

# Neighbors for Neighborhood's Program

## Rochester Land Bank Sealed Bid Sale

### Requirements

- All potential bidders must be **pre-approved** and registered to bid.
- Buyers cannot own more than two (2) existing rental properties and must reside within fifteen (15) miles of or within the same municipality as the subject property and demonstrate financial and operational capacity and experience renovating or maintaining homes. Buyers must have no prior negative real estate history, including tenant harassment and open code violations.
- Buyers must not be considered a prohibited purchaser by the City of Rochester Division of Real Estate.
- The Rochester Land Bank will provide subsidy to assist in the rehabilitation of the properties that will enhance the quality of life for residents and neighbors. Enterprise Green Communities criteria will be strongly encouraged.
- This is a sealed bid auction; the purchase prices are disclosed and the Land Bank will not accept a bid less than what is posted.
- A \$1,000 deposit for each structure is required within two days after notification of bid acceptance by the Rochester Land Bank.
- Deposits must be in the form of:

### **CASH or CASHIER'S CHECK ONLY**

**Personal or Business checks WILL NOT be accepted.**

- For this Sales Event, buyers will submit a sealed bid for each property he/she is interested in purchasing. The properties will be sold subject to the following conditions:
  - Buyer will work with the Land Bank designated Construction Manager and utilize the scope of work provided to be used for the full home rehabilitation. Buyers will have 12 months from the closing date to correct all code violations, complete rehabilitation and obtain a Certificate of Occupancy (C of O).
  - For a period of 20 years beginning on the date of issuance of the C of O, (20 year period) the buyer must commit to rent these homes to local low- and moderate-income residents who earn no more than 80% of the Area Median Income at lease up and set rents at levels of no more than 30% of 80% of AMI each year.
  - Property owners will be required to complete a web-based landlord training course created by Enterprise. **The training is mandatory and will be scheduled by the Land Bank staff for the winning bidders to attend.**
- One (1) week after winning bidder has been notified, he/she/they must pay the balance of the purchase price plus, in lieu of tax amount and recording fees. The sale will be submitted to the Land Bank Board of Directors for approval.

- Buyers will be required to sign a regulatory agreement along with a deed at closing which will contain the conditions listed above.

## Be Prepared

All interested parties are encouraged to attend the Informational Meeting prior to the sale. At the meeting, potential bidders are provided with information regarding the process and are encouraged to ask questions. The list of Land Bank properties available for sale can be obtained at City Hall in Room 125-B or [www.cityofrochester.gov/landbanksalesevent](http://www.cityofrochester.gov/landbanksalesevent).

All properties for sale are sold 'as is'. We strongly advise prospective bidders to research properties prior to bidding. If you are interested in a property and do not have personal knowledge regarding construction or rehabilitation costs, you should arrange to have an inspector or professional contractor inspect the property with you. Do not bid on a property if you have not inspected it. If you are the winning bidder for a property and pay your deposit of \$1,000 and subsequently decide not to go through with the sale, you will forfeit your entire deposit.

## After Notification of the Winning Bid

### Within one (1) week

- **Payment of Purchase Price** – Within one (1) week of notification, buyer must submit the balance of the purchase price, in lieu of tax amount and any recording fees due in Room 125-B, City Hall. During the twelve (12) month rehabilitation period, the in lieu of tax amount provides a break on taxes owed. After the buyer obtains the C of O and takes ownership of the property, it will become fully taxable.

### Approval by the Land Bank Board of Directors

- All property sales must be approved by the Board of the Rochester Land Bank Corporation. Once the Board approves the sale of a property, the Executive Director will execute the contract and deliver it to our legal advisor who will schedule a closing date with the buyer. .

### Closing

- A letter will be sent to each buyer indicating that approval has been received and scheduling a closing date with the City Law Department.
- At the Closing, the buyer must sign the deed, regulatory agreement and any other documents. There will also be additional payments due for:
  - A prorated adjustment for 2017 Monroe County Tax and 2017/18 City/School Tax , prepaid by the Land Bank, and
  - Should you request title insurance, a fee of \$563 per property.
- As described above, the deed will contain covenants requiring the buyer to rent the property to residents who earn no more than 80% of the Area Median income and set rents

at no more than 30% of the 80% AMI of tenant's income for a 20 year period. The Monroe County Clerk's Office will forward a copy of the deed to the buyer after it is recorded.

- Buyers will not have access to the property prior to transfer of title.

#### Completion of Rehabilitation

- Buyers have 12 months from the closing date to correct all code violations, complete rehabilitation and obtain a C of O. Failure to obtain a C of O may result in loss of the property. Requests for extension beyond the twelve month period must be made in writing at least one month in advance of the deadline, to the Executive Director of the Rochester Land Bank Corporation, 30 Church Street, Room 125-B, Rochester, NY 14614.
- When a C of O is issued, the buyer must forward a copy to the Rochester Land Bank Corporation at the address above. **The date of its issuance will begin the 20 year period for affordable rent monitoring.**

#### Annual Monitoring

During the 20 year period following issuance of the C of O, buyers will be required to provide to the Land Bank staff on an annual basis, either:

- A copy of the current lease and verification of the tenant's income.

Income verification documentation may consist of:

- **Wages and Salaries:** Most recent Federal Income Tax Return or 4 current, consecutive pay stubs or wage statements for all wage earners in the tenant's household.
- **Social Security Statement or SSI Benefits:** A letter or statement indicating the tenant's monthly benefits.
- **Other Income:** All available documentation of any other income the tenant receives, whether or not this income is taxable. Other incomes may include; Public Assistance (DHS County "Notice of Decision—Public Assistance Benefits" or Federal Subsidized Section 8), Unemployment, Workers' Compensation, etc.