

PROPERTY DISPOSITION

1.0 Purpose

The purpose of this Policy is to provide guidelines for City staff to follow in handling and processing real property in the City's possession which is considered excess to the City's needs.

2.0 Policy

It is the City's policy to periodically review real property in the City's possession to determine whether retention, sale, or lease of such property is in the best interest of the City and to respond in a timely fashion to requests from private parties seeking to purchase or lease such property.

3.0 Determination of Willingness to Sell or Lease City-Owned Property

3.1 Planning Board and Finance Committee Responsibilities

3.1.1 Planning Board. Once the Administrator has determined a property to be surplus, the Planning Board will be asked to review and make a recommendation on whether to proceed with its disposition. A recommendation from the Planning Board will remain valid for three years; however, should circumstances change during this period, the Administrator may seek an updated review and recommendation.

3.1.2 Finance Committee. The Finance Committee shall be notified of real property dispositions with the exception of those involving vacant lots that do not meet minimum space and bulk standards for construction that are assessed at \$10,000 or less and are to be transferred to the owners of an abutting property so that the Committee may consider sending a recommendation to the City Council. For properties assessed at more than \$10,000, the Purchasing Agent will solicit a recommended means of disposition from the Finance Committee.

3.2 City Initiated Sale or Lease

3.2.1 The Planning and Code Department of the City will periodically review real property currently owned by the City but not in active use for municipal purposes to determine whether these properties should be retained or considered for sale or lease. Once properties have been identified for which there is no current City use, the Department will notify the City Administrator.

3.2.2 The City Administrator will then notify all Department Heads of the property or properties being considered for sale and offer them the opportunity to indicate any potential use or need their department might have for the property, including its potential for land banking against future uses.

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3.2.3 After consideration of the responses of the various Departments, the Administrator will make a determination if the property should be declared surplus or retained for potential future use.

3.3 Private Sector Request to Purchase or Lease

3.3.1 All requests from the private sector for the purchase or lease of City property shall be directed to the City Administrator.

3.3.2 The Administrator shall notify all Department Heads of the request and provide them with the opportunity to identify any current or potential use which the City may have for the property.

3.3.3 After consideration of the responses of the various Departments, the Administrator will make a determination of whether the property should be declared surplus or retained for current or potential future use.

4.0 Procedure for Disposition of Surplus Property – Substandard Lots

4.1 Vacant lots that do not meet minimum space and bulk standards for construction may, at the discretion of the City Administrator, be offered for sale or lease to abutting property owners. If one or more of these owners express an interest in the property, the City Administrator shall make a recommendation to the City Council on the disposition of the property.

4.2 The following factors will be considered in determining whether the property should be sold:

4.2.1 The proposed sale price or lease rate, if any, as compared to an estimate of the value of the property prepared by the City Assessor;

4.2.2 The proposed use of the property;

4.2.3 The value of any proposed improvements to the property;

4.2.4 The impact of the sale or lease of the property on the assessed value of the adjacent property in the same ownership; and

4.2.5 The extent to which the sale or lease will support overall City policy in the area or neighborhood within which the property is located.

5.0 Procedure for the Disposition of Surplus Property – Potentially Developable

In instances where surplus property may be redeveloped or developed, that property may be marketed by one of a number of methods based on the nature and estimated value of the property and any specific plans or policies which development of the property might either further or hinder. The following methods may be used to market the property, including a combination of two or more.

5.1 Request for Proposals. The City may use a Request for Proposals process. This process is generally best suited to significant development parcels for which the City has specific expectations as to the nature, type, and value of the anticipated development.

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- 5.2 **Real Estate Broker.** The City may contract with a real estate broker to find a buyer. This method may be most applicable to individual properties or groups of properties that the City is seeking to redevelop or develop for a specified purpose such as single family housing and/or multi-family housing renovation.
- 5.3 **Formal Bid.** The City may advertise for formal bids. This method may be most applicable in instances where the City believes that multiple parties may be interested in the property and the nature of the development or redevelopment is such that the City does not anticipate placing additional restrictions on what is to happen on the property after its sale.
- 5.4 **Self-Brokerage.** The City may employ a sell by owner approach. This would generally be applicable to situations such as the sale of individual lots within a residential or commercial subdivision.
- 5.5 **Direct Negotiation.** Where alternative methods have failed to produce an acceptable sale and/or in instances where the City has been directly approached by an individual or organization with a proposal that matches or exceeds the City's expectations for development on the parcel, the City may entertain direct negotiations with a private party who expresses interest in purchasing a property.
- 5.6 The City Administrator shall recommend to the City Council the disposition method or methods to be used at the time the Council is asked to approve disposition of the property.

6.0 Council Approval of Disposition

- 6.1 The final decision to accept a bid, proposal, or offer to purchase City-owned property must be made by the City Council.
- 6.2 The normal process for transferring a city-owned property will be by way of municipal quitclaim deed. Warranty deeds may be approved in instances where such action is recommended by the City Administrator for good and reasonable cause.