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Guidelines
for
Disposition of Splinter Parcels
by
the Housing and Redevelopment Authority

Purpose

The purpose of these guidelines is to establish a framework within which the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA"):

- Sells an HRA- or City-owned splinter parcel to the adjacent owner(s).
- Acquires a splinter parcel forfeited to the State of Minnesota for non-payment of taxes and sells it to the adjacent owner(s).
- Facilitates the sale of a splinter parcel to the adjacent owner(s) in conjunction with the Neighborhood Services Committee's enforcement of the Nuisance Ordinance.

Objectives

The objectives of this policy are to:

- Revitalize neighborhoods by removing the blighting influence of neglected vacant lots.
- Stimulate private investment in the City's neighborhoods.
- Stabilize market values.
- Compete with the suburbs by creating comparably sized lots through annexation of splinter parcels to adjacent properties.
- Increase the City's tax base by returning publically held splinter parcels to private ownership.
- Resolve land use conflicts.
- Redevelop properties in a manner consistent with the Saint Paul Housing Policy for the 1990s, small area plans, redevelopment plans, and other City programs.

Identification of Issues

A vacant lot, like a vacant house, can be a blighting influence on the neighborhood in which it is located. Neglected vacant land in a neighborhood may deter investment and lead to declining market values due to poor perception of the neighborhood by potential investors. Declining market values in turn may lead to deferred maintenance by current homeowners who project limited or no return of the investment in their homes, thus perpetuating a downward spiral in market values.

The HRA currently has about 200 properties in its inventory. Of these, approximately 45 may be considered splinter parcels. The City of Saint Paul has approximately 50 splinter parcels in its inventory of vacant land.

According to Ramsey County's Tax Forfeited Lands Division, there is no ready market for the majority of tax forfeited lands. Ninety-eight tax forfeited parcels are currently available over the counter. Of these, approximately 85 to 90 are unbuildable and unmarketable. Of the 51 properties which are to be offered at auction in July, 1993, 34 have been previously offered with no takers.

Also, since the inception of the Houses to Homes Program, the Division of Public Health has aggressively enforced the Nuisance Ordinance and demolished over 100 dilapidated structures. The cost of demolition is assessed against the property and collected through property tax payments. In many cases, the cost of demolition may exceed the value of the lot, and the owner may abandon such a lot. If a lot is abandoned, it will eventually be forfeited to the State of Minnesota for non-payment of taxes.

Extraordinary Expenses

The acquisition of tax forfeited land may result in additional expenses to the purchaser. The State of Minnesota typically does not convey clear and marketable title to new owners; the State conveys tax title only. Unless a ten year period has passed since forfeiture, quiet title action or title registration must be pursued to provide marketable title. The cost of these legal proceedings may range from \$2,000 to \$5,000, or possibly even higher.

Need for HRA Involvement

The above-mentioned issues clearly illustrate the need for HRA intervention to stem the blight caused by neglected vacant land. It is doubtful that the private market alone will resolve the problem of neglected vacant land.

The implementation of a policy focusing on the redevelopment of splinter parcels is a natural extension of current neighborhood revitalization programs such as the Houses to Homes Program. These guidelines will establish criteria, priorities, policy, and procedures to be followed in the marketing, acquisition, and sale of splinter parcels by the HRA.

Policies

- Splinter parcels are generally defined to be parcels which are unbuildable because the lot size will not accommodate new construction in accordance with current Zoning Ordinance regulations for newly platted lots; that is, lots which are less than 40 feet in width and 5000 square feet in total area.
- The following factors will be considered when evaluating whether a property is a potential splinter parcel:
 - The lot is located in a high density area.
 - Detrimental physical features such as poor soil conditions or poor topography exist on the lot.

- Land use conflicts exist between residential properties and nearby commercial or industrial properties.
- The lot is unmarketable in short term due to various economic influences.
- HRA will prioritize the sale of splinter parcels as follows:
 - 1) Sell HRA- and City-owned splinter parcels.
 - 2) Acquire and sell tax-forfeited splinter parcels.
 - 3) Facilitate sale of parcels in conjunction with the enforcement of the Nuisance Ordinance by providing ownership and tax information upon request, among other assistance.
- HRA will work with District Planning Councils and Block Clubs to monitor the maintenance of lots and identify problem vacant lots.
- HRA will actively market splinter parcels to owners of properties adjacent to the side to be used as sideyard and accessory uses or expansion for their homes or businesses.
- HRA may sell the splinter parcels for cash or through a five-year deferred loan secured with a mortgage on the splinter parcel. In the case of cash purchasers, properties will be monitored for a one-year period after completion of improvements to ensure satisfactory maintenance. In the case of deferred loan purchasers, lots must be satisfactorily maintained during the five-year period. Once the buyer's obligations have been met, including satisfactory maintenance and the five-year ownership period, a satisfaction of mortgage would be recorded. A portion (20%) of the deferred loan would be forgiven for each year of ownership and the loan could be assumable upon sale at HRA's option.
- HRA will split lots if both adjacent owners submit acceptable proposals.
- HRA will sell lots "as-is".
- Except in the case of HRA- and City-owned splinter parcels, HRA will not clear title prior to resale. HRA will only convey tax title for tax forfeited lands.
- In the case of tax forfeited splinter parcels, the HRA will actively market only those parcels which were forfeited at least 7 years prior to date of sale to the end buyer. As noted above, ownership perfects ten years after tax forfeiture.
- HRA will restrict future use of parcels to use as sideyard and accessory uses or expansion for purchaser's residential or business property.
- HRA will require that splinter parcel be annexed to purchaser's lot.
- HRA will require improvements to be completed within six months of closing. An extension can be granted at discretion of staff.
- HRA may require performance bond or escrow in amount equal to cost of improvements, if

applicable. This requirement would only go into effect if a purchaser were making substantial improvements to the splinter parcel such as construction of a garage, parking lot, or building expansion.

- HRA will charge typical closing fees to purchasers.

Procedures

- Order title work and value parcel for offering.
- Solicit proposals from owners of properties adjacent to splinter parcels and communicate title issues.
- Proposal from purchasers must include:
 - Application
 - Offer-to-Purchase
 - Good-Faith Deposit equal to greater of \$100 or 10% of purchase price
 - Final Plans including drawing showing lot and improvements, description of improvements, and estimated cost of improvements.
- Review proposal to ensure compatibility with overall redevelopment plan.
- Select purchasers who best meet the purposes of the overall redevelopment plan.
- Notify District Planning Council of proposal and request recommendation.
- For City-owned Splinter parcels only:
 - Secure authorization from HRA Board to acquire splinter parcel and designate tentative developer status.
 - City vacates interest in property and deeds it to HRA.
- For tax-forfeited splinter parcels only:
 - Withhold parcel from auction if purchasers submit acceptable proposals.
 - Secure authorization from HRA Board to acquire splinter parcel and designate tentative developer status.
- Obtain authorization from HRA Board at a public hearing to sell property.
- Draft Contract for Sale of Land for Private Redevelopment.
- Close on Sale of splinter parcel.

- **Monitor for completion of improvements as scheduled in Contract.**
- **With the help of District Planning Councils and Block Clubs, monitor splinter parcels to ensure they are satisfactorily maintained.**
- **Record Certificate of Completion and/or Satisfaction of Mortgage once obligations of purchaser are met.**

