

SOUTHERN NEVADA REGIONAL HOUSING AUTHORITY

REAL PROPERTY DISPOSITION POLICY

The following policy sets forth proposed guidelines under which the Southern Nevada Regional Housing Authority will dispose of all real property, regardless of value. For purposes of this policy, the term "disposal" refers to the sale, lease, transfer or exchange of real property by SNRHA.

I. OBJECTIVES:

The Executive Director of SNRHA shall manage or dispose of real property, including but not limited to multifamily housing projects, that are owned in fee simple by SNRHA or that are subject to a mortgage in a manner that:

1. Is consistent with the National Housing Act;
2. Will protect the financial interest of the SNRHA;
3. Will, in the most cost effective manner address the goals of
 - a. Receiving fair market value in exchange for the sale, lease or transfer of real property in a manner consistent with local real estate market conditions;
 - b. Minimizing the involuntary displacement of public housing tenants;
 - c. Facilitating the de-concentration of multifamily public housing projects;
 - d. Acquiring affordable housing for low income families; and
 - e. Supporting fair housing strategies.

II. PROCEDURES:

A. Real Estate Committee:

The Executive Director shall establish a real estate committee consisting of: the Executive Director, Finance Director, Development & Modernization Director, Operations Director and Housing Programs Director. Upon establishing said committee, the Executive Director shall assign the following duties to it:

1. Compile current data regarding all real estate owned in fee simple by SNRHA as well as that real estate owned by SNRHA, subject to mortgages. The data should include:
 - a. The original purchase price of each parcel (if any)
 - b. The date of purchase
 - c. The current appraised value of each parcel

- d. The current fair market value of each parcel
- e. In the case of multifamily dwellings:
 - (i) The cost incurred by SNRHA to maintain the property. This amount should include but not be limited to:
 - The cost of maintenance per unit; and
 - The cost of salaries and other overhead considerations.
 - (ii) The cost to replace the multifamily dwelling. When considering replacement cost the following options should be considered:
 - Relocation cost to relocate existing tenants;
 - Replacement cost incurred by construction of new buildings;
 - Replacement cost incurred by the purchase of existing multifamily dwellings, currently on the market;
 - Replacement cost incurred by the purchase of single family homes through out the Las Vegas Valley.

NOTE: The aforereferenced options are listed in an effort to ensure that the most cost-effective practical and expedient unit replacement is undertaken by SNRHA. Accordingly, it is suggested that careful consideration be given to existing housing that is in safe, decent and sanitary condition but never the less has/is the subject of a foreclosure sale. Of course, where an existing housing option is selected, SNRHA must obtain the requisite waivers from HUD prior to proceeding to purchase said housing. It may also be prudent to make the receipt of said waivers a condition precedent to the sale of SNRHA property.

- 2. Upon completion of the aforereferenced study, the "Committee" shall prepare a report detailing its findings together with its recommendation regarding whether SNRHA should sell certain real estate and if so, the identification of parcels that should be sold and the reasons therefore.
- 3. The report referenced in paragraph 2 above should be updated on an annual basis, unless real estate market conditions dictate a different period of time.

B. The Decision to Dispose of Property:

No real property, currently owned by SNRHA may be slated for disposal or disposed without the express approval of the SNRHA Board of Commissioners, after considering the recommendations of the Real Estate Committee.

1. **Request to Dispose of Real Property:**

A request to dispose of real property, owned by SNRHA may be made by any member of the SNRHA Board of Commissioners or by the Executive Director.

Unsolicited offers to purchase SNRHA property will be treated as a request to dispose, as well.

Upon receipt of a request to dispose of property, the Executive Director shall submit said request to the SNRHA Real Estate Committee, and direct it to make a recommendation regarding the same.

2. **Initial Consideration of a request to dispose of real property and recommendation to the SNRHA Board of Commissioners:**

The Real Estate Committee shall consider all requests to dispose of property submitted by the Executive Director. In addition to the report referenced in paragraphs A 1-3 above, the Committee shall consider the following factors in developing its recommendation to the Board of Commissioners:

a. **Is the property available for disposal?**

- (i) Whether HUD approval of disposition of the property is required, and if so whether the proposed disposition and the reasons therefore, satisfy the criteria set forth in 24 CFR 970.4 - 970.8.
- (ii) If HUD approval is not required, whether the terms of SNRHA mortgages, require approval by the lender prior to sale.
- (iii) Whether title to the property contains restrictive covenants requiring specific use as, i.e. senior development, park etc.

b. **Is it in the best interest of SNRHA and its "affected" resident population to dispose of the subject property?**

- (i) The number of tenants that will be displaced by virtue of the proposed disposition.
- (ii) The cost of relocation expenses per tenant.
- (iii) The cost of replacement housing.
- (iv) Whether the proposed disposition will enable SNRHA to: deconcentrate public housing, acquire affordable housing to low income persons, receive fair market value for the subject property, minimize involuntary displacement of residents and promote fair housing.

c. **Specific Guidelines for appraisals.**

d. **The type of disposition process to be used.**

- (i) Public auction
- (ii) Sealed bid
- (iii) Oral auction
- (iv) Non-competitive

e. **Terms and Conditions of Sale**

- (i) Mixed finance
- (ii) All cash
- (iii) Minimum bid
- (iv) Time frame for completion of disposition

f. **Such other factors as the Committee may deem appropriate**

- (i) Venues, publications, etc in which public notices of sales, bids, auctions, etc., will be posted
- (ii) Whether tenant organizations should be invited to bid on the subject property. Note: In this regard, the Committee should consult 24 CFR § 970.13.
- (iii) Whether tenant input regarding the disposition of the subject property has been solicited as required by 24 CFR §970.8.

3. **Pre-Disposition Notification**

Unless specifically exempted by this policy, state statute, federal regulation or local ordinance, the sale of real property owned by SNRHA shall be conducted through either Public Auction, or sealed bids/Oral Auction.

Prior to conducting such a sale, SNRHA shall cause the following notices to be published:

- a. Two public notices in local newspapers, one published a minimum of 14 days prior to the proposed sale and the other published a minimum of 7 days prior to the proposed bid.

- b. The Board of Commissioners, the Executive Director and/or the Real Estate Committee may require additional marketing or advertising in connection with the proposed sale.

The notices should invite public participation and should advise the public of the date and time of the proposed sale. The notices must also advise potential buyers that SNRHA has Property Description Packages available for review and distribution. The Property Description Package shall be prepared by staff and available for public distribution on the first day of notice publication. Said package shall contain the following:

1. Parcel identification number
2. General parcel description, including any known improvements, construction on the site, or easements, as well as any known restrictions, liens, etc.
3. Approximate square footage or acreage of parcel
4. Location of parcel
5. Map of parcel
6. Legal description and zoning
7. Minimum bid (if desired)
8. Terms of sale, as recommend by the Real Estate Committee and approved by the Board of Commissioners
9. Any appropriate disclaimers 10. Other known information as appropriate

III. DISPOSITION METHODS AND PROCEDURES:

The following methods of disposition may be used by SNRHA to facilitate the sale of real property:

- A. **Disposition Through Public Auction:** Under this procedure, potential purchasers submit bids orally in a public auction, conducted by the Real Estate Committee or its Appointee(s), in accordance with Department of General Services guidelines for public auction.
 1. **Submission of Bidder Qualifications:** Not less than one hour prior to the public auction, a bidder registration table shall be opened at the auction site, at which the Department of General Services will issue bidders cards. To receive a bidder's card, a deposit in an amount and form determined by the Real Estate Committee must be given to the registration clerk. The deposit will be retained by SNRHA as a means of binding the highest bidder(s) to the SNRHA. If the highest bidder(s) refuses to enter

into escrow within the time limit established in the American Invitation, then the deposit will be forfeited to SNRHA.

Within five working days after the auction is closed, the highest bidder(s) must provide to SNRHA sufficient written information to substantiate that bidder's ability to complete the transaction. Failure to provide this information within five working days shall be sufficient cause for that bidder's deposit to be forfeited to SNRHA.

2. **Previous Offers:** If an individual has previously approached SNRHA with an offer to purchase the land in question, that offer will be considered an opening bid at auction. If this is the case, the offer must be placed in a sealed envelope which contains a certified check in the amount that will be required of all other prospective bidder(s). This envelope shall be given to SNRHA prior to the time of the public auction.

At the start of the public auction, the envelope shall be opened and the offered price announced as the starting bid. An offer of this nature is subject to the same substantiation requirements as all other prospective bidders. Under no circumstances shall an offer of this nature be made public prior to the date and time of the public auction.

3. **Rejection of Bids:** The SNRHA Board of Commissioners retains the right to reject any and all bids, and may delegate that right to the Executive Director.
4. **Terms of Sale:** The acceptable terms of sale set forth by the SNRHA Board of Commissioners when the property was approved for disposal may not be altered once the notice of the public auction has been issued. If the acceptable terms of sale are to be altered, a new public auction, including renotification, must be conducted.

B. **Disposition Through Sealed Bids and Oral Auction:** Under this procedure, potential purchasers submit a sealed bid for the subject property. After the sealed bids are opened, an oral auction will be conducted to allow bids higher than those received through the sealed bid process.

1. **Submission of Sealed Bids:** The Real Estate Committee, shall handle the bid procedure, using standard SNRHA policies for sealed bids.

If an individual has approached SNRHA within the past three months with an offer to purchase a parcel, that offer may take the place of a sealed bid for that purchaser, provided the purchaser provides SNRHA any supplemental information required as part of the sealed bid process. In such instances, the original offer may be kept confidential to protect the integrity of the sealed bid process.

2. **Opening of Sealed Bids and Oral Auction:** The SNRHA Board of Commissioners may elect to have the opening of the sealed bids and subsequent oral auction conducted in a special or regular Board meeting or at a meeting conducted by staff, with the results referred back to the Board.

Immediately following the opening of the sealed bids, an oral auction will be conducted, during which parties who participated in the sealed bids may offer prices higher than the highest sealed bid received. To initiate the auction process on each parcel, however, the first oral bid must exceed the highest sealed bid by at least 5%. If no qualifying oral bid is received, the highest sealed bid will prevail.

3. **Rejection of Bids:** SNRHA Board of Commissioners retains the right to reject any and all sealed or oral bids, and may delegate that right to the Executive Director.
4. **Terms of Sale:** The acceptable terms of sale set forth by the Board when the property was approved for disposal may not be altered once the initial request for sealed bids has been made. If the acceptable terms of sale are to be altered, a new sealed bid process, including new public notification, must be conducted.

C. **Non - Competitive Disposal:**

Non-competitive disposal of real property, through transfer, exchange, direct sale, lease, or other methods may be authorized by the SNRHA Board of Commissioners, following review and recommendation from the Real Estate Committee, when it is in the best interest of SNRHA and its resident population. Such circumstances can include (but are not limited to):

1. The property is of limited or unique value (e.g., there is no access to the property; the property has value or increased value only to a single adjoining property owner);
2. The property is best used in transfer or exchange with another government entity, pursuant to State statute;
3. The best interest of SNRHA's residents is best served through lease or sale of the property to a civic or community organization, or to a private party whose express plans for the property are consistent and contributory to SNRHA plans.

The decision to dispose of property through non-competitive procedures may only be made in a special or regular open meeting of the SNRHA Board of Commissioners.