

BRAINERD HOUSING AND REDEVELOPMENT AUTHORITY
Tax Forfeited Property Hold Policy and Sales Procedure
Revised and Adopted: 6/24/2020 Resolution No.: 2020-08

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

Crow Wing County (the “County”) maintains a list of tax forfeited properties (each a “Property”). The Brainerd HRA may from time to time request that the County convey Property at a price less than the assessed market value (the “Conveyance Price”), if the Brainerd 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 Brainerd 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:

1. **Application:** The Brainerd 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”) along with a non-refundable \$500 administrative fee (the “Administrative Fee”) and a \$1,000 maintenance and holding cost payment (the “Holding Cost Payment”). Brainerd HRA staff will then send a copy of the application to the County with a request that the property or properties be put on hold (removed from the list maintained by the County). 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 Brainerd HRA will clarify whether relocation costs will apply and assist the Developer to estimate the amount of relocation costs.
 - **Acquisition Price:** Properties will be made available to Developers at a discounted price targeted at 25% of the assessed market value (the “Acquisition Price”) plus direct costs incurred by Brainerd HRA for the acquisition and sale of the Property to the developer. “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 plus direct costs incurred by Brainerd HRA for the acquisition and sale of the Property to the developer. This change is to support meeting the Workforce Housing Study goals and is in effect until the Brainerd HRA Board amends the policy back to an

acquisition price of 25% of assessed market value.

2. **Due Diligence:** Upon receipt of an Application, Brainerd 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. Brainerd 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, 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
 - A check in the amount of the estimated costs of obtaining marketable title as described above (“Title Costs”) payable to the Brainerd HRA; any funds not required for such purposes will be returned to the Developer
 - A check in the amount of the Administrative Fee payable to the Brainerd HRA
 - A check in the amount of the “Holding Cost Payment” per application payable to the Brainerd HRA: The Holding Cost Payment will be used to pay the County or the Brainerd HRA’s holding and maintenance costs; any funds not required for such purposes will be returned to the Developer
 - 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, Brainerd HRA staff will seek Brainerd HRA Board approval of the Contract. If approved, the Brainerd HRA will execute the Contract contingent upon County approval, then proceed to request conveyance of the Property from the County. If the Brainerd HRA Board denies the Application and Contract, the Estimated Title Costs, Holding Cost Payment, and Special Assessments Payment will be refunded to the Developer. The Brainerd HRA may then solicit other proposals for the Property, or will release its hold on the Property.
5. **Crow Wing County Approval:** Once the Brainerd HRA Board approves the Contract, staff will send the approving resolution and the Conveyance Price to the County Board, requesting conveyance of the Property to the Brainerd HRA. If the County Board approves conveyance of the Property but denies the Brainerd HRA’s request for a discounted Conveyance Price, the Developer may have the option to pay the full assessed market value to the County or to withdraw its Application and request a refund of its Estimated Title Costs, Holding Cost Payment, and Special Assessments Payment. If the County denies the Application, the Estimated Title Costs, 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 Brainerd HRA has received the recorded deed, the Brainerd HRA will schedule a closing with the Developer. At

the closing, the Developer will be responsible to pay the Acquisition Price, direct costs incurred by Brainerd HRA for the acquisition and sale of the Property to the Developer, 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.
3. **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.