

Crow Wing County HRA

Tax Forfeited Property Hold Policy and Sales Procedure

Tax Forfeited Hold Policy

The purpose of this policy is to ensure tax forfeited property in Crow Wing County is returned to productive use.

Primary goals of this policy are:

- To build Crow Wing County's density and tax base by ensuring that 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 stabilize Crow Wing County neighborhoods and construct affordable housing

Crow Wing County (the "County") maintains a list of tax forfeited properties (each a "Property"). The Crow Wing County HRA ("CWC HRA") may from time to time request that the County convey a Property at a price less than the assessed market value, if the CWC HRA determines that acquisition of the Property is required to achieve commercial or residential redevelopment strategies, or upon request from private developers or community development organizations ("Developers"). The CWC HRA will make such Properties available to Developers utilizing the Tax Forfeited Hold Sale Procedure outlined below.

Tax Forfeited Hold Sale Procedure

The following procedure will apply to the sale of Property to Developers:

1. **Application:** The CWC HRA may solicit proposals from Developers for the purchase of Properties, or will consider proposals received from Developers without solicitation. All interested Developers must submit a proposal in the form of an "Application to Acquire Tax Forfeited Property" (the "Application"). Applications may be for affordable housing or the elimination or prevention of blight 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 CWC HRA will clarify whether relocation costs will apply and assist the Developer to estimate the amount of payment required.
 - **Acquisition Price:** Properties will be made available to Developers at a discounted price targeted at 25% of the assessed market value. "Assessed market value" means the current-year market value of the Property as determined by the Crow Wing County Assessor.
 - Per the March 2020 Crow Wing County Workforce Housing Study recommendations, the acquisition price to Developers is temporarily reduced to 0% of the assessed market value. This change is to support meeting the Workforce Housing Study goals and is in

effect until the CWC HRA Board amends the policy back to an acquisition price of 25% of assessed market value.

2. **Due Diligence:** Upon receipt of an Application, CWC HRA staff will review title to the Property to determine whether additional action is required to convey marketable title to the Developer, and if so, the approximate cost and time required for such action. CWC HRA staff will provide the Developer with this information upon receipt. The Developer will have 20 days after receipt of this information to confirm its intent to move forward with the approval process for the Application or to withdraw its Application. Developers will be responsible for all costs of obtaining marketable title for the Property.
3. **Contract:** When an Application has been submitted and confirmed, CWC HRA staff will negotiate a purchase and development contract (the "Contract") with the Developer. CWC HRA staff require the following from the Developer before presenting the Contract to the CWC HRA Board for approval:
 - a. Contract signed by the Developer
 - b. Acquisition price ("Acquisition Price"): The Acquisition Price will be targeted at 25% of the assessed market value, plus recording fees and costs
 - c. A check in the amount of the estimated costs of obtaining marketable title as described above ("Title Costs") payable to the CWC HRA; any funds not required for such purposes will be returned to the Developer
 - d. A non-refundable administrative fee of \$500 per application payable to the CWC HRA
 - e. \$1,000 maintenance and holding cost payment (the "Holding Cost Payment") per application payable to the CWC HRA: The Holding Cost Payment will be used to pay the County or the CWC HRA's holding and maintenance costs; any funds not required for such purposes will be returned to the Developer
 - f. A check in the amount of any outstanding special assessments levied against the Property, payable to the County (the "Special Assessments Payment")
4. **HRA Board Approval:** Upon receipt of the items listed above, CWC HRA staff will seek CWC HRA Board approval of the Contract. If approved, the CWC HRA will execute the Contract contingent upon County approval, then proceed to request conveyance of the Property from the County. If the CWC HRA Board denies the Application and Contract, the Acquisition Price, Title Costs, Holding Cost Payment, and Special Assessments Payment will be refunded to the Developer. The CWC HRA may then solicit other proposals for the Property, or will release its hold on the Property.
5. **County Approval:** Once the CWC HRA Board approves the Contract, staff will send the approving resolution, the Developer's Application and the Acquisition Price to the County Board, requesting conveyance of the Property to the CWC HRA. Upon approval by the County and acquisition of the Property from the County, the CWC HRA will schedule closing with the Developer. If the County Board approves conveyance of the Property but denies the CWC HRA's request for a discounted Acquisition Price, the Developer may have the option to pay the remaining balance of the assessed market value to the County or to withdraw its Application and request a refund of its Acquisition Price, Holding Cost Payment, and Special Assessments Payment. If the County denies the Application, the Acquisition Price, Holding Cost Payment, and Special Assessments Payment will be refunded to the Developer.

6. **Closing:** Once the County has recorded the deed for the Property and the CWC HRA has received the recorded deed, the CWC HRA will schedule a closing with the Developer. At the closing, the Developer will be responsible to pay all closing costs, any holding costs in excess of the Holding Cost Payment, actual Title Costs in excess of the estimated Title Costs payment, and any additional fees charged by Crow Wing County. If actual Title Costs or Holding Costs are less than the estimated Title Costs or Holding Costs, any excess will be refunded to the Developer.
7. **Property Management:** After closing, the Developer will be solely responsible for all costs of construction as provided in the Contract, as well as all costs of maintenance. The Contract will require that improvements must be completed within 12 months after closing or as negotiated for multiple dwellings.
8. **Failure to Perform:** If the Developer fails to complete the improvements on the Property within 12 months after closing or as negotiated for multiple dwellings, no additional Property may be acquired by the Developer through the Tax Forfeited Hold Sale Procedure until the default is cured.