

City of Blaine
Request for Council Action
Meeting Date: June 22, 2020

Subject: Central Business District Property Sale Incentive Policy

Department: City Manager

Prepared By: _____
(Digital Signature)

Agenda Location: Consent Agenda Council Action Unfinished Business

Attachments:

1. Central Business District Property Sale Incentive Policy
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Background/Summary:

The City is in possession of surplus property in the Central Business District. This property is located in desirable areas for future development.

The purpose of this policy is to facilitate the sale and development of the City owned property in the City downtown area consistent with the City's Comprehensive Plan and Strategic Economic Initiative to encourage re-development of the City downtown, to generate revenue from the proceeds of the sale, to reduce the City's obligations of continued ownership of this property, and to recruit development within the City's Downtown area.

The City may evaluate each sale and prospective buyer/business on an individual basis in accordance with the parameters and performance standards set forth in the policy. This is a permissive policy and is not intended to restrict or limit the City's ability to sell the City property at fair-market value without adjustment or to obligate the City to include performance incentives in any agreement

Budget Implications: Current Budget New Budget Request Non-Budgetary

While there are no budget implications with implementing this policy, the impact of this policy may result in future revenue to the City through the sale of properties, new property tax revenue, and possible sales tax revenue generation through potential retail or food establishments.

Recommendation:

Staff recommends City Council authorize the City Manager to implement the Central Business District Property Sale Incentive Policy.

Reviewed By:

City Manager _____ Finance Director _____ City Clerk _____
(Digital Signature) (Digital Signature) (Digital Signature)

THE CITY OF BLAINE

CENTRAL BUSINESS DISTRICT PROPERTY SALE INCENTIVE POLICY

Adopted June ___ 2020

1.0 POLICY OVERVIEW

1.1 It is the policy of the City of Blaine (the "City") to offer incentives to buyers of City owned land in the central business district to incentivize the early re-development of undeveloped and/or damaged property in the City's downtown area and enhance the City's tax base through significant building development. The use of incentives for re-development of property presently owned by the City after being determined surplus that provide for a performance based standards for reduction of the purchase price for property that will net the City and the public a true and fair value of the property and equivalent to fair market value of the property through non-monetary consideration. This incentive-based policy is based upon the added benefits and consideration received by the City when the performance-based price reduction standards are met. Subject to the terms and conditions set forth herein, along with any other applicable City policy and all local, state and federal laws and regulations, the purchase incentives shall be negotiated on a case-by-case basis and contingent upon each prospective buyer's/business's (i) consistency with the City's Comprehensive and Economic Development Plans; and (ii) ability to expeditiously put the purchased property to economic use, provided however in total such incentives shall not exceed a total of twelve percent (12%) of the fair market value of the property as determined by the City.

2.0 SCOPE AND APPLICABILITY

2.1 The policy and the performance standards outlined herein apply to the sale of City owned property in the area of the City's downtown.

2.2 The City may evaluate each sale and prospective buyer/business on an individual basis in accordance with the parameters and performance standards set forth herein. This is a permissive policy and is not intended to restrict or limit the City's ability to sell the City property at fair-market value without adjustment or to obligate the City to include performance incentives in any agreement.

2.3 This policy in no way amends or supersedes any existing City policy, code provision, or other local, state or federal laws or regulations and City retains the right to further condition, restrict, or if necessary terminate any proposed use of the property that is otherwise inconsistent with these policies, laws and regulations.

3.0 PURPOSE

3.1 The purpose of this policy is to facilitate the sale and development of the City owned property in the City downtown area consistent with the City's Comprehensive Plan and Strategic Economic Initiative to encourage re-development of the City downtown, to generate revenue

from the proceeds of the sale, to reduce the City's obligations of continued ownership of this property, and to recruit development within the City's Downtown area.

3.2 The sale of any portion of the property does not constitute an endorsement by or partnership with the City of Blaine and any of the businesses or individuals purchasing property.

4.0 PROPERTY PURCHASE AND PERFORMANCE STANDARDS

4.1 The City may evaluate each potential buyer/business and negotiate its respective sale incentive on a case-by-case basis. In no cases shall the purchase price be reduced by more than twelve percent (12%) total if all performance standards were satisfactorily achieved. The intended procedure would be that at the closing of the sale, the dollar amount of the purchaser performance incentive, represented as a percentage of the total purchase price, shall be held in escrow by the Closing Agent or other escrow holder as defined in the Purchase Sale Agreement. An example of the general approach would be that one-half (1/2) of the purchase price incentive (representing up to 6% of the fair-market value purchase price for each performance standard) would be released to the Buyer by the Closing Agent thirty (30) business days after the timely and satisfactory completion of each of the following performance standards:

- a. Submission of a complete Commercial Building Permit Application for construction of a building within one-hundred and eighty (180) days of closing or such other date agreed upon by the City and the Buyer in the Purchase Sale Agreement. In order to meet this performance standard, the building shall be at minimum of two square feet (2) of occupied space (including enclosed parking) for every square foot of property area at the subject property (the "Building").
- b. Issuance of a Temporary Occupancy Permit by the City Building Official under applicable building codes for the full proposed occupied space of the building applied for no later than one (1) year (365 days) after issuance of the building permit or such other date agreed upon by the City and the Buyer in the Purchase Sale Agreement.

4.2 Any interest accrued on the funds held in escrow shall belong to the City unless otherwise provided for in the Purchase Sale Agreement. Escrowed funds shall be held in escrow in accordance with requirements approved by the City Council and/or the City Manager

4.3 If the Buyer fails to satisfactorily complete a performance standard listed in Section 4.1 above, then the percentage of the sale incentive funds allocated to that performance standard shall be disbursed to the City with no further right of recourse by the Buyer.

4.4 While this policy provides discretion for the City and does not require that the City to agree to any reduction of the purchase price of real property, the City Council intends on reviewing this policy from time to time to assure that it is achieving the purpose set forth herein.