the full market value or the discounted price for affordable housing per Crow Wing County policy plus known fees
 - A non-refundable administrative fee of \$500.00 payable to the Brainerd HRA
 - \$1,000 maintenance and holding cost payment (the “Holding Cost Payment”) payable to the Brainerd HRA: The Holding Cost Payment will be used to pay Crow Wing County or the Brainerd HRA’s holding and maintenance costs; any funds not required for such purposes will be returned to the Developer
3. **HRA Board Approval:** Brainerd HRA staff will seek Board approval of the Contract. If approved, the Brainerd HRA will execute the Contract and proceed to seek Crow Wing County approval. If the Contract is denied by the Brainerd HRA Board, staff will refund the Acquisition Price and Holding Cost Payment, and will either consider and seek HRA Board approval of other proposals for the Property, or will release the Property to Crow Wing County.
4. **Crow Wing County Approval:** If the Brainerd HRA Board approves the Contract, staff will send an application to the Crow Wing County Board asking for the Property to be conveyed to the Brainerd HRA. If approved by the Crow Wing County Board, the Brainerd HRA will proceed to schedule closing with the Developer. If the Crow Wing County Board denies an acquisition discount request, at the discretion of Crow Wing County, the Developer may have the option to pay the remaining balance of the assessed market value to Crow Wing County or to withdraw its application and request a refund of its Acquisition Price payment. If Crow Wing County denies the application, the Acquisition Price and Holding Cost Payment will be returned to the Developer.
5. **Closing:** Once the Crow Wing County Board approves the acquisition of the Property, a deed to the Brainerd HRA will be prepared and recorded by Crow Wing County and the Brainerd HRA will schedule a closing with the Developer. At the closing, the Developer will be responsible to pay all closing costs, holding costs in excess of the Holding Cost Payment, if any, and any additional fees charged by Crow Wing County.
6. **Property Management:** After closing, the Developer will be responsible to pay for all improvements and maintenance to the Property. The Contract will require that improvements must be completed within 12 months after closing.
7. **Failure to Perform:** If the Developer fails to complete the improvements on the Property within 12 months after closing, no additional Property may be acquired by the Developer through the Tax Forfeited Hold Sale Procedure until the default is cured.