

Disposition Policy and Procedure for the Sale of Vacant Lots for Market Value by the Saint Paul Housing and Redevelopment Authority

Purpose

The purpose of the Vacant Lot Sales policy (VLS) is to establish a procedure for the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA") to:

- Sell HRA owned or city-owned vacant lots for their market value.
- Ensure lots are marketed and proposals evaluated through a clear and equitable process.

The purpose of the VLS is to sell unimproved vacant lots for their market value, with no additional allocation of HRA subsidy for property improvements. To be eligible for sale under the VLS, the parcel or contiguous group of parcels must be:

- Smaller than 20,000 square feet,
- Vacant lots,
- Eligible for sale without restrictions or encumbrances by funding programs used to acquire, hold, or prepare the property for sale.

Proposals that are not eligible under the VLS shall follow the Policy and Procedures outlined in the "Disposition Policy for HRA Real Estate" as amended by HRA Resolution 09-09/23-1.

Objectives

- To create a consistent and open sales process that provides equal access to opportunity.
- To promote responsible development of buildable parcels to ensure Saint Paul can grow competitively.
- To be fiscally responsible by reducing inventory held by the HRA and increasing Saint Paul's tax base.

Policy

The HRA will accept applications at least once annually for vacant lots it owns that are not under contract with a developer or intended for an HRA RFP/RFQ process. Properties released through this application process will be sold for their market value and will not be eligible for additional HRA subsidy. The market value of property will be established according to the Saint Paul HRA Property Valuation Policy, approved by HRA Resolution _____. HRA property will be sold "as-is" with purchase price and closing costs delineated. Applications received will be considered and accepted according to the following priorities:

- **First priority:** Sale for construction of commercial or residential structures that create jobs or housing opportunity and increase Saint Paul's tax base.
- **Second priority:** Neighborhood uses that provide a public benefit, such as community gardens, pocket parks, public plazas, public art installations, or others.
- **Third priority:** Sale as a vacant lot to adjacent property owners.
- **Fourth priority:** Sale for the purpose of landbanking.

Procedures

- 1) **Property posting:** A list of properties eligible for sale are posted by the HRA and applications are accepted for a 30 day period. The property posting shall include lot address, parcel identification number, and market value based on the VLS market value policy at a minimum. The opportunity will be advertised on the HRA website and the early notification system (ENS) at a minimum.
- 2) **Application review:** Applicant submits a property application. Upon close of the 30 day application period, HRA staff will review applications received. When more than one eligible application is received for an address, applications will be awarded according to VLS priorities outlined above.
 - **Application limit:** An applicant may not be awarded more than 10 parcels or 50,000 square feet, whichever is less, through the VLS in an application cycle.
 - **Contiguous parcels:** If there are contiguous parcels offered through the VLS, the HRA will market all contiguous parcels as one opportunity. However, each individual parcel will count toward the application limit (i.e. 4 contiguous parcels would count as 4 parcels awarded, rather than 1 parcel).
 - **Multiple proposals of equal priority:** If there are multiple proposals received on the same property that are of equal priority, the HRA will conduct a lottery to determine application award.
- 3) **Contract:** When an application is accepted, HRA staff will send a contract to the Applicant. HRA staff require the following before taking further action:
 - Signed purchase agreement between Applicant and the HRA.
 - \$500 non-refundable earnest money per accepted application payable to the HRA.
- 4) **HRA Board Approval:** HRA staff will seek HRA board approval for the acquisition. If approved, the HRA will execute the purchase agreement. If denied, the HRA will either review additional applications received until an HRA board approval is achieved, or the property will be released through a future application cycle.
- 5) **Closing:** Once the HRA board approves the application, a closing date will be scheduled. At the closing, the Applicant will be responsible to pay all closing costs and the acquisition price and will immediately take title to the property. The HRA expects closing to occur within 60 days of HRA board approval.
- 6) **Property Development:** After closing, the Applicant will be responsible to pay for all improvements and maintenance to the property. The HRA expects that proposed improvements, if any, will be complete within 24 months.
- 7) **Failure to Perform:** If Applicant fails to perform as outlined in the accepted application, no additional property may be acquired through the VLS until the default is cured.
- 8) **MLS:** Properties that have been offered through one application cycle may be listed on the MLS for a minimum of five days. Property listed on the MLS will be sold to the highest and best offer.