

AGENDA REPORT

TO: Mayor & City Commission
FROM: Ken Hibl, City Manager
DATE: June 2, 2016
RE: First Right of Refusal – City of Clare Tax Foreclosed Properties

For the Agenda of June 6, 2016

Background. The City has received correspondence (*copy att'd*) from the Clare County Treasurer advising us of tax-foreclosed properties (three of them as listed in the att'd documents) within the City of Clare and offering us the first right of refusal to purchase these properties as allowed by Michigan PA 123 of 1999. The City staff recommends we waive our right of refusal, thereby allowing the properties to be auctioned for sale by the Clare County Treasurer.

Notes:

- 1. The property located at 207 W. Third is considered a blighted property by the City, and we initiated the process to have the residence demolished approximately three months ago due to the owner's refusal to repair or rehabilitate the building. We have asked the County Treasurer to provide us a quotation to demolish the property (we would be responsible for one-half the costs of demolition if we determined the costs reasonable) as our building official has determined that the building should be demolished/is not inhabitable.***
- 2. The two other parcels are the abandoned oil well property in the northeast sector of the City (proximity of Orchard Street).***

Issues & Questions Specified. Should the City Commission waive its first right of refusal for the three tax-foreclosed properties?

Alternatives.

1. Waive the first right of refusal of all three properties.
2. Waive the first right of refusal on only one or more of the properties, thereby agreeing to purchase the remainder for economic development purposes.
3. Defer decision regarding the matter to a subsequently scheduled meeting.

Financial Impact. There is little to no value for the abandoned well properties due to the restrictions associated with future use. There is potential value of the property located at 207 W. Third Street if sold at tax sale – likely more appealing for purchase if the existing blighted structure is removed prior to the tax sale. However, the City Staff does not recommend that the City purchase the property for economic development purposes.

Recommendation. I recommend that the City Commission waive its first right of refusal by adoption of Resolution 2016-061 (*copy att'd*).

Attachments.

1. Clare County Treasurer Correspondence.
2. Resolution 2016-061.



JENNY BEEMER-FRITZINGER

Clare County Treasurer

Janet Price—Chief Deputy

Cindy Heintz—Deputy Treasurer

Jason Blackledge—Deputy Treasurer

Billie Herron—Deputy Treasurer

225 W. Main St
P.O. Box 564
Harrison, MI 48625
Tel. (989) 539-7801
Fax (989) 539-0866

May 23, 2016

Dear Local Treasurer:

Please find enclosed a listing of properties in your city/township/village that were foreclosed upon pursuant to Public Act 123 of 1999. Under PA 123, your board may purchase any or all of these properties by paying the minimum bid prior to the public auction, which will be held on August 22 at the Doherty Hotel in Clare.

Properties purchased can only be used for public purpose. The Attorney General's office has concluded that Public Purpose generally means an activity that meets all of the following standards:

1. The activity will benefit the community as a body.
2. The activity is directly related to the functions of government. (i.e. parks, cemeteries, parking).
3. The activity does NOT have as its primary objective the benefit of a private interest.

Taking a parcel by the local unit and giving or selling it to a non-profit or an individual is not a public purpose.

If you are interested in purchasing any of the properties, please contact me by Friday, June 10th. I will also eventually need the completed waiver (enclosed) and/or acceptance documents (sent upon notice of intent) and the approved minutes from the Board meeting where action is taken. If I do not hear from you by June 10, 2016, I will assume you have no interest in the parcels and I will place the properties in the auction.

This year I am going to try something new. If there are properties that you believe have structures in dire need of demolition, please let me know if you are interested in partnering in the Clare County Demolition Cost Sharing Program. Please see the attached letter for further information.

If you have any questions or comments, please call me at (989) 539-7801.

Thank you,

Jenny Beemer-Fritzinger
Clare County Treasurer

Enclosures
JBF



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May 23, 2016

Re: Waiver of First Right of Refusal

Dear Local Unit Board:

In accordance with PA 123 of 1999, the city, village and township has the “first right of refusal” with regards to tax foreclosed properties:

“...If this state elects not to purchase the property under its right of first refusal, a city, village, or township may purchase for a public purpose any property located within that city, village, or township set forth in the judgment and subject to sale under this section by payment to the foreclosing governmental unit of the minimum bid.”

If your city, village and township board elects to waive their first right of refusal to all of the parcels that were foreclosed on by the Clare County Treasurer, April 1, 2016, please sign and date below.

Signature Local Unit Board Manager, President or Supervisor

Date

Printed Name of Same

RESOLUTION 2016-061

A RESOLUTION OF THE CLARE CITY COMMISSION WAIVING ITS FIRST RIGHT OF REFUSAL FOR TAX-FORECLOSED PROPERTIES WITHIN THE CITY OF CLARE.

WHEREAS, Michigan Public Act 123 of 1999 provides local units of government the right of first refusal for tax-foreclosed properties within its jurisdiction;

WHEREAS, the City of Clare has been notified by the Clare County Treasurer of three tax-foreclosed properties that will be sold at public auction on August 22, 2016 unless the City exercises its right to purchase any of said properties for economic development purposes; and

WHEREAS, the City Staff has assessed and analyzed the potential value of said properties for economic development purposes and finds none and has subsequently recommended that the City Commission waive its right of refusal; and

WHEREAS, the Clare City Commission has considered and discussed said recommendation and determined it to be sound and prudent.

NOW THEREFORE BE IT RESOLVED THAT the Mayor and City Commission of the City of Clare hereby waives its first right of refusal to purchase any of the three tax-foreclosed properties identified by the Clare County Treasurer in her correspondence to the City dated May 23, 2016.

BE IT FURTHER RESOLVED THAT the City Commission hereby designates its City Clerk to execute any and all required documentation required to waive said right of refusal and forward said documentation to the Clare County Treasurer.

ALL RESOLUTIONS AND PARTS OF RESOLUTIONS INsofar AS THEY CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION BE AND THE SAME ARE HEREBY RESCINDED.

The Resolution was introduced by Commissioner _____ and supported by Commissioner _____. The Resolution declared adopted by the following roll call vote:

YEAS:

NAYS:

ABSENT:

Resolution approved for adoption on this 6th day of June 2016.

Diane Lyon, City Clerk