

CITY POLICY AND PROCEDURES REGARDING THE DISPOSITION OF CITY-OWNED PROPERTIES

Updated October 17, 2023

A. Eligibility

Under the Charter of the City of Ypsilanti, when the City of Ypsilanti is a property owner, the City may sell and dispose of property as it sees fit to increase the number of taxable properties within the City.

B. Reason for Sale

The City owns both residential and commercial properties. Most properties have been transferred to the City from Washtenaw County after the property was seized due to tax foreclosure. The City continues to receive tax-delinquent properties annually. When the City becomes the owner, the parcels become tax-exempt, and the City is required to maintain the properties in terms of security, grass, and snow maintenance. The cost to the City is increasing, straining City manpower to secure and maintain the properties.

C. Authority to Dispose of City-Owned Property

To streamline the process of selling residential land and returning property to active tax rolls, the City shall annually hold a public hearing and consider a resolution to authorize the sale of subject parcels and delegate the authority to the City Manager to enter into purchase agreements selling city-owned lots as seen in the legal notice. This process will be repeated as the City comes into ownership of additional residential properties.

Due to commercial properties having a higher value and more public visibility, all such sales will require approval by the City Council after a public hearing and notice have been made.

D. Residential Properties

All City-owned residential parcels are available for sale. Parcels may be sold to any interested party meeting the following conditions: (1) Purchaser agrees that the property is to be developed, and will be maintained as at least a 50% principal residence use; (2) Purchaser is current on all property taxes and shall have no outstanding tickets or property violations in the City of Ypsilanti; (3) Purchaser agrees to repair or restore any structure to habitable condition within one (1) year of purchase. Should the purchaser fail to meet these requirements, the City could reclaim the property within the first year at the purchaser's expense. If there is more than one (1) interested party, a lottery will be held for all interested and qualified purchasers thirty (30) days after it is publicly noticed under Michigan's Open Meetings Act (OMA), 1976 PA 267, MCL 15.261 et seq. The date that a resident must apply and the date of the lottery will be listed in the public notice. Priority will be given to residents of the City of Ypsilanti and first-time home buyers.

The purchase price of the property shall be the value of \$1,000 plus closing costs and legal fees for the preparation of the contract.

The City shall hold the proceeds in escrow for the first year. These funds would be used to reclaim the property if necessary. After the first year, the proceeds would be released to the general fund to be earmarked for vacant property maintenance.

E. Commercial Properties (excluding Water Street Development Parcel)

Commercial Properties are assessed at a higher rate than residential properties and are generally in higher traffic and public locations. The standard for selling commercial property is higher than residential and requires more screening and review.

An internal committee consisting of a representative from the Community & Economic Development Department, the Planning Department, the Finance Department, and the City Manager shall be created as a reviewing committee for any property sale request. If any such department no longer exists, the City Manager shall appoint a committee as they determine necessary.

Interested parties shall provide the City a letter of interest outlining their intent for the use of the property, a proforma showing their capital planning for the use of the property, and two letters of reference regarding past business experience.

Should the review committee seek to recommend the request to the City Council, a purchase agreement shall be created to be reviewed by the City Council. A public hearing and notice shall be scheduled, and the City Council will review and approve or deny the purchase agreement.

The purchase price shall not be less than \$1,000 plus legal and closing costs. However, higher offers will be considered.

F. Unclaimed Land

Should vacant property remain unsold after one year, the City Manager should have the authority to negotiate interim use/lease agreements for parcels by residents for public gardens, public art, and other cultural uses. Residents seeking to use publicly owned property will be required to enter into an agreement with the City and have no less than a 90-day "out" clause for the sale or public use of the property.