

CITY COUNCIL AGENDA COVER-SHEET

From: Nancy Batchelder, City Recorder

- ☐ Regular Meeting Agenda Item      ☒ Work Session Discussion Topic
- ☐ Add to agenda for \_\_\_\_\_ meeting.
  - ☐ Continue this item until \_\_\_\_\_.
  - ☐ Item dismissed.

**DATE:** SEPTEMBER 28, 2015

**Title:** Real Property Management Policy

**Item:** Sample: Real Property Management Code – City of Newport

CHAPTER 2.25 REAL PROPERTY

2.25.010 Purpose and application

This chapter provides procedures and standards for the acquisition and transfer of real property by the city.

2.25.020 Classification Real property owned by the city is classified as follows:

A. Substandard Undeveloped Property. Lots or parcels without structures that are not of minimum buildable size for the zone in which they are located or that cannot be developed for other reasons;

B. Standard Undeveloped Property. Lots or parcels without structures that are of minimum or greater buildable size for the zone in which they are located and that can be developed;

C. Developed Property. Lots or parcels of any size with structures;

D. Special-Case Property. Any real property that, notwithstanding subsections A., B., and C. of this section, were acquired by the city subject to an agreement restricting the use, transfer or disposition of the property. At the time of a proposed sale of real property by the city, the city manager shall determine the classification of the property.

2.25.030 Sale of Substandard Undeveloped Property

A. A proposed sale of substandard undeveloped property may be authorized by the Council. Notice of the Council meeting to consider the sale of the property shall be mailed at least 10 days before the Council meeting to owners of real property within three hundred feet of the parcel and to any parties who have inquired about purchase within one year prior to the date of the Council meeting. The Council shall consider written comments and oral testimony and decide whether to offer the property for sale. The Council may direct the sale of the property only if it determines that the property is surplus to the city's needs.

B. If the Council decides to sell the property, it shall direct the city manager to proceed with the sale, with directions as to how the sale should proceed. The directions should include the extent to which the sale should be publicized. The city manager, consistent

1 with the direction of Council, shall determine the existence of interested prospective  
2 purchasers and negotiate for the sale of the property to achieve the best results for the  
3 city, taking into account the sale price and the anticipated use of the property.  
4

5 C. After the details of the sale have been negotiated, the negotiated agreement for the  
6 sale of the property shall be submitted for Council action at a regularly scheduled  
7 Council meeting.  
8

9 2.25.040 Disposal of Standard Undeveloped Property and Developed Property

10 A. Any proposed sale of standard undeveloped property or developed property shall be  
11 set for a hearing before the Council.  
12

13 B. Notice of the hearing shall be published once in a newspaper of general circulation in  
14 the city at least five days prior to the hearing and shall describe the property proposed  
15 for sale. Notice shall also be mailed to property owners within three hundred feet of the  
16 subject property.  
17

18 C. Public testimony shall be solicited at the hearing to determine if a sale of the property  
19 or any portion of it is in the public interest.  
20

21 D. After the hearing, the Council shall decide whether to offer the property for sale and  
22 shall establish minimum acceptable terms. The Council may decide to offer the property  
23 for sale only if it determines that the property is surplus to the city's needs.  
24

25 E. Prior to the sale of real property under this section, an appraisal of the property shall  
26 be conducted. The appraisal may be ordered prior to or after the hearing. The appraisal  
27 may be made available to the public at the hearing if it has been prepared by that time.<sup>1</sup>  
28

29 F. If an offer to sell is authorized by the Council, a notice soliciting sealed bids shall be  
30 published at least once in a newspaper of general circulation in the city at least two  
31 weeks prior to the bid deadline date. The notice shall describe the property to be sold,  
32 the minimum acceptable terms of sale, the person designated to receive bids, the last  
33 date bids will be received, and the date, time and place that bids will be opened.  
34

35 G. If one or more bids are received at or above the minimum acceptable terms, the  
36 highest bid shall be accepted and the city manager or designee shall complete the sale.

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<sup>1</sup> **Additional Information:**

In doing further research, I have noticed that there is a difference between the Newport Code and the ORS on the sale of City property.

The Newport Code states: E. Prior to the sale of real property under this section, an appraisal of the property shall be conducted. The appraisal **may** be ordered prior to or after the hearing. The appraisal **may** be made available to the public at the hearing if it has been prepared by that time.

The ORS states: The nature of the proposed sale and the general terms thereof, including an appraisal or other evidence of the market value of the property, **shall be fully disclosed** by the city council at the public hearing.

1 H. If no acceptable bids are received, the Council may:

- 2 1. Accept the highest bid among those received;
- 3 2. Direct staff to hold another sale, with the same or amended minimum terms;
- 4 3. Direct the property to be listed for six months with a local real estate broker on a
- 5 multiple listing basis. Brokers shall be selected in accordance with the criteria found at
- 6 Section 2.25.050. A listing may be renewed for one additional six-month period.
- 7 4. Decide to keep the property.

8  
9 2.25.050 Broker selection

10 The selection of a real estate broker shall be in accordance with the following

11 procedures:

12 A. The city shall publish notice in a newspaper of general circulation inviting proposals

13 for the sale of the real property. The notice shall be published at least one week prior to

14 the date on which proposals are due.

15  
16 B. The broker's proposal shall be in writing and it shall address the selection criteria set

17 forth in subsection C. of this section.

18  
19 C. The following factors shall be considered in the selection of a broker:

- 20 1. The broker's record in selling the type of real property being offered by the city for sale
- 21 and the broker's familiarity with Newport market values;
- 22 2. The broker's proposed marketing plan and timelines,
- 23 including consideration of signs, advertising, direct mail and/or other methods;
- 24 3. The amount of the broker's commission; and
- 25 4. Other factors which were stated in the notice of the invitation to submit a proposal.

26  
27 2.25.060 Acquisition of Real Property

28 The city manager may approve the acquisition by the city of an interest in real property if

29 that interest is valued at less than \$25,000.00 or if the property is valued at more than

30 \$25,000.00 but is donated to the city. All other acquisitions of an interest in real property

31 shall be approved by the City Council. An appraisal shall be required for all property

32 acquired by the city for more than \$25,000.00. Dedications of property for rights-of-way

33 shall not be considered acquisitions of property by the city for purposes of this section

34 and dedications of property for rights-of-way may be accepted by the city manager,

35 community development director, or public works director.

36  
37 2.25.070 Transfer of an Interest other than Fee Title

38 The transfer of an interest in real property by the city is not a sale of surplus real

39 property if the city retains title to the property. The city manager may transfer an

40 easement or other interest in real property less than fee title if the value of the interest

41 transferred is less than \$25,000.00 and the city manager determines that the transfer is

42 not contrary to the public interest. If the value of the interest transferred exceeds

43 \$25,000.00, the city shall follow the procedure for the sale of substandard undeveloped

44 property.

45  
46 2.25.080 Sale of Previously Leased Property

47 The city may sell real property pursuant to a right of first refusal included in a lease

48 directly to the lessee if the lease period is 10 years or more and the lessee has invested

49 at least \$1 million in improvements to the property, and the lease was approved by the

50 Council. Any sale under this section shall be according to terms included in the lease.

1 2.25.090 Transfer to another Governmental Entity

2 The city may transfer real property of any type to another  
3 governmental entity or to a non-profit entity, with or without consideration, for so long as  
4 the property is used for public purposes by the entity to which it is transferred. The  
5 agreement shall provide for return of the property to the city if the property is no longer  
6 used by the transferee for public purposes.  
7

8 2.25.100 Special-Case Property

9 The city shall comply with all agreements and restrictions applicable to special-case  
10 property. The city may transfer special-case property following any of the applicable  
11 procedures provided by this chapter, subject to the restrictions imposed by deed or  
12 agreement. If the deed or agreement provides a procedure for transfer by the city, the  
13 city may transfer the property as provided by the deed or agreement.  
14

15 2.25.110 Exchange of Real Property

16 A. The city may trade or exchange real property with other governmental entities or with  
17 private parties.  
18

19 B. The city shall exchange real property with private entities only if the city receives at  
20 least equivalent value for the property it transfers. Payments may be made to  
21 compensate for any imbalance in the value of the property exchanged.  
22

23 C. For exchanges with private entities, the city shall require or obtain an appraisal if the  
24 value of the property transferred by the city or received by the city exceeds \$25,000.00.  
25

26 D. In determining the relative value of the properties exchanged, in addition to the  
27 factors normally considered in determining the value of property, the city may consider  
28 the following factors:

29 1. Whether the property is adjacent to or otherwise enhances the value of other property  
30 the city owns.

31 2. The suitability of the property for city use.

32 3. Whether the transfer of the property being transferred by the city to a private party will  
33 result in a benefit to the city or community. Potential benefits  
34 may include allowing more cohesive development of an area, providing needed housing  
35 or employment opportunities, or increasing the city's tax base.  
36