

# 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 construction<sup>1</sup> 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 purchase of multiples 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 organizations, 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.

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<sup>1</sup> "Commence Construction" means that a buyer has been issued a residential building permit by the City of Muskegon and also (in the sole opinion of the City of Muskegon's Building Official) that at least seventy-five percent (75%) of the dwelling has been completed.

## Lot Use

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

### Buildable Lots and Large Blocks of Land

Permanent Use Options (listed in order of highest priority):

- 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.
- 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.

Temporary Use Options (listed in order of highest priority):

- 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 document.

### Non-Buildable Lots

Permanent Use Options (listed in order of highest priority):

- Yard Addition – Non-buildable lots should be sold to an adjacent property owner who may take advantage of the landscaping grant (see below). Additional yard space may also be used for anything allowed by the zoning ordinance; such as house/garage/shed/pool additions, etc.
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## Lot Sales

### Buildable Lot Sales

Lot Price – 75% of the True Cash Value. Sale price reimbursements are available for the following:

- Duplex or Small Multiplex Development (where permitted by zoning) – 100% price reimbursement
- Single-Family House that meets the following design standards<sup>2</sup>:
  - Open front porch of at least 60 sf – 20% price reimbursement
  - Picture or bay window - 20% price reimbursement
  - Alley-loaded parcel – 20% price reimbursement
  - Shutters or other acceptable window treatments – 20% price reimbursement
  - Underground sprinkling – 20% price reimbursement

Development Incentives – In addition to price reimbursements, additional incentives include:

- Neighborhood Enterprise Zone (NEZ) Certificate – For those properties already located in a NEZ District, NEZ certificates will be offered using the following scale:
  - Single-family house: 3 years
  - Single-family house that incorporates three of the five above listed Design Standards: 6 years
  - Duplex: 12 years (owner-occupied unit only)
  - Small Multiplex: 15 years (owner-occupied unit only)
- Water/Sewer Connection Discount – Discounted water/sewer connection fees will be given for the following housing developments:
  - Duplex – 50% reduction
  - Small Multiplex – 100% reduction
  - Three or more single-family houses (all built within 18 months) – 100% reduction

How to Purchase – The Planning Department may approve the sale of non-buildable lots. All buildable lots sales must be approved by the City Commission. 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.

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<sup>2</sup> Price reimbursements will be awarded to approved projects after verification of project completion.

## Non-Buildable Lot Sales

Lot Price – \$1

Landscaping Incentive – Non-buildable lots that are used for beautification or creation of natural habitat may be eligible for a landscaping grant.

- Landscaping Grant – This grant is intended to assist in the beautification of neighborhoods by transforming underutilized land into attractive landscapes and/or natural habitats. Natural landscaping projects with a mixture of native species as well as animal/pollinator habitat improvements are eligible for support. For every \$1,500 an applicant spends on landscaping, they will be reimbursed \$250 (up to \$1,000). Applicants must submit a landscaping plan with estimates to the Planning Department. Approved applicants will complete the project as described in the application and submit receipts to the Planning Department in order to receive the grant funds.
  - Grant Requirements – Decorative/natural landscaping projects must include the following elements:
    - A mixture of at least three different decorative plant species.
    - Decorative ground substrate such as woodchips or landscaping rocks.
    - Landscaping area must be at least 100 square feet total and be located within 20 feet of the front property line.
    - Landscaping must be a focal point and not solely used as a buffer between properties.
    - Landscaping may not interfere with zoning ordinance requirements for clear vision at intersections, alleys, and driveways.
    - Watering/maintenance plan and/or drainage pipes where rain gardens are created.

How to Purchase: The Planning Department may approve the sale of non-buildable lots to adjacent property owners, neighborhood organizations and non-profit agencies. Properties will be sold to qualifying parties on a first come, first serve basis. All parties must be current on local taxes. Once payment is received (lot price plus cost of deed registration) the City will register the deed with the Muskegon County Register of Deeds.

## Lot Sale Terms

### Appeal Procedure

Any denial of a sale can be appealed to the City Commission.

### Applicability

Pursuant to the above, the City will periodically implement neighborhood marketing strategies. Elements of this policy may be superseded by a marketing strategy, if said strategy is approved by the City Commission as an exception to this policy, and only while said strategy is being utilized to market properties identified by the strategy.

### 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.