

## Policy on Selling Structures on the Genesee County Land Bank Demolition List

Structures on the Genesee County Land Bank demolition list require a lot of work and money to bring them back up to code and in habitable condition. As a result the Land Bank has been hesitant to sell these structures. However, there are times when people would like to purchase these structures to put the work in and make them their new home or business, or purchase them to tear down themselves.

The cost of tearing down a structure is also high and comes with regulation and compliance which could be burdensome to an inexperienced person. The Land Bank has had situations where someone buys a structure and after getting into it determines there is too much work to be done and it will cost too much and then walks away from the property resulting in a foreclosure and the Land Bank getting the property back. There have also been situations where people didn't complete a demolition as required by ordinance and then the Land Bank gets the property back in an unsellable condition and has to spend money to complete the demo.

In some cases, the property already has a funding in line to complete the demo. If these properties are pulled from this funding source, depending on the source, there may not be an opportunity to substitute another property and may result in money being lost to the community.

As a way to avoid these risks the Land Bank has not sold properties in this condition in the past due to these reasons. There have been several people recently inquiring about purchasing structures on the demolition list and as a result the Land Bank felt it necessary to write a policy to outline the conditions under which they are comfortable selling structures in these conditions.

### **Purchase for Use**

For homes listed on a Land Bank demolition list, funded or unfunded, that people are interested in putting in the work and money to bring up to code may be sold if the following conditions are met:

- The applicant must attend a showing of the house with a Land Bank employee- a licensed contractor is required to attend the showing along with the applicant to get a good idea of the cost involved to bring the house up to code.
- Purchase will be made with cash- land contracts will not be offered on properties on the demolition list.
- The potential buyer will provide a budget and timeline for all repairs.
- The potential buyer will also provide proof of funds or financing for the repairs.
- At a minimum, the cost to purchase a residential property will be the greater of \$500 or the amount the Land Bank has invested into demolition of the property (i.e. utility shutoffs, surveys, etc.). The cost for a commercial property will be determined on a case by case basis.
- Once the Land Bank has invested \$300 or more into a property, a sale will require Board approval before the transfer can be complete. Please note: the Land Bank will not remove the project from the demolition list or cease working towards the completion demolition until the Board has approved the sale which may result in additional costs to be incurred.
- All rehabilitation work must be completed within one year from the date of sale and the owner must submit a copy of the Certificate of Occupancy or other approval document, signed by the local municipality to the Land Bank.
- Failure to complete the rehabilitation work and/or produce the required documents may impact the ability to purchase from the Land Bank in the future.

- Any known reports or surveys the Land Bank has on the property will be provided to the buyer at closing.

### **Purchase for Demo**

For houses listed on the Land Bank demolition list that people are interested in so that they can demo the property themselves may be sold if the following conditions are met:

- The purchase will be made with cash- a land contract will not be offered on properties on the demolition list.
- A cash or performance bond or other form of acceptable security will be provided by the buyer in the amount of \$15,000 for a residential property, to be held by the Land Bank. Once the Land Bank receives a sign off on the demolition from the local municipality the security will be released. The security amount for a commercial structure will be determined on a case by case basis.
- The potential buyer will provide a budget and timeline for the demolition.
- The potential buyer will also provide proof of funds or financing for the demolition.
- At a minimum, the cost to purchase a residential property will be the greater of \$500 or the amount the Land Bank has invested into the demolition of the property (i.e. utility shutoffs, surveys, etc.). The cost for a commercial property will be determined on a case by case basis.
- All basements and footings must be fully removed during the demolition.
- Demolition permits must be pulled before the demolition takes place.
- All local, state, and federal regulations must be complied with.
- The demolition must be completed within 90 days of the purchase of the property. Any additional time would require approval in advance and in writing from the Land Bank Executive Director.
- No work of any kind, including demolition work, can be started on the property until the property is deeded to the buyer.
- Once the Land Bank has invested \$300 or more into a property, a sale will require Board approval before the transfer can be complete. Please note: the Land Bank will not remove the project from the demolition list or cease working towards the completion demolition until the Board has approved the sale which may result in additional costs to be incurred.
- Failure to complete the demolition to all local, state, and federal codes and regulations may impact the ability to purchase from the Land Bank in the future.
- Any known reports or surveys the Land Bank has on the property will be provided to the buyer at closing.

This policy shall be effective for any application received after February 1, 2018.

Approved at January 24, 2018 Board Meeting