

RESOLUTION \_\_\_\_ of 2022

**RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF KINGSTON, NEW YORK ADOPTING A POLICY FOR DISPOSITION OF SURPLUS CITY-OWNED PROPERTY ACQUIRED THROUGH THE TAX FORECLOSURE PROCESS**

Sponsored by: Finance & Audit Committee Aldermen: Scott-Childress, Olivieri, Davis, Hirsch, Schabot

**WHEREAS**, Section 1166 of the Real Property Tax Law authorizes the City of Kingston to sell and convey “real property acquired through foreclosure proceedings either with or without advertising for bids, notwithstanding the provisions of any general, special or local law,” subject to approval by a majority of the Common Council; and

**WHEREAS**, land banks are not-for-profit corporations created to serve the public interest by taking control of and redeveloping vacant or abandoned properties; and

**WHEREAS**, pursuant to the New York State Land Bank Act, the City of Kingston may convey real property to a land bank upon such terms and conditions that the City deems appropriate; and

**WHEREAS**, the Empire State Development Board approved the Kingston City Land Bank on March 29, 2018, to serve the public interest as a not-for-profit corporation that takes control of and redevelops vacant and abandoned properties; and

**WHEREAS**, Strategy 2.3.1 of the Kingston 2025 Comprehensive Plan states that the City of Kingston should “promote homeownership by low-and-moderate-income households;” and

**WHEREAS**, the Common Council finds that the annexed disposition policy, which prioritizes transferring surplus City-owned property to the Kingston City Land Bank, will advance revitalization goals set forth in the Kingston 2025 Comprehensive Plan, accelerate the citywide production of housing at all income levels, and stimulate economic growth:

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF KINGSTON, NEW YORK, AS FOLLOWS:**

**SECTION 1.** That the City of Kingston shall follow the annexed disposition plan for transferring ownership of surplus City-owned properties acquired through the “in rem,” delinquent tax lien foreclosure process.

**SECTION 2.** That the Mayor is hereby authorized to sign any and all documents, including quitclaim deeds, conveying the City of Kingston’s interest in surplus property in accordance with the annexed disposition policy.

**SECTION 4:** That the properties identified in Resolution 245 of 2021 are subject to Section B of the disposition policy's General Provisions but shall be exempt from all other terms annexed hereto.

**SECTION 5.** That this resolution shall take effect immediately.

Submitted to the Mayor this \_\_\_\_\_ day

Approved by the Mayor this \_\_\_\_\_ day

of \_\_\_\_\_ 2022

of \_\_\_\_\_ 2022

Elisa Tinti, City Clerk

Steven T. Noble, Mayor

Adopted by Council on \_\_\_\_\_, 2022

## **Disposition Plan Provisions**

The City will henceforth dispose of all properties it acquires through the “in rem” tax lien foreclosure process in the following preferential order, subject to the stated conditions:

***I. For all properties, irrespective of the amount of delinquent taxes and fees due:***

The City may, in its discretion, retain and/or alternately dispose of the property for any reason. Within 60 days of the City’s acquisition of a property through the “in rem” delinquent tax lien foreclosure process, the Mayor of Kingston shall determine whether such property should be retained.

***II. For one- or two-unit residential properties with less than \$30,000 in any and all delinquent taxes and fees associated with the parcel preceding, during and post foreclosure:***

The City will offer such properties to the Kingston City Land Bank.

A. The Kingston City Land Bank shall have a 90-day option to purchase such properties for \$1.00. This 90-day offer period begins to run when the City communicates an offer notice to the Kingston City Land Bank. This offer letter will include the total of all delinquent taxes and fees associated with the parcel preceding, during, and post foreclosure. The City has discretion to extend this offer period to facilitate the Kingston City Land Bank’s property inspection and due diligence procedures. The Kingston City Land Bank shall communicate its acceptance or rejection of properties via resolution of the Kingston City Land Bank Board of Directors.

B. The Kingston City Land Bank is required to take title to a property within 90-days of Common Council Resolution approving the conveyance of the property. If the Kingston City Land Bank fails to take title to a property within this 90-day period, the City will follow the provisions of Section IV for that property.

C. The Kingston City Land Bank shall remit an additional payment to the City within 30 days of the sale of each property received in accordance with this disposition policy. The payment due to the City for each residential property will reflect the Area Median Income (AMI) level, adjusted for household size, of the end-user-household as follows:

- Properties in Tier 1 (purchased by end-user households below 80% AMI): the lesser of \$7,000 or the full amount of back taxes and fees owed at the time of foreclosure;
- Properties in Tier 2: (purchased by end-user households between 80–100% AMI): the lesser of \$13,000 or the full amount of back taxes and fees owed at the time of foreclosure;
- Properties in Tier 3 (purchased by end-user households between 100–130% AMI): the lesser of \$18,000 or the full amount of back taxes and fees owed at the time of foreclosure;
- Properties in Tier 4 (purchased by end-user households above 130% AMI): The full amount of back taxes and fees owed at the time of foreclosure, plus 10% of the net sales revenue. Net sales is defined as the total sales price minus closing costs.

D. The Kingston City Land Bank will assume responsibility for the above-listed payment obligations when it sells properties directly to end-user households and when it conveys properties

received in accordance with this disposition policy to for-profit and not-for-profit corporations, which then sell property to end-user households.

- E. The City may dispose of any property that the Kingston City Land Bank declines to purchase during the 90-day option period in accordance with Section IV below.

**III. *For vacant land with less than \$30,000 in any and all delinquent taxes and fees associated with the parcel preceding, during and post foreclosure :***

The City will convey such land to the Kingston City Land Bank.

A. The Kingston City Land Bank shall have a 90-day option to purchase such land for \$1.00. This 90-day offer period begins to run when the City communicates an offer notice to the Kingston City Land Bank. This offer letter will include the total of all delinquent taxes and fees associated with the parcel preceding, during, and post foreclosure. The Kingston City Land Bank shall communicate its acceptance or rejection of properties via resolution of the Kingston City Land Bank Board of Directors. The City has discretion to extend this offer period to facilitate the Kingston City Land Bank's property inspection and due diligence procedures.

B. The Kingston City Land Bank is required to take title to a property within 90-days of Common Council Resolution approving the conveyance of the property. If the Kingston City Land Bank fails to take title to a property within this 90-day period, the City will follow the provisions of Section IV for that property.

C. The Kingston City Land Bank shall remit an additional payment to the City within 30 days of the sale of each transferred property. The payment due to the City for each property will be calculated as follows:

- If the Kingston City Land Bank sells the property for a purchase price that exceeds ***any and all delinquent taxes and fees associated with the parcel preceding, during and post foreclosure***, the Kingston City Land Bank will pay the City the full amount of back taxes owed at time of foreclosure.
- If the Kingston City Land Bank sells the property for less than the back taxes and fees owed to the City at foreclosure, the Kingston City Land Bank will pay the City of Kingston 25% of the net sales revenue. Net sales is defined as the total sales price minus closing costs.

**IV. *For all other "in-rem" tax foreclosed commercial and residential properties, including those with one- or two-unit residential buildings for which \$30,000 or more in outstanding billed taxes and fees associated with the parcel preceding, during, and post foreclosure are due, as well as all properties not accepted by the Kingston City Land Bank during its option period, the following disposition options apply:***

A. The City of Kingston shall develop a public Request for Proposals (RFP) drafted to advance housing goals identified in the City's Comprehensive Plan and the revitalization objectives set forth in General Municipal Law §§ 505 and 907. The City of Kingston shall issue this RFP in accordance with its established procurement rules.

B. If the City fails to receive qualified responses to the RFP or if the City rejects the proposals received or if the Common Council fails to approve the conveyance of any property to an RFP Respondent, the City shall hold a public auction and sell the property to the highest bidder.

### **General Provisions**

A. The Kingston City Land Bank shall not convey any property acquired from the City of Kingston back to the property's immediate former owner(s) for less consideration than the amount of any and all delinquent taxes and fees associated with the parcel preceding, during and post foreclosure

B. City employees and members of the City of Kingston Common Council who are involved with the negotiation or preparation of the sale and closing process of properties title to which has been acquired by the City through the "In Rem" delinquent tax lien foreclosure process, have access to knowledge or information about a parcel conveyed by the City to the Land Bank or about the present or proposed use of nearby parcels through his or her City position, which knowledge or information is not accessible to the general public, or who have the authority to appoint employees who have any of the foregoing powers or access to the foregoing information, are specifically precluded from purchasing properties conveyed to the Land Bank by the City during and for two (2) years after the termination of their City employment or term of office.

C. The Kingston City Land Bank will provide the Corporation Counsel and Comptroller of the City of Kingston with a quarterly report on the properties subject to this Disposition Plan that were acquired and/or sold by the Kingston City Land Bank in the preceding quarter and must include information sufficient for the City of Kingston to ensure compliance with these provisions. Notwithstanding any other provision herein, the City of Kingston may decline to offer property to the Kingston City Land Bank if the Land Bank fails to provide quarterly reports or if those reports indicate noncompliance with either these Disposition Plan's provisions or the City's Comprehensive Plan.