



Tax Forfeited Land Policies & Procedures

Department of Property Records and Revenue

NON-CONSERVATION LAND – SALE FOR LESS THAN MARKET VALUE

I. POLICY

Minnesota statutes allow the county board to sell tax forfeited land classified as non-conservation land to a governmental subdivision of the state or a state agency for less than its market value as long as the property will be used to correct blight or to facilitate the development of affordable housing. The County Board has developed a policy as it relates to sales for affordable housing (no determination has been made for correcting blight). This policy will describe how the acquisition price is determined and the process for acquiring non-conservation land for less than its market value for affordable housing.

If the County Board approves the sale, the property (either existing single family homes or vacant land) will be sold as follows:

1. If the property is being developed by a for-profit developer, it will be sold for 50% of market value plus maintenance costs and recording fees;
2. If the property is being developed by a non-profit developer, it will be sold for 25% of market value plus maintenance costs and recording fees; and
3. As a condition of the sale, the government subdivision must enter into a memorandum of understanding providing that the government subdivision will place and enforce a deed restriction on the property requiring that it will only be sold to parties qualifying for affordable housing for the next seven years.

II. DEFINITIONS

Non-conservation: TFL property that has been determined should be returned to private ownership.

Governmental Subdivision of the state: Applies to the county, school districts, cities, towns and many, but not all, of the special taxing districts as defined in M.S. 275.066. It does not apply to state agencies, St. Paul planning districts or Community District Councils.

Market Value: This will be an estimated market value determined by Ramsey County appraisal staff.

III. GENERAL INFORMATION

M.S. 282.01, subd. 1a(d) gives the county board the authority to sell non-conservation land to a governmental subdivision of the state or a state agency for less than its market value if the sale will accomplish the following:

1. The county board determines that a sale at a reduced price is in the public interest because a reduced price is necessary to provide an incentive to correct the blighted conditions that make the lands undesirable in the open market, or the reduced price will lead to the development of affordable housing; and
2. The governmental subdivision or state agency has documented its specific plans for correcting the blighted conditions or developing affordable housing, and the specific law or laws that empower it to acquire real property in furtherance of the plans.

The County Board has adopted a policy describing the terms under which it will sell non-conservation property for less than market value for affordable housing for single family use. No determination has been made for terms associated with correcting blight or multi-family affordable housing.

IV. PROCEDURES

1. A governmental subdivision of the state or state agency inquires about acquiring a non-conservation land property for the development of single family affordable housing.
2. Ramsey County appraisal staff determine a market value for the property.
3. TFL staff notify the governmental subdivision or state agency of the cost of acquisition and the additional documentation required.
4. The governmental subdivision or state agency submits a resolution passed by the governing body requesting acquisition, a check for the amount of the acquisition and recording fees and costs, a letter describing the specific plans for developing affordable housing on the site and the specific law or laws that empower it to acquire real property in furtherance of the plans, and an executed memorandum of understanding substantially in the form shown at the end of this document.
5. TFL staff review submission and assuming everything is satisfactory, prepare a request for board action to sell the property to the governmental subdivision or state agency.
6. County board reviews and approves the sale. If the county board rejects the sale, acquisition costs paid by the governmental subdivision or state agency are refunded.
7. Clerk of the County Board and County Board Chair sign off on the memorandum of understanding and return a copy to the governmental subdivision or state agency. It should be considered whether a copy should also be recorded against the property.
8. TFL staff prepare paperwork for the Minnesota Department of Revenue requesting that a quit claim deed be issued conveying the property from the state to the governmental subdivision or state agency.
9. Minnesota Department of Revenue issues deed.
10. TFL staff record deed.
11. TFL staff send recorded deed to governmental subdivision.

V. LINKS & RESOURCES

Minnesota Statute §282.01
Ramsey County Administrative Code 4.57.60 (b)
County Board Resolution 2013-210

VI. CONTACTS

Chris Samuel, Property Tax Services Manager 651-266-2041
Kris Kujala, Tax Forfeited Land Supervisor 651-266-2081

VII. REVISION HISTORY

Created December 28, 2013 CAS

Memorandum of Understanding

This Memorandum of Understanding (“Memorandum”) is made and entered by and between the North Saint Paul Housing and Redevelopment Authority, Minnesota (“HRA”) and the County of Ramsey (“County or Ramsey County”).

Recitals

WHEREAS, the HRA wishes to purchase the tax-forfeited property located at 2573 2nd St., N., PIN: 12-29-22-22-0139 for less than its market value to allow students from Northeast Metro Independent School District 916 to learn construction skills by building a home on the site; and

WHEREAS, the HRA can purchase the property for less than market value only if the property will be used for the development of affordable housing; and

WHEREAS, the County is willing to accommodate the HRA’s request to purchase the property on the terms and conditions contained in this Memorandum.

NOW THEREFORE, in consideration of the recitals, and other good and valuable consideration, and intending to be legally bound, the HRA and County agree as follows:

1. The HRA will provide its specific plans for developing affordable housing on this site and the specific law or laws that empower it to acquire real property in furtherance of the plans.
2. The County Assessor has determined that the vacant lot has a current market value of \$50,000. In consideration of the property’s use for affordable housing and the fact that a non-profit will facilitate the development, the County will sell the property to the HRA for 25% of its market or \$12,500, plus maintenance costs and recording fees.
3. The HRA agrees to sell the property for affordable housing to only a “qualified homebuyer”, which is defined as a buyer agreeing to homestead the property and whose household income does not exceed 115% of area median income as adjusted for family size. Income qualification must only be satisfied at time of the closing. If the HRA will first convey the property to Northeast Metro Independent School District 916 before construction can commence, this requirement will not apply to the initial sale of the property to the school district.
4. Any resale of the property during the first seven (7) years must be to a qualified homebuyer.
5. The HRA will place a Declaration of Conditions and Restrictions of record to assure compliance with item 4. The HRA will enforce the Declaration. Ramsey County has no obligation to enforce the Declaration.

IN WITNESS WHEREOF, the HRA and County have executed this Memorandum by its authorized representatives as of the last date written below (“Effective Date”).

NORTH SAINT PAUL HRA, MINNESOTA

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

Date: _____

COUNTY OF RAMSEY

By _____

Rafael Ortega, Chair

Board of County Commissioners

By _____

Bonnie Jackelen, Chief Clerk

Board of County Commissioners

Date: _____

Approved as to form:

Assistant Ramsey County Attorney

Drafted by:
Ramsey County Property Records & Revenue
Property Tax Services
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