

Neighborhood Renewal Program
Policies and Procedures

City of Mobile
Neighborhood Renewal Program Policies and Procedures

Table of Contents

- I. Mission Statement
 - A. The New Plan for Old Mobile
 - B. Goals and Expectations
- II. Eligible Properties
 - A. Property Inventory
- III. Eligible Developers
- IV. Private-Public Partnerships
 - A. Option and Development Agreement and Purchase Agreement
 - B. Policies and Requirements to be Incorporated into All Agreements
- V. Determining Purchase Price
 - A. Neighborhood Renewal Program Operating Costs
- VI. Acquisition Procedures
 - A. Application Process
 - B. Purchase and Closing
- VII. Side Lot Disposition Policies and Procedures
 - A. Eligible Properties
 - B. Eligible Developers
 - C. Purchase Price
 - D. Additional Requirements
 - E. Side Lot Disposition Procedures
- VIII. Appendix
 - A. Sample RFP
 - B. Sample NRP Application
 - C. Sample Option and Development Agreement
 - D. Sample Purchase Agreement
 - E. Sample Deed

Mission Statement of the Neighborhood Renewal Program (“NRP”)

Within the City of Mobile, there are hundreds of parcels of vacant and improved properties that have become unsafe or constitute a public nuisance. Much of this property is vacant or in such a state of disrepair as to constitute a blight on the surrounding neighborhood and a threat to public health, safety and welfare. Many of these properties are tax-delinquent and have been abandoned by the owner of record because the amount due in back taxes exceeds the value of the property.

This economic reality is compounded by title problems. Typically, such properties do not have clear ownership, in addition to the cloud on the title caused by the outstanding tax lien. Given the physical condition of the properties, the title problems, and the outstanding liens, it is often economically impossible for a private citizen or entity to purchase and rehabilitate the property. Thus, the blighted properties impede economic and residential development and revitalization of distressed neighborhoods.

The City of Mobile was successful in passing legislation, Ala. Code § 11-70-1, which may address the title problems encountered with redeveloping tax-delinquent and abandoned properties. Employing Ala. Code § 11-70-1, the NRP will file an Expedited Quiet Title and Foreclosure Action (hereafter “Quiet Title Action”) against abandoned, tax delinquent properties. A successful Quiet Title Action will result in the City’s ability to convey marketable title, free and clear of any outstanding liens, to a new owner who will redevelop the properties.

The NRP will:

- Create redevelopment opportunities by expeditiously returning abandoned and tax-delinquent properties to use and to the property tax rolls;
- Abate urban blight by reducing the number of vacant and abandoned properties;
- Revitalize neighborhoods by creating new housing opportunities and conserving existing housing stock;
- Protect and stabilize property values in Mobile’s traditional neighborhoods.

The New Plan for Old Mobile

The New Plan for Old Mobile recommends strategic reinvestment in Mobile’s traditional neighborhoods in order to enhance the quality of life of the existing residents and to attract new residents. These neighborhoods, platted and settled from the 1870s – 1950s, include, but are not limited to, Oakdale, Maysville, Texas Hill, the Campground, Trinity Gardens, and the Bottom. These neighborhoods offer a sense of place and community unique to Mobile; however, as the City has expanded westward, they have experienced disinvestment, population loss and blight.

The NRP, by making property available for redevelopment, is the first step in rejuvenating the targeted neighborhoods as recommended by the New Plan. The NRP is a public initiative which, through partnerships with the private sector, will facilitate the reintroduction of capital into these neighborhoods.

Expectations and Future Projects

The City of Mobile expects the following projects will be realized from the transfer of abandoned properties to new owners and developers:

- 1) residential redevelopment, both affordable housing and market rate;
- 2) commercial or industrial redevelopment projects;
- 3) side lot acquisitions;
- 4) community improvement projects, such as planned green space or community gardens.

Eligible Properties

The City of Mobile may pursue a Quiet Title Action against any tax-delinquent real property, provided the property:

- 1) has been abandoned;
- 2) tax-delinquent for three years or more;
- 3) a tax deed can be obtained from the State Land Commissioner; and
- 4) the subsequent transfer of the property does not conflict with any future governmental uses for the property.

The City may also acquire properties which are not tax-delinquent through the Federal Community Development Block Grant program, or other funding sources and through its Housing Board.

When determining which eligible properties to pursue, the City will consider the following factors:

- the current status of the property and whether it is blighted, the subject of an existing nuisance citation and/or meets the criteria for demolition of improvements;
- the proposed use of the property and whether the project supports strategic neighborhood revitalization plans as detailed in the New Plan;
- the value of the property and whether the Property will generate operating resources for the functions of the NRP; and/or,
- whether the property would form part of a land assemblage development plan or can be bundled with other qualifying properties in order to make a greater impact.

Property Inventory

The City of Mobile will maintain an inventory of eligible NRP Properties on its website. In addition to the website, Properties will be posted with signs stating that they are “NRP Eligible.” In some instances, Properties may be posted with a sign seeking proposals for redevelopment of the Property.

Eligible Developers

An applicant for an NRP property may be an individual, non-profit corporation, for-profit corporation, or other suitable entity.

All applicants for NRP properties will be called “Developers.”

Potential Developers for any qualifying, tax-delinquent parcels must meet the following threshold requirements in order to obtain an eligible Property:

- The Developer may not own any real property within the City of Mobile, Mobile County or the State of Alabama that is tax delinquent.
- The Developer must not have been the prior owner of any real property in the City of Mobile that was transferred to the State Land Commissioner as a result of tax delinquency.
- The Developer may not own any real property within the City of Mobile that has any unresolved citation or violation of any local codes and/or ordinances.

Private – Public Partnership Agreements

The City intends to work with any potential Developers who wish to acquire and improve abandoned, tax-delinquent property. The City intends to pursue properties in concert with potential Developer through both an *Option and Development Agreement* and a *Purchase Agreement* with the City.

Option and Development Agreement and Purchase Agreement

Under the terms of these agreements, the Developer must agree to 1) purchase the Property for the agreed upon purchase price; 2) assume immediate ownership of the Property following the conclusion of the Quiet Title Action; and, 3) to demolish, rehabilitate and/or develop the Property within a certain time period upon receipt of the Property.

In exchange, the City will proceed with and bear the costs to Quiet Title to the Property. This Quiet Title Action will erase all outstanding liens (including tax and municipal liens) against the Property and foreclose on any prior owner's ability to redeem the Property. At the conclusion of the Quiet Title Action, the Developer will receive unencumbered title to the Property.

The Developer's failure to comply with the terms of the Agreements may result in the Property returning to the City of Mobile.

Sample agreements are available on the City of Mobile NRP website.

Policies and Requirements to be Incorporated into All Agreements

The following policies and requirements will be incorporated into all *Option and Development Agreements* and *Purchase Agreements*. Please note, the statements below present the general policies and requirements of the NRP program, whereas an Agreement between a Developer and the City will tailor the policies and requirements to that project.

1) **Public Purpose Requirement**

In order for the City to convey property to a Developer, the future use of the property must promote a public purpose or bestow a benefit on the community. All proposals for and the subsequent transfer of tax-delinquent property must stipulate that the development or redevelopment of the property conforms to one of the following public purposes:

- Blight remediation;
- Creation of affordable housing;
- Creation of employment opportunities;
- Neighborhood stabilization and revitalization;
- Historic preservation;
- Increase the tax rolls;
- Community improvement or beautification.

2) **Future Use**

A narrative description of the future use of the property is required. The proposed use must be consistent with current zoning requirements, or a waiver for non-conforming use is a condition precedent to the transfer. Additionally, the use must comply with the New Plan for Mobile. Potential Developers must give consideration to the Community/Neighborhood Association and receive a letter of comment from the appropriate neighborhood group.

3) **Code Enforcement**

If a building code or ordinance violation exists with respect to the Property at the time of the transfer, the elimination or correction of such violations must occur within 45 days upon receipt of the Property. Failure to remedy said violations within 60 days may result in the Property reverting to the NRP or further enforcement actions by the City.

4) **Deadlines for Substantial Completion**

- a. For Demolition Only:
 - i. The demolition of blighted structures and debris removal must be completed within 45 days upon receipt of the property.
- b. Redevelopment Projects:
 - i. All new residential development projects must be started and substantially complete within a 30-month time period, unless otherwise negotiated with the NRP Administrator.
 - ii. Commercial redevelopment projects will started and completed within a time frame negotiated with the NRP Administrator.
- c. Rehabilitation:
 - i. The rehabilitation of residential structures on improved Property must substantially comply with the City of Mobile Building Code within 24 months following the conveyance of the property.

5) **Historic Neighborhoods**

Projects involving the rehabilitation of historic properties and/or the redevelopment of vacant parcels located in National Register Historic Districts or neighborhoods potentially eligible for the National Register of Historic Places may be subject to review and approval by the City of Mobile Architectural Review Board.

6) **Taxes and Liens**

The Developer must agree to pay future property taxes from time of conveyance. The Developer will not be required to pay any back taxes or outstanding liens.

7) **Deed Restrictions and Property Forfeiture**

Transactions shall be structured in a manner that permits the NRP to enforce recorded covenants or conditions upon title in order to encourage development within a specified period of time. Adequate completion shall be a condition to the release of deed

restrictions or lien securing such performance. Failure to complete a project within the agreed-upon deadline may result in the property returning to the City of Mobile.

Purchase Price

Property shall be conveyed to the Developer for an amount not less than either the Fair Market Value or the Property Costs incurred by the City to affect the transfer.

Property Costs shall mean the aggregate costs and expenses, attributable to the specific Property, incurred by the City of Mobile during the Property's acquisition and transfer. As such, Property Costs shall include any prorated staff salaries, legal expenses, maintenance, repair, demolition, marketing and indirect costs of the operations of the City allocable to the property.

The *Fair Market Value* of the Property shall be determined by either a market analysis of comparable, adjacent properties, information from the tax assessor, or an appraisal from an independent, licensed appraiser.

The City will require an administrative fee once the *Option and Development Agreement* has been signed. The amount of such fee to be determined on a case-by-case basis. At closing, this fee will be treated as a deposit and the remainder of the purchase price will be due and payable. Failure to close on the Property may result in forfeiture of the administrative fee.

- The purchase price shall be determined by the City of Mobile in its sole discretion. In some instances, the amount due may be above the Fair Market Value, between the Fair Market Value and the Property Costs, or less than the Property Costs.
- In most instances, Commercial Property shall be conveyed for an amount not less than the Fair Market Value of the Property.
- Non-profit entities acquiring property for the development, operation or maintenance of affordable housing or community improvements may do so at a price equal to the Property Costs. In the event, there are competing Non-profit entities interested in the same Property; the price may be established by the highest bidder.
- In the event the Property is (or could potentially be) the subject of nuisance proceedings under City of Mobile Code of Ordinances Article V, Sec. 11-81-91, the City may transfer the Property for Property Costs in order to facilitate blight removal.
- If there are competing parties interested in acquiring the Property, the Property will be transferred to the highest and most responsive bidder pursuant to a Request for Proposals for the redevelopment of the Property at issue.
- In determining the amount of and method of payment, the City of Mobile may consider the benefit inured to the City by the development of affordable housing and/or community improvement projects.
- The purchase price may take the form of cash, deferred financing, performance of contractual obligations, imposition of restrictive covenants, and/or other obligations and responsibilities of the Developer, or any combination thereof.

NRP Operating Costs

All funds received by the NRP will be held in an account ear-marked to cover the costs of future operations and NRP administration. Funds may also be used to fund community development efforts in the identified neighborhoods.

Acquisition Procedures

The City of Mobile intends to use a three-fold approach to market eligible NRP properties.

1) Request for Proposals (RFPs)

The City of Mobile will publish a Request for Proposals for tax-delinquent, abandoned property which is eligible for the NRP in strategic, identified neighborhoods. The City is particularly focused on areas where multiple parcels may be assembled and transferred for commercial, industrial or residential redevelopment

The RFP will seek qualified Developers to bid on and rehabilitate or redevelop qualifying properties. The City will publish the RFP via its website and in a local newspaper. Additionally, the City will post the property identified in the RFP; the notice will advertise the upcoming RFP.

The RFP will specify the requirements necessary to submit a timely and responsive bid. Developers are required to submit complete and adequate response to the RFP in order to be considered.

Property will be awarded to the highest and most responsive bidder.

2) NRP Website

All parcels that do not receive an agreeable bid pursuant to an RFP will be placed on the City of Mobile NRP website. Once on the NRP website, all parcels are open for negotiation. Developers may propose a project for a property on the NRP website by submitting a NRP Application to the City.

3) Public Signs

Signs will be posted on abandoned, tax delinquent parcels that are also being cited for nuisance. These signs will advertise the property as "NRP Eligible." These parcels will also be advertised on the City of Mobile NRP website. Developers may propose a project for a property on the NRP website by submitting a NRP Application to the City.

Application Process

Developers who wish to access property must either respond to the Request for Proposal prior to the bid deadline or submit an Application for a property. Application forms are available at the City of Mobile NRP website.

A complete NRP application will include the following:

- 1) project description;
- 2) rehabilitation specifications and/or new construction plans;
- 3) time line for substantial completion;
- 4) development budget;

- 5) proof of project financing (must include financial disclosure for the Developer and/or any partners);
- 6) marketing plan;
- 7) evidence of compliance with all applicable NRP policies.

In the application, the Developer must be able to demonstrate the financial capacity to pay the purchase cost, future tax assessments, costs associated with the removal of any outstanding enforcement actions, and the ability to undertake the proposed development.

Purchase and Closing

Once the City chooses a Developer pursuant to the RFP process or accepts Developer's NRP Application, the Developer must be ready and willing to enter into an ***Option and Development Agreement***. The ***Option and Development Agreement*** will specify the following: 1) the Developer's future plans for the Property; 2) the Purchase Price (including down payment); and 3) a deadline for substantial completion of the project.

The City of Mobile will file the Quiet Title Action once the ***Option and Development Agreement*** has been executed. The City of Mobile reserves the right on a case-by-case basis, where justified by public need and welfare, to quiet title to parcels prior to execution of such agreements.

The Quiet Title Action may take two to four months. Upon the receipt of an Order of Judgment in the Quiet Title Action, the City will expect the Developer to sign an immediate ***Purchase Agreement*** for the Property and close on the Property.

The Developer shall assume immediate possession of the Property.

Side Lot Disposition Policies and Procedures

Property may be conveyed to adjacent and contiguous property owners in accordance with the following policies. However, the transfer of any property in the Side Lot Disposition Program is subject to override by higher priorities as established by the NRP.

Eligible Properties

Parcels of property eligible for inclusion in the Side Lot Disposition Program shall meet the following minimum criteria:

- The property shall be vacant unimproved real property or improved and blighted property.
- The property shall be physically contiguous to adjacent property owner with not less than a 50% common boundary line.
- The property shall consist of no more than one lot capable of development.
- Initial priority shall be given to the disposition of properties of insufficient size to permit independent development.
- No more than one lot may be transferred per contiguous lot.

Eligible Developers

- All Developers must own contiguous property.
- Priority is given to Developers who personally occupy the contiguous property.
- The Developer must not own any real property currently in violation of a city building code or ordinance.
- The Developer must not own any real property that is tax delinquent.

Purchase Price

Property not capable of development according to the City of Mobile Zoning Code may be conveyed for nominal consideration.

Property capable of independent development shall be conveyed for consideration in an amount not less than the Property Costs incurred by the City of Mobile.

In the event that two adjacent property owners are interested in the same Property, the purchase price shall equal the highest bid; or, the City may consider dividing the parcel between the competing property owners and charging each a prorated share of the Fair Market Value.

Additional Requirements

As a condition of receipt of a side lot, the Developer must agree, under the terms of the Purchase Agreement, to consolidate the Property with the Developer's primary parcel to create one legal lot of record.

Side Lot Disposition Procedures

The prospective Developer must submit a NRP Application to the NRP Administrator including:

- a narrative description of the intended use of the Property;
- a site plan detailing any improvements, including location of fence, driveways or walks;
- picture identification;
- proof of funds necessary to purchase property;
- evidence of compliance with all NRP Side Lot Disposition Policies.

Within 45-days of receiving a complete request packet, the NRP Administrator will send a notice of intent to either 1) proceed with the Expedited Quiet Title Action against the Property or 2) state a reason for the inability to proceed.

Community Gardens

The City of Mobile will consider proposals by community organizations comprised of residents of the neighborhood in which a community garden will be located. In determining the terms and conditions of use of a parcel of land for this purpose, the City will consider the management plan offered, the viability of the community organization, the plan for maintaining the garden in clean and aesthetically pleasing manner so as not to detract from surrounding property values, and the proposed availability of the community garden to all residents of the community.

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