



## Superior Vacant to Value: Renovation

**Property rehabilitation facilitates blight removal, responsible development, and healthy housing markets in Superior neighborhoods through acquisition and sale of vacant residential structures.**

### **1. Objective**

Strengthen the tax base by returning vacant structures to a productive use by promoting single family home ownership.

### **2. Eligibility Criteria**

To request to purchase property owned by the City of Superior and advertised for sale through the Planning Department, purchasers must demonstrate:

#### **A. Experience**

Either the purchaser or their general contractor must have successfully completed a similar project within the last two years.

#### **B. Financial Capacity**

Purchasers must demonstrate an ability to pay for acquisition of the property and for the improvements proposed by submitting documentation with their offer to purchase. Acceptable documentation includes, but is not limited to:

- Loan financing: provide conditional commitment letter that includes name, address, phone number, and e-mail of loan officer, and amount financed.
- Cash: provide evidence of available cash dated within 30 days of application.
- Credit: provide statements dated within 30 days of application of available credit from building suppliers, credit cards, or other sources.
- Sale Proceeds: it is acceptable for the purchaser to finance a project with proceeds from a pending sale of another property. Purchaser must provide a net sheet from a realtor documenting anticipated proceeds and closing date.

#### **C. Plan for Occupancy**

Purchaser must describe end use for the property and owner occupancy by the purchaser or a marketing strategy for sale of property to owner occupants will be considered more favorably than an end use as a rental property. If the application to purchase indicates owner-occupancy as an end use, the purchaser will be expected to

market the property for sale exclusively to owner occupants for six months before considering leasing the property or selling to an owner who intends to lease.

#### **D. Responsibility**

Neither the purchaser nor their general contractor can own property that is a vacant and abandoned building in the City of Superior, a tax delinquent property, or a property with significant code or rental violations, unless the property is currently in the process of being rehabilitated in compliance with a restoration agreement or has a similar solution that is actively being implemented. Neither the purchaser nor their general contractor may have a history within the past five years of defaulting on a City of Superior restoration agreement and/or redevelopment agreement to rehabilitate or construct a property.

### **3. Program Requirements**

Purchasers must agree to perform according to program requirements:

#### **A. Timeline**

Development shall be complete no more than 12 months after purchasing the property from the City of Superior. In addition, the following timelines apply:

- Purchasers must apply for permits to rehabilitate vacant structures within 30 days of Closing on the property.
- Work on the property must begin within six months of Closing.
- City Staff may make periodic, scheduled site visits to ensure work is proceeding with an expectation of completion within 12 months.
- Upon completion of all items in a Scope of Work and Redevelopment Agreement, buyer agrees to allow Planning Department staff

#### **B. Good Faith Deposit**

If selected, all purchasers are required to provide a good faith deposit, equal to the greater of 10% of the sale price or \$2,000, payable upon sale of the property. The good faith deposit is in addition to the purchase price for the property. The entire good faith deposit will be refunded upon the issuance of a certificate of completion; failure to perform according to the agreement may result in the City of Superior retaining the good faith deposit as described in the redevelopment agreement.

#### **C. Insurance**

Purchasers are required to provide the following insurance. Individuals submitting an offer to purchase may request their general contractor to provide insurance in the amounts listed.

- Builder's Risk Insurance equaling 100% of the insurable value of the minimum improvements (rehabilitation or new construction costs).

- Commercial General Liability Insurance. Limits against bodily injury and property damage are required at \$1,000,000 for each occurrence with an aggregate limit of \$1,000,000.
- Worker’s Compensation Insurance, with statutory coverage, if applicable. This only applies to businesses with employees.

**D. Rehabilitation standards for vacant structures**

All offers for vacant structures must provide a rehabilitation plan that covers all items listed in the Scope of Work. Offers must include a proposal that outlines how the required repairs will be achieved. If an offer is approved by the City Council, the Purchaser must meet with Planning Department staff to review and complete a detailed construction plan based on the submission in section 4 of this document. After council approval, the detailed construction plan must be submitted at the time of requesting permits for rehabilitation.

**4. Selection Process**

Offers to purchase will be evaluated through the following process.

Step 1: Planning Department staff will review proposals for completeness, and to determine if the responsibility criteria described in Section 2 of this document is met. Planning Department staff may make recommendations to the Housing Task Force.

Step 2: Housing Task Force will evaluate proposals based on the following criteria and select the strongest proposal:

- Purchaser’s or general contractor’s construction experience
- Financial capacity for the described project
- Outline of estimated construction costs
- Scope of work or new construction plans
- Plan for occupancy, owner-occupancy preferred

Step 3: Housing Task Force will make their recommendation(s) to the City Council.

Step 4: City Council to vote on offers to purchase and when applicable, a backup offer.

**5. Administration**

**A. Acquiring Properties**

The City of Superior through its Department of Planning and Development will acquire properties through Douglas County’s tax forfeiture process, donation, or negotiated sale with owners. All property acquisition shall be approved by the Director of Planning and Development. Funds for acquisition (if needed) will be allocated annually through the City of Superior budget process.

**B. Preparing Properties for Sale**

The City of Superior will ensure:

- Properties have marketable title and inform bidders of any known potential title concerns
- Structures are secured and cleared of all personal items and materials

### **C. Environmental Hazards**

The City of Superior does not identify or abate all environmental hazards present in vacant structures or vacant lots. Bidders are encouraged to research potential hazards and their treatment and all visits to and purchases of property are at the bidder's risk.

Visit the Wisconsin Department of Health Services website

(<https://www.dhs.wisconsin.gov/environmental/index.htm>) for more information about safety precautions, licensed abatement contractors, and mitigation techniques.

Purchaser agrees to accept and purchase the property "AS IS WITH ALL FAULTS" and will not rely upon any representations or warranties of any kind whatsoever, express or implied, from the City, its employees, officers, agents or consultants as to any matters concerning the property.

### **D. Posting of Properties for Sale**

- Properties will be posted for sale on the City of Superior's Department of Planning and Development website
- Published in the Superior Telegram as a legal advertisement
- Posted at the City of Superior Government Center, at the address below/2<sup>nd</sup> floor service desk window.
- The program summary and supporting documents will be updated and posted publicly on the Planning Department's website as needed.
- The Property will be made available for viewing until the posted deadline for offering to purchase. Property showings can be scheduled with Planning Department staff up to two days prior to the offer to purchase deadline.

### **E. Submitting Offers to Purchase**

Interested purchasers must submit offers on the City's "Offer to Purchase" form available on the Department's website, and at the Government Center, or by request at the email below. Offers for vacant structures will be accepted until the posted deadline listed for each property. If no offers for vacant structures are received, the City of Superior may extend the deadline or may demolish the property at its discretion.

Offers to purchase can be submitted electronically by e-mailing the required documents to [Planning@ci.superior.wi.us](mailto:Planning@ci.superior.wi.us) or drop a hard copy off at:

City of Superior  
Planning and Development Department  
1316 North 14<sup>th</sup> St.  
Superior, WI 54880

#### **F. Staff Recommendation**

Upon receipt of an offer, Planning Department staff will review for completeness and responsibility criteria eligibility. Incomplete offers will be provided up to five business days to clarify or submit missing information in order to complete their offer. The offers will be reviewed by the Housing Task Force and city staff according to the selection criteria stated in Section 4 and the eligibility criteria stated in Section 2, and a recommendation will be made by the Housing Task Force to the Superior City Council. The Task Force may recommend both a purchaser and an alternate purchaser. An alternate purchaser, if approved by the City Council, can purchase the property if the purchaser does not perform according to the Redevelopment Agreement.

#### **G. City Council Approval**

Offers can only be approved by the Superior City Council. The City Council can approve a different offer than the Task Force's recommendation or reject all offers received.

#### **H. Sale of Properties and Closing Requirements**

If the sale of a property is approved by the City Council, a redevelopment agreement will be provided to the approved purchaser. The redevelopment agreement is a binding agreement that includes program requirements. The purchaser must sign and return the redevelopment agreement, and detailed redevelopment plans within seven (7) days of receipt of the redevelopment agreement.

After the purchaser returns the signed redevelopment agreement to the City, the purchaser must provide documentation of insurance and when applicable, updated proof of financing. Upon the Department's approval of insurance and financing, a closing will be scheduled and the purchaser can begin the process of pulling permits after closing.

If the purchaser does not sign the redevelopment agreement, provide redevelopment plans, proof of financing and insurance, and close on the property within 90 days of City Council approval, the City may:

- Sell the property to an alternate purchaser, if previously approved by City Council,
- Cancel the redevelopment agreement and remarket the property, or
- In the City's sole discretion, allow the applicant to apply for a 30-day closing extension as outlined in the redevelopment contract. A \$300 non-reimbursable extension request fee is required to exercise this option.
- If the purchaser requests an amendment for any reason, including items such as name changes or adjustments to time of performance, the City will charge a non-reimbursable \$300 fee per contract amendment.

#### **I. Construction and Completion**

From the date of closing on the property through completion, Planning Department staff will conduct scheduled periodic inspections to monitor progress on the project. Upon certification that permits are closed, Building Inspection staff will conduct a final inspection. The Buyer agrees to allow Planning Department staff to photograph or otherwise document completed interior and exterior repairs to the property prior to issuing a certificate of completion and the return of the Good Faith Deposit. Planning Department staff must be notified a minimum of 15 business days before the purchaser sells to a new buyer or leases or occupies the property to allow for a final inspection and preparation of a certificate of completion. When a certificate of completion is issued by Planning Department staff and if the property is not in default of its certificate of completion provisions, the good faith deposit will be returned to the purchaser and the forfeiture clause in item five of the development agreement will be released. Upon closing or occupancy of the completed home, the purchaser will send demographic information about the end occupant to the City of Superior.

#### **J. Default**

If a project is not completed within 12 months, the City of Superior will have the ability to exercise any remedies permitted in the redevelopment agreement, including

- Razing the property when it meets municipal and state raze order criteria
- Extending the completion deadline with an extension fee
- Extending the completion deadline with an additional surety bond for unfinished repairs

In addition the City retains the right to any or all of the following actions:

- Retaining the good faith deposit paid by purchaser at closing
- Allowing the Assignment and Assumption to a previously approved, or newly approved backup offer and new Redevelopment Agreement.

#### **K. Demolition of Structures**

When the City of Superior acquires a structure that has existing Director's orders to raze, has unsafe conditions for public viewing, or upon the request of the applicable neighborhood organization or elected official, it may proceed with demolition without marketing the structure for sale. Structures deemed appropriate for the Superior Vacant Home Restoration Program shall be marketed as outlined in this program manual. If a structure is marketed for two months with no offers City of Superior staff shall evaluate demolition as an alternative to remarketing the property for rehabilitation.