

Tax Forfeit Property Hold Policy and Sales Procedure

Tax Forfeit Hold Policy

The purpose of this policy is to ensure tax forfeit property in the City of Saint Paul is returned to productive use.

Primary goals of this policy are:

- To build Saint Paul's density and tax base by ensuring tax forfeit properties are developed.
- To create a clear, straightforward, and efficient procedure for the HRA and developers to act on acquisition of tax forfeit property.
- To encourage developer investment to stabilize Saint Paul neighborhoods.

The HRA receives a list of tax forfeit properties ("Properties") from Ramsey County annually and has 120 days to put properties on hold and 6 months to complete due diligence related to acquiring the properties from the State of Minnesota through Ramsey County as administrator.

The HRA will put a hold on properties that are either:

- a. Required to achieve commercial or residential redevelopment strategies approved by the HRA board
- b. Adjacent to existing HRA owned property
- c. Requested by a developer or a community organization

Residential Properties that the HRA does not desire to acquire will be made available to developers or community organizations ("Developers") utilizing the Tax Forfeit Hold Sales Procedure outlined below. Properties that both are not desired by the HRA and do not receive eligible applications through the Tax Forfeit Hold Sales Procedure shall be released to Ramsey County.

Tax Forfeit Hold Sales Procedure

The following procedure will apply:

1. **Application:** Developer submits a Property application. Developers that initially requested a hold of a tax forfeit property (option c above) will be provided the first opportunity to purchase. HRA staff reviews remaining applications on a first come first served basis.
 - **Relocation:** If a Property is an occupied building, relocation costs may apply. The Developer will be responsible for any relocation costs. The HRA will clarify whether relocation costs will apply and assist the Developer to estimate the amount of payment required.
 - **Discount:** The Ramsey County Board has adopted a policy that states a discount will be provided to developers constructing affordable housing. "Affordable" means the end occupant is at or below 115% of Area Median Income, as defined by the Department of Housing and Urban Development. To receive the discounted price, developers must record a declaration of covenants that establishes a 7 year affordability period, which will be monitored by the HRA. The discounted purchase price will be 50% of market value for for-profit developers and 25% of market value for non-profit developers, or as amended by the Ramsey County Board. The market value is the purchase price as determined by Ramsey County.

- **Application limit:** A Developer may not be awarded more than 10 properties through the Process in a given calendar year.
2. **Contract:** When an application is accepted, HRA staff will send a contract to the Developer. HRA staff require the following before taking further action:
 - **Signed contract between Developer and the HRA.**
 - **Ramsey County acquisition price.** The price will either be the full market value or the discounted price for affordable housing per Ramsey County policy plus fees known.
 - **\$500 non-refundable acquisition fee payable to the HRA.**
 - **\$1,000 maintenance and holding cost payment payable to the HRA.** The maintenance and holding cost payment will be used to pay Ramsey County or the HRA's holding and maintenance costs; any funds not expended will be returned to the Developer.
 3. **HRA Board Approval:** HRA staff will seek HRA board approval for the acquisition. If approved, the HRA will execute the contract and proceed to seek Ramsey County approval. If denied, the HRA will either review additional applications received until an HRA board approval is achieved, or the property will be released to Ramsey County and refundable fees returned.
 4. **Ramsey County Approval:** Once the HRA board approves the application, HRA staff will send the acquisition price to Ramsey County. If approved by the Ramsey County Board, the HRA will proceed to schedule closing with the Developer. If denied, the HRA will request the acquisition price be returned to the HRA and subsequently the Developer. If the Ramsey County board denies an acquisition discount request, at the discretion of Ramsey County, the Developer may have the option to pay the remaining balance owed to Ramsey County or to withdraw its application and request a refund of its acquisition price.
 5. **Closing:** Once the Ramsey County board approves the application, a deed to HRA will be prepared and recorded by Ramsey County, HRA will schedule a closing between HRA and developer. At the closing, the Developer will be responsible to pay from funds held or directly all closing costs, holding costs, or additional fees charged by Ramsey County and will immediately take title to the tax forfeit property.
 6. **Property Development:** After closing, the Developer will be responsible to pay for all improvements and maintenance to the property. The HRA and Ramsey County expects that improvements will be complete within 18 months.
 7. **Failure to Perform:** If Developer fails to complete improvements within 18 months of closing, no additional property may be acquired by that developer through the tax forfeit acquisition process until the default is cured.