

City of Muskegon

Policy for the Use & Sale of City-Owned Residential Property

Objective

The City of Muskegon owns a significant number of vacant lots throughout the city. These lots cost money to maintain and do not generate taxes, but they do offer opportunities for infill housing development and public use. Selling vacant lots for residential development will create much needed housing options, expand the residential tax base, and alleviate the City of maintenance costs. Citizen-lead initiatives like urban farms, community gardens and the Adopt-A-Lot Program (part of the Neighborhood Empowerment Grant) are all resources the City can utilize to defer maintenance costs and reduce blight, while the lots are being marketed for sale. There are also instances in which the City may wish to hold on to a vacant lot, or acquire additional land, to combine with an existing property. Vacant lots can also be valuable to complete existing/planned projects, or to offer easements to essential/recreation services. In order to utilize City-owned vacant lots to their fullest potential, the City has developed this policy for their use and sale to private ownership.

Lot Types

Buildable Lots – Buildable lots are defined as lots suitable in size and configuration, under Zoning Ordinance regulations for the construction of housing units. Some City-owned lots are much larger than needed to construct various housing types. As a condition of sale, the buyer must commence construction¹ within 18 months of the date of purchase of the property, or it will revert back to the City's ownership - free and clear of any claim of the buyer. Some exceptions to this time period will be made, at the City's discretion, for the purchase of multiple lots by a single buyer.

Non-Buildable Lots – Non-buildable lots are defined as lots that are insufficient in size or configuration, for new construction, under Zoning Ordinance regulations. These lots may only be sold to adjacent property owners, neighborhood associations, or valid non-profit agencies to expand, improve, or beautify the property. In the event that multiple adjacent owners seek to purchase a property, the City shall divide the property in the most equitable manner.

*Lot Splits and Combinations - Where applicable, staff will split or combine lots to create the best potential for future development. Staff may also recommend that only a portion of a buildable lot be sold, if it is in the best interest for future development, and if the remaining portion is also a buildable lot.

¹ "Commence Construction" means that a buyer has furnished labor and materials to the parcel of the project property, and has begun the installation of the approved new construction, as defined in the purchase and development agreement.

Lot Use

The following is a list of potential uses for City-owned vacant lots.

Buildable Lots and Large Blocks of Land (listed in order of highest priority)

Permanent Use Options:

- New Housing Development – All buildable lots will be marketed for sale for residential development. If multiple parties are interested, preference will be given to projects with higher density and, where applicable, staff reserves the right to split or combine lots to create the best potential for future development.

Temporary Use Options:

- Community Garden – Groups that agree to maintain the lot may use it for gardening. Please see Section 2313 of the Zoning Ordinance for guidelines on community gardens. Lots will remain for sale by the City, however, lots will not transfer ownership during the growing season.
- Adopt-A-Lot – Neighborhood Associations may adopt lots as part of the Neighborhood Empowerment Program. Please see the Neighborhood Empowerment Program guidelines document. Lots will remain for sale by the City, and sales for infill housing will supersede Adopt-A-Lot designation.

Non-Buildable Lots (listed in order of highest priority)

Permanent Use Options:

- Yard Addition – Non-buildable lots should be sold to an adjacent property owner whenever possible. Additional yard space may also be used for anything allowed by the zoning ordinance; such as house/garage/shed/pool additions, etc.
- Public Space – The use of the lot for a park or other type of community gathering place. Most lots may not be appropriate for public spaces, such as those located in close proximity to existing public parks or neighboring houses.

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Lot Sales

Buildable Lot Sales

Pricing – Lot pricing is dependent on the final housing product. The policy incentivizes the production of multiple housing units. All lot purchase prices will be 80% reimbursed, if the housing unit completes construction ², within the specified time-frame outlined in the purchase and development agreement for the lot.

- Lot for a Single-Family House – 75% of True Cash Value.
- Lot for a Single-Family House plus an Accessory Dwelling Unit – 50% of True Cash Value.
- Lots for Duplex or Small Multiplex development (where permitted by zoning) – 50% of True Cash Value per lot.

Development Incentives – In addition to discounted lot pricing and purchase price reimbursement, additional incentives include:

- Water/Sewer Connection Discount – All housing types will receive a 100% reduction in water/sewer connection fees, so long as the City of Muskegon is the beneficiary of an infill housing Brownfield Plan Amendment on said lot, or developer completes 3 or more housing units of any type. City staff will inform a developer before closing, in the event a lot may be subject to water/sewer connection fees.
- Neighborhood Enterprise Zone (NEZ) Certificate – For those properties already located in a NEZ District, NEZ certificates are available by applying through the City of Muskegon Economic Development Department. Approval of NEZ certificates is subject to vote by the City Commission.

How to Purchase -- All buildable lots sales must be approved by the City Commission. The Planning Department may approve the sale of non-buildable lots. Properties will be sold to qualifying parties on a first come, first serve basis. All parties must be current on local taxes.

Lot Deposit Policy – There will be a \$400 deposit collected for the purchase of 1 buildable lot. A deposit of \$1000 will be collected for 5 or more buildable lots, purchased at the same time. The deposit is non-refundable, unless there is a reason that the City cannot sell the lot (i.e., no water/sewer hookup or the City Commission denies the sale). Otherwise, the deposit will be applied to the purchase price at the closing.

The deposit is non-refundable if the individual/company changes their mind about the purchase.

The deposit is paid prior to taking the sale for approval to the City Commission.

Non-Buildable Lot Sales

Lot Price – \$1

² “Complete Construction” means the issuance of an occupancy permit by the City for the project property.

Lot Sale Terms

Applicability/Appeal Process

All sales must be approved by the City Commission. Initial offers will be reviewed by the Development Services Department. If agreeable, the Development Services Department will present the offer to the City Commission. If the offer is not agreeable and the Development Services Department chooses not to present the offer to the City Commission, the offer may be reviewed by the City Manager's Office. The City Manager's Office may or may not choose to present the offer to the City Commission. In the event of denial of sale, the City may consider other proposals from developers. Any denial of a sale can be appealed to the City Commission.

Closing Costs

All closing costs will be split between the buyer and the seller.

Deeds

All sales will be handled as quit claim deeds.

Design

Development of multiple lots purchased by a single buyer will require variation in the design style, all to be approved by City Staff.

Environmental

Properties will be sold as is. Any environmental analysis is the sole responsibility of the buyer.

Financing

Financing the acquisition of City-owned property and subsequent construction (if applicable) is the sole responsibility of the buyer. Failure to provide proof of adequate financing may be used as a basis for denial of a sale.

Property Survey

All costs and activities associated with a survey are the sole responsibility of the buyer.

Title Evidence/Insurance

Quieting title of tax reverted properties sold and properties split for minimal amounts such as non-buildable lots, shall be the responsibility of the buyer. City staff may choose to quiet title on certain lots deemed necessary for development plans.

Document edit notes

Action	Person	Date	Change
New	S. Pulos	10/2/25	Policy Amendment (Commission Approved 10/14/25)