



# Land Reutilization Public Educational Series

## Land Reutilization Law Part IV Disposition Process

# Disposition Methods

- Ohio Revised Code § 5722.07
  - Property cannot be sold for less than fair market value unless competitively bid
  - Devotion to public use
- Methods of Disposition
  - Interested Purchaser (Fair Market Value)
    - Adjoining Property Owner
    - Developer
  - Request for Proposals (RFP)
  - Market Property with Realtor

# Interested Purchaser or Adjoining Property Owner

- Preliminary Application
- Qualification Application and Interview
- Market Analysis (Fair Market Value)
- Administrative Approval Process

# Preliminary Application

- Basic contact information
- Who are you and why do you want the property?
  - No delinquent real estate or personal property taxes in Erie County
  - No history of property maintenance, nuisance, building, and/or zoning code violations
  - No delinquent water/sewer accounts
  - Does the property qualify as *nonproductive land*?

# Qualification Application and Interview

- Adjoining property owner: Ability to adequately improve and care for the property
- Developer: History of responsible ownership and development with adequate resources available to complete the project in a timely manner in compliance with City codes

# Public Records Review

- Erie County Recorder
  - Deeds
  - Mortgages
  - Liens
- Common Pleas Court
  - Civil Judgments
- Municipal Court
  - Small Claims
- Secretary of State (Corporations)
  - Active
  - In Good Standing

# Property Use

- How the nonproductive land will be converted to tax generating status
- Intended use
  - Improve the condition of the nonproductive land
  - Revitalize the area
  - Enhance the surrounding community and neighborhood
- If the qualification application and interview is not satisfactory and the situation cannot be remedied, applicant is not approved

# Request for Proposals (RFP)

- Legal notice published once a week for 2 weeks
- Bid packets
- Non-mandatory pre-proposal meeting at the property site
- Questions and clarifications regarding the RFP are submitted
- Questions and clarifications are answered
- Proposals are submitted by the deadline and opened publicly

# Bid Packet

- Complete instructions for submission of proposals
- Scope
  - Purpose
  - Parcel Description
  - Zoning
  - Real Estate Taxes
- Forms must be filled out entirely, signed, dated and notarized, if required
- Submitted by the deadline

# Contents of RFP

## ■ Proposal Requirements

- Purchase price
- Improvements
- Timeline for Completion
- Estimated Costs

## ■ Additional Requirements

- Comply with laws and ordinances
- Obtain proper permits
- No delinquent income taxes with the City
- No delinquent real estate or personal property taxes in Erie County
- No history of code violations
- Agree to provide City with reports, financial information and other information as requested to insure compliance

# Terms of Sale

- Earnest money deposit of 10% of the offering price
  - Returned to unsuccessful bidders after purchase agreement is successfully executed
- Remainder of the offered purchase price payable at closing
- Purchase Agreement executed within 30 days
- Quit Claim Deed with reverter clause to insure completion of construction or any proposed improvements
- Reverter expires upon completion of construction or any proposed improvements
- Closing within 30 days after approval by City Commission

# Contents of RFP

- "AS IS"
- Construction Deadlines
  - Commence construction within 60 days after closing
  - Complete construction within 1 year of closing
- Review and Selection
  - Selection criteria
  - City reserves the right to reject any and all proposals
- Contingent Upon City Commission Approval
- Closing Procedure
  - Law Dept. prepares the Purchase Agreement and coordinates the sale of the property
  - Title Company serves as escrow agent

# Realtor

- Approved by City Commission
- Enter into Listing Agreement
- Realtor determines sales price
- Responsible for showing property
- Receives proposals
- Presents proposals to Land Bank Committee
- Negotiates on behalf of City
- Appears before City Commission

# Administrative Approval Process

- Land Bank Committee
- Sale or Lease of Real Property Owned by City Policy Committee
- City Commission

# Land Bank Committee

- Adjoining Property Owner / Developer
  - Approval of land use or proposed construction or improvement and sale of land at fair market value
- RFP or Realtor
  - Evaluate proposals based on several criteria
    - Offered purchase price
    - Credentials of the individual or organization
    - Compatibility of the proposed improvements with the surrounding neighborhood
    - Best interests of the City and the taxing districts

# Land Bank Committee

- Review and evaluate proposals
- Select the proposal that it deems is in the best interests of the City, even if it is not the highest purchase price offered
- Make recommendation to City Commission

# Sale or Lease of Real Property Owned by City Policy Committee

- City Manager
- Director of Engineering Services
- Law Director
- Finance Director
- Chief City Planner
- Chief Building Official
- Ex-Officio Mayor
- Review and approve Land Bank Committee's evaluation and recommendation

# Purchase Agreement

- Notification letter
- Draft purchase agreement
- Negotiate terms
- Submit final draft to Law Director for approval
- Prepare communication and legislation for City Commission approval

# City Commission

- Deadlines for Agenda
  - Law Dept.: 1 ½ weeks prior to C.C. meeting
  - Commission Office: 1 week prior to C.C. meeting
  - Transmitted to C.C. the Friday before meeting is held
- City Commission Meeting
  - Held on the 2<sup>nd</sup> and 4<sup>th</sup> Mondays of every month
- Legislation Enacted
  - Ordinance to enter into a purchase agreement and sell City property no longer needed for a municipal purpose
  - Emergency Legislation in order to proceed with sale

# Escrow Agent

- Submit Purchase Agreement and Ordinance
- Schedule Closing
- Deed preparation
- Tax pro-ration
- Property transfer
- Disburse proceeds of sale

# Proceeds of Sale

- To the City in reimbursement of expenses
  - Acquisition
  - Administration
  - Management
  - Maintenance
  - Disposition
  - Other expenses of the Land Reutilization Program as the City may apportion to such land

# Proceeds of Sale

- To the County Treasurer
  - Reimburse taxing districts
  - Balance, if any, retained by the City for the Land Reutilization Program