



## Guidelines for sale of City-owned real estate to Community Groups, Service Providers and Not-for-profit Organizations

Surplus City-owned real estate is generally sold by a public offering, either by auction or Request for Proposal sale. It is the City's goal to return foreclosed properties to the tax roll, and therefore preference is given to taxable uses. Sale to a tax-exempt entity may be made when deemed in the City's best interest, and when there is no evidence of significant market interest in the property on the part of a taxable purchaser.

Sale to a tax-exempt purchaser may be made under the following circumstances:

- a. If the property is within 500 feet of a tax-exempt property already owned by the organization, and the organization agrees to a deed restriction prohibiting resale of the property for five years without City Council approval, or
- b. The sale is to another governmental agency for a public purpose, or
- c. The sale is an integral part of a program developed by the City and involving the tax-exempt organization, or
- d. The property was originally constructed as a house of worship, and is purchased by a religious congregation for religious purposes, or
- e. The organization waives its tax-exempt status for five years and agrees to pay taxes for that period of time.

An organization may not purchase property from the City of Rochester if that organization, or any officer or board member of that organization, or any related association:

- × owes taxes on other property located in the City;
- × has lost property through tax foreclosure within the previous five years;
- × has had a purchase contract with the City canceled for non-performance within the previous three years;
- × owns property within the City that is in violation of City codes;
- × has been held in contempt of a housing court order for failure to abate code violations, or
- × has been found guilty of code violations by a Municipal Code Violations Bureau hearing examiner within the previous five years.

Purchasers of City-owned property must have adequate financial resources to make all needed repairs, and accomplish code compliance within a time frame set forth by the City. Properties are sold in "as-is" condition. All repairs and structural modifications are at the purchaser's expense. Tax-exempt purchasers must follow all regular sale procedures.

Many community groups, service providers and not-for-profit organizations conduct operations that require special Zoning and other approvals. Inquiries are to be directed to the Bureau of Buildings and Zoning to determine what restrictions may apply under the City code, and the processes required for obtaining approvals for the establishment of use.

Because purchasers of City-owned properties must waive their right to tax-exemption for a period of 5 years, it is often in an organization's best interest to acquire a privately-owned property. The City does not provide real estate services for other organizations. An organization in need of assistance in locating a suitable facility or development site should retain the services of a real estate professional to assist them in identifying available properties. Commercial brokers specialize in offering guidance in real estate matters.

The Bureau of Assessment reviews applications for property tax exemption, and determines eligibility.