Ord. # 5606

AN ORDINANCE TO AMEND DIVISION 2 , SECTION 2-291. "REAL PROPERTY - SALE GENERALLY" TO ADD A SUBSECTION CREATING A MOW TO OWN PROGRAM

WHEREAS, cities across the country have established a Mow to Own program as a means of transferring tax adjudicated properties to adjoining property owners who have maintained such properties for a specified period of time and in doing so have shown the desire to improve their neighborhoods and combat urban blight and neglect; and

WHEREAS, the Memphis City Council finds that a program of this nature would be beneficial to our city and has developed policies and procedures to facilitate the sale and transfer of tax delinquent properties to adjoining property owners who will acquire credits towards the purchase price of said property through their participation in Memphis' Mow to Own program; and

WHEREAS, this program has multiple benefits including encouraging and rewarding neighbors to invest sweat equity in the adjoining property and taking an otherwise vacant, abandoned, neglected and underutilized piece of land in an effort to improve the blighted conditions of neighborhoods and return it to a productive use on the City's tax rolls; and

Whereas, this program has the further benefit of allowing publically funded maintenance activities on these abandoned vacant properties to be eliminated, freeing these public funds to be used in more productive community enhancement endeavors.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMPHIS CITY COUNCIL

SECTION 1.

Division 2. Real Property is hereby amended to add a new Sec. 2-291.1, to be entitled "Mow to Own Program." That new section shall read as follows:

Sec. 2-291.1 Mow to Own Program. The manager of the city real estate department shall be authorized to sell vacant property that adjoining property owners have maintained and are able to purchase through either credits or cash payments and credit, pursuant to the terms of a Memorandum of Understanding (MOU) between the property owners and the City. Any MOU shall contain the following provisions:

(1) Program Eligibility

Held

(a) Eligible participants include adjoining property owners or non-profit organizations with 501(c)(3) status that are chartered or authorized to serve the same neighborhood in which the city property is located and that own adjoining property. Adjoining property owners are those who share a common property line with the City Property; and shall include those property owners who own the property across the street, directly in front of the City Property or directly across an alley.

(b) The applicant must not:

(i) Be delinquent in the payment of any real estate or personal property taxes in Shelby County

(ii.) Have been found guilty by Environmental Court of violating the City Housing Code.

(c) If the applicant is a nonprofit Neighborhood Organization, in addition to the above requirements, their 501(c)(3) status must be current and active at the time of Application submittal and maintained in that status throughout the term of the MOU.

(d) Only properties listed for sale with a price of at least Five Hundred dollars ($500.00) and less than Ten Thousand dollars ($10,000) are eligible for the Mow to Own program. Applications for properties not listed for sale will be returned.

(e) No property larger than one half (1/2) acre will be considered for inclusion in the program.

(f) Non-residential properties and properties along some commercial corridors may not be eligible for the program

(g) The City of Memphis, and the Shelby County if the property is owned by the County, have the absolute right to exclude properties from the program at their sole discretion.

(h.) It is the goal of this program to sell the City Property for not less than fair market value. The purchase price will be based on an internal fair market value determination.

(2) Application Requirements.

(a) An administrative fee of One Hundred and Seventy Five dollars ($175.00) is required to participate in the program and shall be paid to the City by Purchaser at the time the application is submitted.

(b.) Purchaser must submit a completed application. Along with the application, purchasers shall submit a proposal outlining the amount they are seeking to earn by maintenance activities on the City Property, which may be all or any portion of the final purchase price.

(c.) The application and submitted proposal will be reviewed by the City. As required, the City may request additional information from the Purchaser and negotiate the terms of the purchase, including the maintenance cost and duration of MOU term.

(d.) Purchasers will receive a notification letter with their approval or disapproval status.

(3) Memorandum of Understanding. Eligible participants shall sign a Memorandum of Understanding (MOU) and agree to perform required maintenance on said adjoining property. Terms of the MOU shall include the following:

(a) Grass cutting and trimming will be required once every two weeks beginning on March 15th and continuing until October 15th

(b) Other required maintenance shall include, raking leaves, picking up trash and debris and properly disposing of the same. Participants can earn up to 100% of the purchase price of the City Property through credits earned for the maintenance described above.

(c) The schedule of credit amounts as follows:

(i.) Lawn mowing: $25 per cut reimbursement of $375.00 per year.
(ii.) Leaf removal: $25 per removal, maximum of $75 per year.
(iii) The allowed time a property may be in the program is a maximum of three (3) years

(d.) At any time during the MOU, purchasers will have the option to pay the outstanding portion of the purchase price not covered by their maintenance credit, in cash, and receive the property.

(e.) The MOU will become null and void if the Purchaser fails to adequately perform the proposed maintenance to the City Property and the administrative fee will be forfeited.

(f.) The maximum amount that can be credited at the time of conveyance is $1,350.00.

(g) For the work to be conducted under the MOU, Purchaser is an independent contractor and waives and releases the City of Memphis, TN all of its departments and divisions and all of its employees, agents or other representatives from any loss, claim, cause of action, damage, or liability whatsoever, whether without limitation strict or absolute liability in tort or by statue imposed, charge, cost or expense, including without limitation, attorneys' fees to the extent any damage or loss to property or injury or death resulting in any manner from the MOU, Application, or exercising the rights and obligations therein.

(h) Purchaser agrees to indemnify the City of Memphis, TN, all of its departments and divisions and all of its employees, agents or other representatives against any monetary award, both compensatory and punitive, or equitable relief by a judge or jury that may result from damages or loss to persons or property sustained as a result of the MOU, Application, or exercising the rights and obligations therein.

(i) Purchaser shall not assign, lease or otherwise transfer any rights under the MOU, without the written consent of the City of Memphis, Department of General Services and City Council.

(4) Approval and Implementation

(a) After the application has been approved, the Mow to Own program shall prepare the required communication and legislation for City Council approval.

(b) Once a City Property is enrolled in the program Purchaser may begin to earn credits towards its purchase.

(c.) Purchaser agrees that in order to earn this credit Purchaser must provide evidence of its maintenance activities to the City. This shall include electronic submission of time dated photographs showing the City Property before and after each maintenance event for which credit is sought. This evidence shall be submitted on a monthly basis.

(d.) Purchaser may also be required to provide additional proof of any other activity or status element necessary to maintain the registration of the City Property in the Mow to Own program including evidence of continued ownership of the adjoining property or other program requirements requested by the Mow to Own staff.

(5) If Purchaser is unable to conduct the required maintenance activities for any reason, Purchaser will provide notice of this inability to the Mow to Own staff and provide an estimate of its duration. Mow to Own Staff may provide a short term waiver of the requirement or notify Purchaser of its inability to continue to keep the City Property in the program.

(6) If Purchaser is found by the city to be in violation of the terms of the MOU, Mow to Own staff will provide notice of this determination and Purchaser will be given ten (10) days to cure the deficiency. If corrective action is not taken within the allotted time, the MOU may be terminated by the program staff.

(7) Until conveyance of the Property to the Purchaser, Purchaser may only be granted a non-exclusive right of access and use of the Property consistent with the terms of the MOU and the Application. Purchaser shall not permit any waste or damage to Property and shall not occupy or use the Property for any purposes that are unlawful, hazardous, unsanitary, noxious, or offensive.

(8) Purchaser shall not permit any interest or lien to be placed on the Property, while the Property is still owned by the Seller.

(9) In the event the Purchaser:

1) Fails to perform the terms of this MOU; or
2) No longer owns a lot adjacent to the Property; or
3) Violates the terms of the Application, including the timely payment of the purchase price; or
4). If the Memphis City Council fails to pass the necessary Resolution,

the MOU shall automatically terminate and become null and void and neither party shall have further liability to the other arising out of this MOU.

(10) After the purchase price of the vacant lot has been earned and/or paid in accordance with an executed MOU between Purchaser and the City of Memphis, the Mow to Own program will prepare the necessary documents and schedule the closing to effect the transfer of the City Property.

(11) A Quit Claim Deed will be prepared and issued for transfer of the property. Purchaser will be responsible for the recording fee. Purchaser shall pay the Seller the recording fee to the Shelby County Register.

(12) The City will not provide title insurance to Purchaser. Purchaser may independently purchase title insurance through a title company.

(13) All City Property is sold by "AS IS" without any warranties or guarantees.

(14) The City will issue the appropriate tax form (1099) showing the amount earned by the purchaser during the period maintenance was conducted as income to the Purchaser.

SECTION 2.

BE IT FURTHER ORDAINED BY THE MEMPHIS CITY COUNCIL that the provisions of this Ordinance are hereby severable. If any of these sections, provisions, sentences, clauses, phrased, or parts are held unconstitutional or void, the remainder of this Ordinance shall continue in full force and effect.

SECTION 3.

BE IT FURTHER ORDAINED BY THE COUNCIL OF THE CITY OF MEMPHIS that this Ordinance shall take effect from and after the date it shall have been passed by the Council, signed by the Chairman of the Council, certified and delivered to the Office of Mayor in writing by the comptroller and become effective as otherwise provided by law.

THE FOREGOING ORDINANCE
5600 PASSED
1st Reading 10-20-2015
2nd Reading 11-03-2015
3rd Reading 11-17-2015
Approved Myron Lowery
Chairman of Council
Date Signed: 12-1-15

Approved:
Mayor, City of Memphis
Date Signed: 12/4/15

I hereby certify that the foregoing is a true copy, and said document was adopted by the Council of the City of Memphis as above indicated and approved by the Mayor.
Valerie C. Snyder
Comptroller

Berlin Boyd