

REAL ESTATE ASSETS POLICIES AND PROCEDURES

Louisville Metro Government

Date: February, 2019

I. OBJECTIVE

Louisville Metro Government (Metro) owns, operates, and disposes of real property assets throughout Louisville/Jefferson County. Louisville Metro Government through its agency, Develop Louisville, Office of Vacant and Public Property Administration (VPPA) leads an Asset Team that manages the acquisition and disposal of Metro-owned property. This policy states the process by which Metro acquires, inventories, and disposes of Metro-owned property.

II. REGULATORY REQUIREMENTS

Kentucky Revised Statutes Section 67C Part 101 (KRS 67C.101(3)(e)) – powers, privileges and jurisdiction of consolidated local government

Executive Order No 2, Series 2011, Section 1(A) – disposal of Metro-owned property

III. DEFINITIONS

Acquisition – the purchase of land (improved or unimproved) by Louisville Metro Government.

Disposition – The sale or lease of land by Louisville Metro Government.

Landbank – Can acquire, manage, and sell tax-delinquent vacant properties throughout Louisville/Jefferson County. The Landbank is governed by the corporation's Bylaws (revised September 4, 2015), Articles of Incorporation (February 14, 1989), and statutory authority provided by Kentucky Revised Statutes (KRS 65.210-65.300, KRS 65.350-65.375) and Louisville Metro Code of Ordinances 32.775.

Metro Asset Team – consists of representatives from five (5) Metro agencies (Develop Louisville, Louisville Forward, Parks and Recreation, Public Works, and Facilities and Project Management) that oversee the acquisition and disposition of property. The Metro Asset Team is led by the Director of the VPPA.

Metro-Owned Property – property (unimproved or improved) that is owned by Louisville Metro Government, including property that is owned by its prior and related entities. A list of identified entities as of January 2019 is listed in Appendix A. Related entities not covered by this policy include Louisville Metro Housing Authority, Louisville Water Co, Metropolitan Sewer District, and Affordable Housing Trust Fund.

Non-Necessary Metro-Owned Property – property (unimproved or improved) that is owned by Louisville Metro Government or one of its prior entities that does not fulfill a

governmental purpose.

Solicitation of Interest – process by which Louisville Metro Government requests information from prospective buyers regarding non-necessary Metro-owned property.

Surplus Resolution – process in which Louisville Metro Government via Metro Council determines a property does not fulfill a governmental purpose and may be sold.

IV. ACQUISITION

A. Louisville Metro Government typically acquires property under two scenarios. The first is when Louisville Metro Government is seeking a piece of property for a specific purpose (“Metro Seeking”) or when a property owner approaches Louisville Metro Government to determine if Metro has an interest in purchasing the property (“Owner Seeking”).

B. Metro Seeking – When the need to acquire a property (vacant or improved) arises, the proposed acquisition will be communicated with the Metro Asset Team. The Metro Asset Team will assist the Metro agency seeking to acquire the property with facilitating a decision-making process regarding the property. Louisville Metro agencies that acquire property are Louisville Forward, Facilities, Louisville Parks and Recreation, and Public Works.

1. Prior to starting the property search process, the following items should be taken into consideration:
 - Property specifics of desired parcel (e.g. size, location, etc.);
 - Effect on neighborhood of proposed acquisition and development;
 - Acquisition budget and timeline;
 - Ongoing maintenance plan and funding;
 - Agency responsible for negotiating terms and making final decision; and
 - Whether to use third-party realtor or Metro staff.
2. Upon making the decisions as listed above, the responsible agency will begin the property search process in consultation with appropriate members of the Metro Asset Team and will be responsible for obtaining an option on the property being sought. Prior to a transfer of property, VPPA will facilitate obtaining:
 - An appraisal for the property, which must be completed within 6 months prior to the date of acquisition.
 - A Phase I environmental report. VPPA may also request that other environmental testing is completed for the property (e.g. asbestos, lead-based paint, etc.)
 - Approval from Louisville Metro Council, if required
3. Once all of the items in #2 have been obtained, VPPA will coordinate with the Jefferson County Attorney’s Office (JCAO) to prepare the deed so Metro can take title to the property.

C. Owner Seeking - Property owners may approach Louisville Metro Government to propose the sale of their property to Metro. Agencies that acquire property may receive

an inquiry from property owners or an inquiry can be made generally via the Louisville Metro website or individual. General inquiries will be provided to the VPPA to disseminate to applicable agencies to obtain interest.

1. If an agency is interested in purchasing a property, after determining the sources and budget for acquisition and maintenance of the property, then that agency will work directly with the seller to obtain an option on the property. The agency staff will be consulting with the Metro Asset Team on the potential acquisition.
2. If the agency is not interested, then the agency will forward the information onto the Metro Asset Team to see if any other agency is interested in acquiring it.
3. If no one is interested in acquiring the property, VPPA staff will notify the seller.
4. Upon deciding to acquire a property, prior to its transfer, the lead agency will facilitate obtaining:
 - An appraisal for the property, which must be completed within 6 months prior to the date of acquisition.
 - A Phase I environmental report. VPPA may also request that other environmental testing is completed for the property (e.g. asbestos, lead-based paint, etc.)
 - Approval from Louisville Metro Council, if required
5. Once all items in #4 have been obtained, VPPA will coordinate with the Jefferson County Attorney's Office (JCAO) to prepare the deed so Metro can take title to the property.

V. DISPOSITION

A. Inquiry Process - VPPA and other Metro agencies will regularly receive inquiries regarding a parcel's availability. Following is the process by which Metro will receive and respond to public interest in a property.

1. The public can inquire about the status of a Metro-owned property via the Louisville Metro website (online web form) or by contacting VPPA via phone or email.
2. If the public contacts another Metro agency inquiring about the status of a property, this agency will forward this request to VPPA. VPPA serves as the central point of intake for all inquiries.
3. Upon receiving an inquiry, VPPA issues an auto email response to the interested party which explains the inquiry process and timeframe.
4. VPPA staff then reviews the Metro-owned property database to see if the property has been marked for sale.
 - If the property is listed as "not for sale" in the Metro-owned property database, then VPPA staff contacts the interested party to inform them.
5. If the property is listed "for sale", then VPPA staff will consult with Develop Louisville and Louisville Forward leadership to confirm ownership, availability, and to ensure that no other plans exists for the property.
6. Upon confirming with agency leadership that the property is for sale, VPPA will then decide as to whether the property meets the criteria for the Solicitation of Interest or if it can be immediately handled via Surplus described in Section V Subsection C.
7. If the property requires a solicitation of interest, then the VPPA Director will send a memo to all other Metro chiefs and directors regarding the subject property to ensure

no Metro agencies are interested in the property. A deadline for a response will be included in the memo.

8. If no Metro chiefs or directors respond in the affirmative, or by the deadline provided in the memo, VPPA will then inform the interested party that the property is indeed for sale and provide an outline of the next steps.

B. Disposition Process

1. Louisville Metro Government is committed to disposal of property using transparent, consistent, and equitable competitive practices. Each property proposed for disposition will go through a public, competitive process, whether by Solicitation of Interest or by transfer to the Landbank and subsequent disposal through their established competitive process. The Metro Asset Team will review the disposition of properties on a case-by-case basis and determine the best disposition strategy for each individual property. Each property is unique and the Metro Asset Team is tasked with the responsibility of determining the appropriate disposition method.
2. **Marketing of Available Properties** – in order to ensure transparent, consistent, and equitable competitive practices for the disposition of properties, Louisville Metro Government will market available properties. The Metro Asset Team will develop promotional materials for the property. Marketing can include one or more of the following methods:
 - Posting promotional materials on the Louisville Metro Government website and social media outlets;
 - Providing promotional materials to the Councilmembers whose district includes the parcel(s). The Councilmember may choose to include it in their weekly newsletter or email it to their distribution list;
 - Posting promotional materials on the property and other relevant places; and
 - Distribution of promotional materials to potentially interested parties.
3. **Solicitation of Interest (SOI)** – is a process in which Louisville Metro Government requests information from prospective buyers regarding non-necessary Metro-owned property in order to dispose of the property. The disposition of property via a solicitation of interest will generally be used on the following type of properties:
 - Corner lots
 - Lots that are at or above 7,000 square feet
 - Properties on the boundaries of different zoning districts
 - Properties with a pre-existing non-conforming use that has been grandfathered in; and
 - Any other property determined by the Metro Asset Team or the Chief of Louisville Forward
 - (a) If a solicitation of interest is required, VPPA will inform Develop Louisville and Louisville Forward leadership. VPPA and Louisville Forward will decide which entity (VPPA or Louisville Forward) will be responsible for managing the SOI process.
 - (b) Before the SOI is issued, agency leadership, with Louisville Forward or VPPA will determine what, if any restrictions or development goals are desired for the property, or if the property is to be sold at market rate. If the consideration for the property is going to be below the appraised value, or if restrictions or

development goals are desired, at the end of the SOI process, there will be a contractual relationship between Metro and the successful respondent setting forth Metro's expectations and the actions required of both the respondent and Metro.

- (c) The agency in charge of the process will prepare the SOI. At minimum, the SOI will include:
- The address(es) of the subject parcel
 - The acreage of the subject parcel
 - The zoning of the subject parcel
 - Information that must be included in the response to the SOI. At minimum, the proposal must include an offer for the land and adequate information for Metro to evaluate the proposals based upon the best interest of Metro. Proposal requirements could include:
 - a site plan;
 - budget;
 - project plan / project summary;
 - proof of financing and a sources and uses document;
 - renderings of proposed structures;
 - any proposed zoning changes or variances;
 - a contact person; and
 - deadline for a response.
- (d) Upon finalizing the solicitation of interest, it will be posted on the Louisville Metro Government website and social media outlets. It is to be posted for a minimum of fourteen (14) days. The SOI will also be provided to the Councilmember whose district includes the parcel(s). The Councilmember may choose to include the SOI in their weekly newsletter or email it to their distribution lists. The SOI should also be emailed to the party that originally inquired about the property. Other posting options include emailing the SOI to the VPPA email listserv or putting a notice on the subject property.
- (e) The interested party will be responsible for responding to the solicitation of interest by submitting a proposal for the property.
- (f) Upon receipt of the proposals, the agency in charge of managing the SOI process will determine if the respondents must go through an interview process. Interviews are not the standard, but are only done for high profile parcels, if multiple viable responses were received, or if more information is necessary to determine if the proposal is the highest and best use of the land. If interviews may be required, the agency will reach out to the Metro Asset Team who will provide representatives to participate in the interviews. The agency in charge will be responsible for scheduling potential interviews upon receipt of the proposals.
- (g) Upon completing interviews, if necessary, responses will be evaluated based upon a variety of criteria set forth in the SOI, which will depend upon the subject property. These criteria may include:
- A highest and best use for the property;
 - Community input on the project; and
 - Financial considerations.
- (h) A recommendation will be made to Develop Louisville and Louisville Forward leadership as to how to proceed.

- If no proposals are received for the property, then the parcel will remain a Metro-owned property and noted in the database.
 - If the submitted proposal(s) are not accepted, VPPA or Louisville Forward, as applicable, may choose to re-issue the SOI. If the SOI is not re-issued, then the parcel will remain a Metro-owned property and noted in the database.
 - If a proposal is accepted, then VPPA or Louisville Forward staff, as applicable, will begin negotiations with the respondent upon approval from Develop Louisville and Louisville Forward leadership.
- (i) VPPA or Louisville Forward staff, as applicable, will then negotiate with the respondent on the offer price and any desired terms of the sale (e.g. building design, easements, etc.).
 - (j) Upon accepting a proposal, Louisville Forward and VPPA staff, as applicable, will determine which agency will initiate the surplus resolution process through Louisville Metro Council, if necessary.
4. **Transfer to Landbank** - Properties not meeting the criteria listed in Section V Subsection B.3 will be recommended as surplus property and transferred to the Landbank. Subsequently, the property will be disposed through the Landbank's standard disposition programs.

C. Surplus Policy – Metro-owned properties that do not meet the solicitation of interest criteria (generally smaller, residential lots) do not have to follow the SOI process as outlined above in Section. B. Instead these lots can be immediately brought to Louisville Metro Council who can approve the lots for surplus via Metro's Landbank. The Landbank can then dispose of the property via one of their approved programs. Please reference the Louisville/Jefferson County Landbank Authority Policies and Procedures for more information.

D. Surplus via Louisville Metro Council Process – any Metro-owned property must go through the surplus resolution process via Louisville Metro Council in order to be sold. The surplus resolution indicates that the property is not needed for a governmental purpose.

1. To begin the surplus resolution process, a surplus certification must be signed by the chief or agency director.
2. VPPA will then send the surplus certification to the Jefferson County Attorney's Office (JCAO) to draft a resolution. JCAO will also draft a deed of transfer for the property.
3. Upon drafting a resolution, JCAO will assist VPPA in the resolution process. This includes finding a sponsor from Metro Council for the resolution, placing the surplus resolution on the Metro Council agenda for approval, and communicating to any Metro agency staff regarding appearance before Metro Council committee or response to any Metro Council questions and communications on the surplus resolution.
4. Upon obtaining approval of the surplus resolution, the property is either sent to the Landbank to dispose, or sold to the chosen respondent to the SOI.

E. Right of Way Policy – Please reference the Department of Public Works "Acquisition

and the Right-of-Way Process” document dated 9/11/2013 for more information regarding the disposition of right of way. If VPPA gets an inquiry which involves property in the right of way then that request will be referred to the Department of Public Works. Should the request involve any portion of the property that is not right-of-way, the remaining portion will be handled by VPPA.

VI. METRO ASSET TEAM

A. The Metro Asset Team will consist of representatives from the following Metro agencies, Develop Louisville, Louisville Forward, Louisville Parks and Recreation, Public Works, and Facilities and Project Management. The Metro Asset Team may also include representatives from other Metro agencies, including the Louisville Zoo, the Louisville Free Public Library, and the Louisville Fire Department, which also own and manage property, on an as needed basis. These Metro agencies may be involved in Metro Asset Team meetings, at the discretion of the Lead Agency, but will not be considered standing members. The Metro Asset Team will be led by VPPA which is a division of Develop Louisville within Louisville Forward.

1. **Lead Agency (VPPA) Duties** - VPPA will be in charge of the maintenance of the Metro-owned property database and ensure that members of the Metro Asset Team are informed of transactions regarding Metro-owned (or potential Metro-owned) property. VPPA will also oversee the maintenance of Metro-owned vacant (not in use) lots and manage the leases of said lots to internal or external agencies. VPPA will coordinate the disposition process, as applicable, on behalf of the Metro Asset Team and Louisville Metro Government as outlined in the Policy.
2. **Other Metro Agency Duties** – All other agencies that participate in the Metro Asset Team will be responsible for participating in the discussion when decisions are to be made regarding the acquisition and disposition of Metro-owned property. Agencies will be responsible for communicating with VPPA staff regarding a primary and secondary contact staff member who will serve on the Metro Asset Team.
 - Facilities and Project Management is responsible for the maintenance and leases of all Metro-owned lots and buildings that are currently actively-used by and for Metro agencies and governmental purposes. Facilities and Project Management is also responsible for the maintenance of Metro-owned vacant buildings that were previously, but are not currently used, for a governmental purpose.
 - Louisville Forward, through itself or VPPA, is responsible for the disposition, including sale and lease, of non-actively used Metro-owned buildings to internal or external agencies.

VII. METRO-OWNED PROPERTY DATABASE

- A. As the lead agency for the Metro Asset Team, VPPA staff will be responsible for maintaining an inventory of all Metro-Owned property assets. This database should include information on:
1. **Property Characteristics** – location / address, lot size, unique features / amenities, improved / unimproved, currently in use, Metro agency responsible for maintenance and upkeep, etc.
 2. **Governmental Use** – if the property is being used for a governmental purpose, if the

property has been determined to be non-necessary and thus marked available for disposition (e.g. “for sale”), potential plans for the property, etc.

- B. Updates** – VPPA staff will review the Metro-owned property inventory on a regular basis to ensure accuracy and completeness. VPPA will communicate with other members on the Metro Asset Team to document any necessary updates (e.g. a property formerly not marked for disposition is now available.) Further, as the lead agency of the Metro Asset Team, the VPPA will be involved when Metro acquires or disposes of property. As changes occur, VPPA staff will be responsible for updating the Metro-owned property database.

VIII. POLICY AMENDMENT PROCEDURE

- A.** The Metro Asset Team shall be responsible for identifying amendments or revisions to this policy as necessary. The Metro Asset Team will recommend policy revisions to the Leadership Team (LLT). The LLT will be responsible for reviewing and providing preliminary approval of these revisions.

APPENDIX A

This list includes all known entities related to Louisville Metro Government as of January, 2019. Other entities may exist and will be added to this list as they are discovered.

- CITY OF LOUISVILLE
- CITY OF LOUISVILLE PUBLIC PROPERTIES
- LOUISVILLE JEFFERSON COUNTY METRO
- METRO LOUISVILLE PROPERTIES I
- METRO LOUISVILLE PROPERTIES II
- HOUSING & COMM DEV DIV
- JEFFERSON CO COMM IMPROVEMENT DISTRICT
- JEFFERSON COUNTY BOARD OF HEALTH
- JEFFERSON COUNTY BOARD OF PARKS
- JEFFERSON COUNTY COMMUNITY DEVELOPMENT
- JEFFERSON COUNTY COMMUNITY ECONOMIC
- JEFFERSON COUNTY COMMUNITY IMPROVEMENT
- JEFFERSON COUNTY AIR BOARD
- LOUISVILLE RENAISSANCE ZONE CORP
- LOU & JEFF CO RIVERPORT AUTHORITY
- RIVERPORT AUTHORITY OF LOUISVILLE