

ATTACHMENT “A”



CITY OF WACO

**RESIDENTIAL TAX ABATEMENT
GUIDELINES AND POLICY STATEMENT**

As of June 1, 2021

I. GENERAL PURPOSE AND OBJECTIVES

The City of Waco is committed to the promotion of high-quality residential development and the ongoing improvements in the quality of life for its citizens in conjunction with improved housing options, opportunities, and conditions. The Property Redevelopment and Tax Abatement Act allows a municipality to create a Reinvestment Zone (RTA1) if the improvements sought are feasible and practical and would be a benefit to the land in the zone and to the City after the term of the tax abatement agreement has expired.

Reinvestment in the RTA1 through residential development will provide incentives needed to further revitalize existing neighborhoods and create opportunities for new ones within the central city. Additionally, these additional incentives are fully warranted over and beyond those generally provided throughout the city. Staff feels that the proposed tax abatements will create stimulus for further economic development in the RZ.

This policy will be considered, in accordance with state law, on a case-by-case basis in evaluating residential projects for potential tax abatement. This policy applies to the owners of real residential property and developers constructing affordable and/or workforce rental housing units in the RTA1. Nothing in the policy shall be construed as an obligation by the City of Waco to approve any tax abatement application.

The proposed tax abatement strategy will be used as one of several methods to revitalize neighborhoods, increase homeownership and provide quality housing in our central city neighborhoods.

II. DEFINITIONS

- A. "Abatement" means the full or partial exemption of ad valorem taxes for eligible residential real property improvements in a reinvestment zone designated as such for economic development purposes.
- B. "Affordable Units" are defined as units for households earning up to 60% of the Area Median Income (AMI) for the Waco metropolitan area using, as applicable, HUD and/or Texas Department of Housing and Community Affairs income limits. To qualify, rents shall not exceed 30% of the household's gross monthly income and shall not exceed the current Fair Market Rent.
- C. "Agreement" means a contractual agreement between a property owner and a taxing jurisdiction for the purpose of tax abatement.
- D. "Base Year Value" means the assessed value of the applicant's real property and improvements on January 1 of the year of the execution of the agreement plus the agreed upon value of any property improvements made after January 1 but before execution of the agreement. For example, if the agreement is signed June 1, 2016, then the base year value will be what the assessed value of the Property was on January 1, 2016, plus an agreed upon value for all improvements made to the Property between January 1 and June 1, 2016.
- E. "Real Property" means the area of land defined by legal description as being owned by an applicant for a tax abatement, including any improvements thereto, which is to be improved and valued for property tax purposes, and which is to be included in the reinvestment zone.
- F. "Reinvestment Zone" or Tax Abatement District is the area designated as such for the purpose of tax abatement by the City of Waco in accordance with Chapter § 312 of the Texas Tax Code, as amended. In order to receive tax abatement, the residential property must be in a reinvestment zone.
- G. "Workforce Units" are defined as units for households earning between 80%-100% of the Area Median Income (AMI) for the Waco metropolitan area using, as applicable, HUD and/or Texas Department of Housing and Community Affairs income limits. To qualify, rents shall not exceed 30% of the household's gross monthly income and shall not exceed the current Fair Market Rent.

III. ABATEMENT AUTHORIZED

The tax abatements will be on 100% of the increased taxable value, due to at least \$30,000 in improvements, expansion or modernization of existing single-family residences, \$50,000 on existing duplexes and townhouses, and at least \$ 90,000, for new ~~houses~~ construction of single family dwelling, rental duplexes and townhouses (sales price or appraised value), over the base year value for a period of ~~seven (7)~~ five (5) years based on a sliding scale. The first year of taxes abated at 50% and progressing to 10% in the fifth year. Applicant must provide city with satisfactory written evidence of total costs of improvements eligible for the tax abatement including a detailed construction budget of all items to be abated and any other documentation deemed necessary by city staff. **In year eight six, homeowner will be responsible for 100 % of the total taxable value.**

IV. REQUIREMENTS

To be eligible for the tax abatement:

- The applicant must own the property or is the developer of an affordable and/workforce rental housing that is the subject of the tax abatement (“the Property”) and either occupy the property as his/her primary residence, sell the property to a person who will occupy the property as his/her primary residence or developer and owner of lots. Proof of ownership can be by a warranty deed, affidavit of heirship, a probated will, or other acceptable legal documentation as determined by the City of Waco’s legal department. Proof of primary residence will be by homestead exemption.
- The Property cannot be in a tax-delinquent status.
- ~~New Constructed homes must either sell (arms length) or appraise for a minimum of \$90,000~~ Newly Constructed homes must either sell (in an arm’s length transaction) or appraise for a minimum of \$110,000.00.
- The Property may only be used for a single-family, duplexes, or townhome residence. Apartments and other multi-family structures do not qualify for the tax abatement.
- The Applicant cannot have any City of Waco liens filed against any property owned by the applicant property owner/developer, including but not limited to weed liens, demolition liens, board-up/open structure liens and paving liens, unless the liens were placed on the property prior to the purchase by the current owner.
- The abatement will be granted only for new residential improvements constructed after the execution of the Tax Abatement agreement.
- The Property’s base year value cannot exceed \$200,000.00
- Maximum property value upon completion is \$350,000.00.
- The property must be in conformance with the City of Waco zoning ordinance.
- The residential improvements must meet the neighborhood compatibility design standards, building standards and inspected by city staff at completion of improvements for full compliance with costs and design criteria.
- The property has not previously received a tax abatement.
- Applicant must apply, obtain approval from City Council and execute Tax Abatement agreement **before** any building permits are issued for the subject property and **before** any improvements are made to the subject property.

- If the original owner is building a homestead to sell to a primary homeowner, he/she must request assignment of the tax abatement agreement to the new primary homeowner. The City Council must then approve the assignment of the agreement.
- Applicant will have one year to complete the terms of the agreement. If applicant fails to complete the terms within one year, the recapture provisions shall apply. **Extension of the one-year requirement must be requested at least 30 days in writing before the expiration date of the agreement.**

V. INCLUSION OF FEE WAIVERS

Applicants will be eligible for:

- Reimbursement of fees for Development Services Fees up to \$3,000,
- Waiver of Building Fees up to \$2,500 and
- Waiver of Water Utilities Fees up to \$5,000.

VI. PROGRAMS

Development programs can be used in conjunction with the RTA program. These development programs will assist in aiding in the strategic goals for the City of Waco regarding affordable housing and development partnerships.

- A. Sale of Tax Foreclosed Property – Purpose of the program is to place tax foreclosed property back on the tax rolls and encourage revitalization of the city. Policy for the Sale of Tax Foreclosed Property attached as Exhibit B.
- B. Sale of Fee Simple Property - Purpose of the program is to place property back on the tax rolls, encourage revitalization of the City, and ensure the appropriate development. Policy for the Sale of Fee Simple Property attached as Exhibit C.

VII. NEIGHBORHOOD COMPATIBILITY DESIGN STANDARDS AND BUILDING STANDARDS*

It is important that the construction and rehabilitation of houses be compatible with the existing architectural character and building specification for energy efficient residential construction of the area. Only through the achievement of architectural compatibility will these houses have a long term, positive impact that will lead to the stabilization and revitalization of the neighborhood. The following design standards and building standards are recommended in order to achieve neighborhood compatibility:

1. *Building relationships and scale.* A compatible massing of proposed buildings and appropriate scale in relation to adjacent structures shall be accomplished through one or more of the following:
 - The use of materials that is consistent with the predominant building materials of adjacent structures.
 - The maintenance of continuity in major architectural elements such as rooflines or length of walls reflecting the residential scale of adjacent structures.

- Building heights of structures that are limited to the same approximate height as existing adjacent structures.
 - Roofs and pitches that are similar or complementary to extant structures in the neighborhood. A minimum pitch of 6/12 is recommended on the primary roof of each house.
 - The use of a pier and beam or raised slab foundation.
 - The use of elements or details that are sympathetic to architectural features or style of structures on neighboring properties. For example, porches that are a minimum of 8 feet in depth and porch columns with dimensions of at least 6" x 6".
2. *Open space.* Usable open space shall be provided on at least 25 percent of each lot occupied by a residential use.
- Structures should have the same setbacks as adjacent existing buildings.
 - The distance between structures should be approximately the same as that of adjacent structures.
3. *Automobile and pedestrian access.* Provision shall be made for ingress, egress, and off-street parking which will be compatible with the residential character of adjacent development, and will conform to the visual character of the residential streetscape, where appropriate, as follows:
- Provide off-street parking for each new house.
 - Where a lot abuts a public alley, vehicular access should be provided at the rear of a lot if a majority of the houses on the block use alley access.
 - All off-street parking areas containing more than two spaces shall be located to the rear of the front building line or lines.
 - Sidewalks should be constructed and/or repaired where sidewalks exist on an adjoining property.

**Note: Exhibit D - These recommended design and building standards will be implemented through plan review by staff.*

VIII. PROCEDURAL GUIDELINE

Any person, partnership, organization, corporation, or other entity desiring that the City of Waco consider providing real residential property tax abatement shall be required to comply with the following procedural guidelines. Nothing within these guidelines shall imply or suggest that the City of Waco is under any obligation to provide tax abatement in any amount or value to any applicant. Further, no representations made herein are binding unless and until approved by the City of Waco City Council.

A. Preliminary Application Steps

1. Applicant located in RTA1 shall submit a City of Waco Application for real property tax abatement with a filing fee of

\$150.00. An application will not be processed without the total amount of the filing fee being paid in advance.

2. Applicant shall provide a survey/plat map showing the precise location of the property and shall provide a complete legal description of the real property.
3. All information in the application package will be reviewed for completeness and accuracy. Additional information may be requested as needed.
4. Every application will need to be reviewed by staff to determine if the plans are compatible with the neighborhood and to ensure that all other requirements are met.
5. Copies of the complete application package and staff comments will be provided to the City Council.

B. Consideration of the Application

1. The City Council will consider the application at meetings conducted pursuant to the Open Meetings and Property Redevelopment and Tax Abatement Acts. Additional information may be requested as needed.
2. The City Council shall consider approval of the terms and conditions of an agreement between the City and the applicant, which governs the administration of the tax abatement.
3. The governing bodies of Waco Independent School District, Midway Independent School District, LaVega Independent School District, Connally Independent School District, McLennan Community College and McLennan County and all other applicable taxing units may consider offering and entering into a tax abatement agreement with the applicant. However, the City's action in offering and entering into a tax abatement agreement with applicant does not guarantee that any of the above-mentioned taxing entities will enter into a tax abatement agreement with applicant also.

IX. CERTIFICATION AND REVIEW

Beginning on or before December 31st of the year, which establishes "Base Year Value" for the agreement, the owner will submit a current MCAD statement that provides an appraisal valuation of the property. After construction is complete, the owner shall provide satisfactory written evidence of the actual costs and value of the improvements (actual costs, appraisal, or sales price) along with a current MCAD appraisal (when available). Newly constructed homes must either sell or appraise for a minimum of \$ 110,000 and rehabilitated homes must certify a minimum of \$ 30,000 actual costs for the improvements and have a maximum property value upon completion at \$350,000

The property owner will be required to certify annually in writing that it is in compliance with the agreement. After the construction is completed, City staff will inspect the project to ensure that it meets all the requirements in the agreement, and then inform MCAD as to whether the property meets the abatement requirements.

X. RECAPTURE

If a project is not completed as specified, or if the terms of the tax abatement agreement are not met, the City has the right to cancel or amend the abatement agreement. If the agreement is cancelled, a pro-rated portion of the abated taxes, based on the percentage of noncompliance, shall become due to the City. Taxes will become due upon sixty (60) days demand by the City. If a Rental Unit is not rented as an affordable and/or workforce housing unit waived fees and abated taxes will be recaptured.

XI. INSPECTION AND FINANCIAL VERIFICATION

The City of Waco reserves the right to review and verify the applicant's project financial statements prior to granting a tax abatement and to review the property during the term of the abatement. The City of Waco also reserves the right for representatives from the City and the McLennan County Appraisal District to inspect the property of the applicant during the term of the abatement to verify the accuracy of information provided in the tax abatement agreement. Provisions to this effect shall be incorporated into the agreement.

Exhibit A

Residential Tax Abatement Reinvestment Zone – RTA1 Map

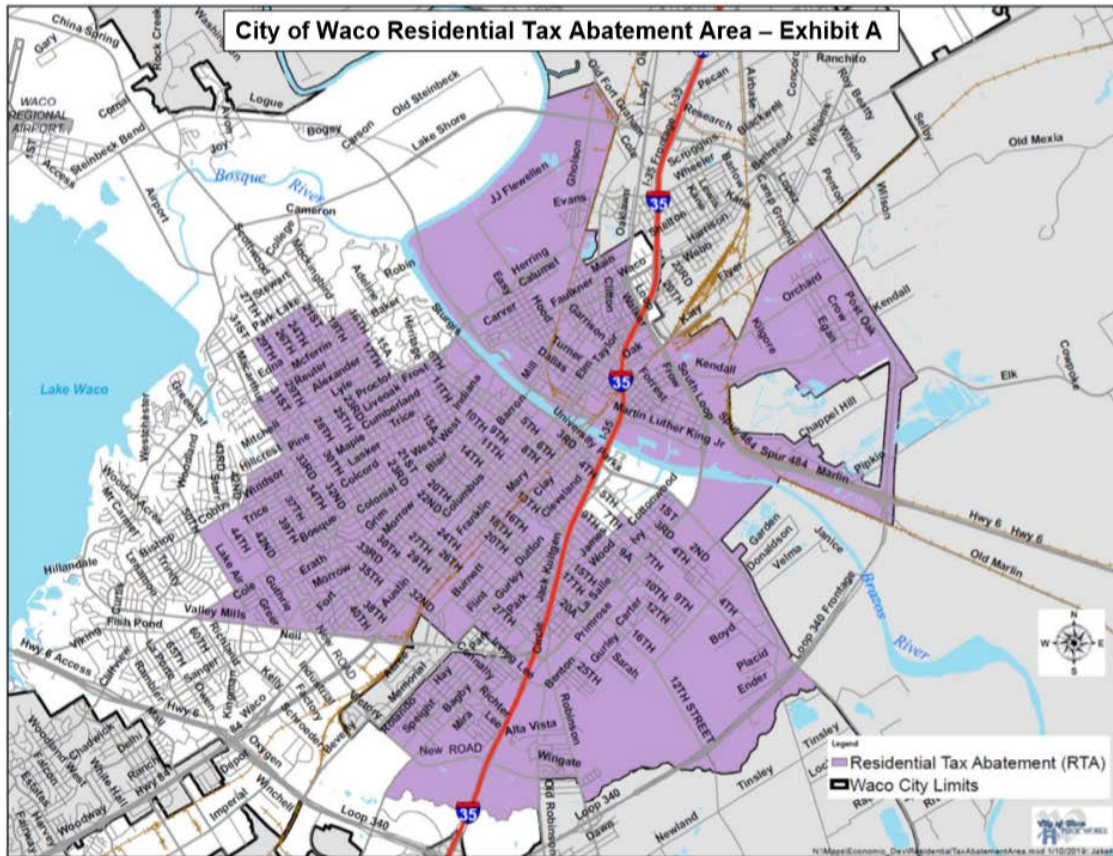


Exhibit B

POLICY FOR THE SALE OF TAX FORECLOSED PROPERTY

POLICY FOR THE SALE OF TAX FORECLOSED PROPERTY

Adopted by the Waco City Council on May 18, 2021

PURPOSE

The purpose of this policy is to outline the city's policy and some of its procedures for the sale of tax foreclosed property. It is the intent of the City of Waco that this policy furthers the City's goals to place the tax foreclosed property back on the tax rolls and encourage revitalization of the city.

I. DEFINITIONS

1. **Adjudged Value:** The market value set by the court in the tax foreclosure lawsuit on the date of trial.
2. **Court Costs:** The costs charged by the court for the tax foreclosure suit.
3. **Disqualified Buyer:** is defined as a person or entity that:
 - a) is delinquent on any tax account for City of Waco, a school district located in the city limits of Waco, McLennan County College, or McLennan County;
 - b) owes past due amounts owed to the city of Waco for mowing, water bills, library fines, hotel sales tax, abatement of other nuisances by the city or demolition of substandard structures; or
 - c) has received a notice of violation or a citation regarding any building in the City or inspection code and/or ordinance from the City of Waco and such notice or violation has not been resolved; or
 - d) City of Waco employees or their immediate family.
4. **Minimum Bid:** The lowest acceptable price set for the property.
5. **Non-Buildable Property:** Narrow strips of land, or land that because of its shape, lack of access to public roads or utilities, or small area cannot be used independently under its current zoning or under applicable subdivision or other development control ordinances.
6. **Property Manager:** The person who is charged with operating the day to day functions and oversight of the tax-foreclosed properties.
7. **Purchase Agreement Packet:** The purchase agreement, waiver of liability and disclaimer and conditions of sale agreement.
8. **Qualified Builder:** A builder who registers with the City of Waco's Community Services department as an affordable housing builder.

II. ADMINISTRATION

- A. Tax foreclosed properties will be managed by the City of Waco Property Manager.
- B. The Property Manager will offer tax foreclosed property for sale in accordance with this Policy and Procedures.

- C. Subject to D below, all Tax Foreclosed Properties may be sold under one of the following Purchase Programs:
 - 1. Taxing Entities Purchase;
 - 2. Targeted Housing Development by City;
 - 3. Affordable Housing Development by a CHDO;
 - 4. Direct Sale;
 - 5. Sealed Bid Sale; or
 - 6. Constable Resale.
- D. Notwithstanding C above, so long as all of the all the taxing entities who were a party to the judgment agree, a tax foreclosed property may be sold through another process that is not outlined in this policy.
- E. Upon receiving the tax foreclosed property, the Property Manager will first offer the sale of the property through the Taxing Entities Purchase Program.

If not purchased under this program, the property will then be available for the CHDO Housing Development Program, and then if the Property has not been placed in the Targeted Housing Development Program, it will be offered for sale in the Affordable Housing Development by a CHDO Program. If not purchased under the above programs, the Property Manager will offer the property for sale under the direct sale, bid sale, or constable tax-resale programs. The Property Manager will use his or her discretion to determine which of these sales programs to sell the tax foreclosed property.

- F. The Property Manager will list all of the tax foreclosed property on the City of Waco's website upon receiving the constable deed. The Property Manager will classify the property as "available for sale," "sale pending," "Taxing Entities Sales Program," "Targeted Housing Development Program," or "Affordable Housing Development by a CHDO." In addition, the Property Manager will make available a list of tax foreclosed properties for sale at the property management office.

G. As a component of selling a property, the City may require a Development Agreement that will be submitted simultaneously with the sale being submitted to the City Council for approval. This agreement will require conformity with City of Waco Building Standards as defined within the development agreement.

- H. Under the terms of the interlocal agreement, so long as the sale of the tax foreclosed property follows this policy, the conveyance of the tax foreclosed property shall occur upon execution of the deed after approval of the sale by the City Council for the City of Waco in an open public meeting.

- I. Under the terms of the interlocal agreement, the taxing entities authorize the City Manager for the City of Waco to execute the tax resale deed on their behalf.
- J. Under the terms of the interlocal agreement, taxing entities relinquish their interest for purposes of any City easement. The City will bear the cost of any survey needed for the easement.
- K. Under any Purchase Program, the buyer will be responsible for all cost of survey, title commitment, title insurance, tap and impact fees, and any other costs.

III. TERMS OF TAX FORECLOSED PROPERTY SALES

- A. All tax foreclosed properties shall be sold “AS IS” with no warranty, either expressed or implied, concerning zoning or suitability for any specific purpose or use.
- B. All tax foreclosed properties shall be sold subject to the prior owner’s right of redemption.
- C. If a tax foreclosed property’s zoning is in conflict with the City of Waco’s comprehensive plan, the Property Manager shall submit the tax foreclosed property to the Planning Department for a zoning change. Conveyance of the property shall only occur after the property’s zoning is in conformance with the City of Waco’s comprehensive plan.
- D. It is the buyer’s responsibility to examine all applicable building codes and ordinances to determine if the property in question can be used for the buyer’s intended purpose. Construction must be in line with the building requirements set forth by the City of Waco.
- E. A Purchase Agreement Packet for property will not be accepted from any Disqualified Buyer.
- F. The City of Waco can reject any offer to purchase the tax foreclosed property for any reason.
- G. The tax foreclosed property shall be conveyed through a tax resale deed, which shall include the retention of all existing easements and right of ways, whether of record or not.
- H. The tax foreclosed property must begin development within 2 years after the purchase of the property. Purchaser must provide a plan and timeline for construction within 180 days of purchase. If purchaser wishes to sell the property, the City has the first right to repurchase property at the same purchase price sold.

Purchaser must request in writing approval to sell the property to an unrelated party. (These restrictions will be secured by the deed on the property.)

IV. TAXING ENTITIES PURCHASE PROGRAM

- A. Upon receiving the tax foreclosed property, the Property Manager will send the list and a property location map of tax foreclosed properties to all of the taxing entities who were a party to the tax foreclosed lawsuit to determine if the tax entity would like to purchase the property for its governmental use.
- B. Taxing entities will have 60 days to determine if the taxing entities would like to purchase the property.
- C. The sales price for the tax foreclosed property, under the taxing entity purchase program, shall be \$10.00 per property (additional consideration is the governmental use).
- D. For properties purchased under this program, the taxing entities shall send a check payable to the City of Waco for disbursement and a description of the governmental use.
- E. Upon the earlier of the expiration of 60 days (from the time the taxing entities were sent the list of properties) or the taxing entities notifying the Property Manager that the taxing entities notifying the Property Manager that the taxing entity is not interested in purchasing the property, the property will be offered to Targeted Housing Development Program from day 61 (from the time the taxing entities were sent the list of properties) to 90 day and then offered to Affordable Housing Development by CHDO Purchase Program for low to moderate income owner occupant at day 91 to day 120. If the property is not sold within 120 days (from the time the taxing entities were sent the list of properties). The properties will be offered for sale under any of the Direct Sale Program, the Bid Sale Program, and the Constable Re=Sale Program.
- F. Although a buyer may express an interest in property during the time periods in IV.E. above, the property will not be transferred to the buyer until after the expiration of the redemptive period established by state law.

V. TARGETED HOUSING DEVELOPMENT PROGRAM BY CITY

- A. As set forth in the interlocal agreement between the taxing entities, tax foreclosed properties located in non-CDBG Areas or in North and East Waco as shown on the attached map, may be held by the City of Waco for affordable housing development by the City on its behalf or on behalf of a Qualified Builder.
- B. The City has from 61 (from the time the taxing entities were sent the list of properties) to 90 days to decide whether to include a property in

this program. A Targeted Housing Committee made up of the Director of Planning or designee, Director of Community Services or designee, the property manager, and any other person appointed by the City Manager shall make this decision.

- C. The proposed use of the property may be either single family or multi-family housing.
- D. The tax foreclosed property can be held for 2 years for future affordable housing development.
- E. These properties may be sold to Qualified Builders through a Request for Proposals process. The Qualified Builder must pay \$500.00 or court costs, whichever is greater, and propose a development plan.

IV. AFFORDABLE HOUSING DEVELOPMENT BY CHDO PURCHASE PROGRAM

- A. After the tax foreclosed Property is released from the Taxing Entity Purchase Program and Targeted Housing Development Program, the tax foreclosed property will be offered for sale on day 91 to city of Waco Certified Community Housing Development Organizations (CHDOs) for the development of quality affordable housing for low to moderate income owner occupied residence.
- B. The Property Manager will send the list of available properties to the CHDOs in order for the certified CHDOs to determine if they would like to purchase the property for the development of quality affordable housing for low to moderate-income owner-occupied housing.
- C. The CHDOs will have 30 days from the day the list is sent to contact the Property Manager and submit a written offer to purchase the property. If no offer is received by the Property Manager within the 30 days, the tax foreclosed property will be offered for sale under the Direct Sales Program, Bid Sale Program or Constable Resale Program.
- D. Upon receipt of the Purchase Agreement Packet, the Property Manager will verify with the Community Services Department that the CHDO has received federal funds to construct the home on the property or that the CHDO has funds to complete construction the home within 15 months of conveyance.
- E. CHDO's will be required to build based upon the current building standards set forth by the Community Services Department.

- F. The sales price for each lot shall be \$500.00 or court costs, whichever is greater, and a reverter clause conditioned on completion of the house within 2 years. The CHDO must submit payment and the Purchase Agreement Packet to City of Waco prior to the end of the 30th day from the day the list is sent to the CHDO.

V. DIRECT SALES PROGRAM

- A. After being offered under the Taxing Entity Purchase Program, the Targeted Housing Development Program, and the Housing Development Purchase Program, the Tax Foreclosed property may be offered through a Direct Sales Program or any other sale process determined by the Property Manager.
- B. If the Property Manger receives two or more requests to purchase a tax foreclosed property within six months of the date the deed was recorded transferring the property to the City of Waco as trustee, the Property Manager will put the property on the first available bid sale. Thereafter, all properties shall be sold on a “first come first served basis”.
- C. If the Property Manager receives only one request to purchase the tax foreclosed property within 6 months of the date the deed was recorded transferring the property to the City of Waco as trustee, the Property Manager will offer the property to the interested party if the property has not been sold under the Taxing Entity Purchase Program, the Targeted Housing Development Programs, or the Affordable Housing Development Purchase Program.
- D. The sale price under the Direct Sale Program shall be:
 - 1. For Buildable Properties
The lesser of:
 - a) The adjudged value;
 - b) 40% of MCAD; or
 - c) Court Costs.
 - 2. For Non-Buildable Properties
The lessor of:
 - a) The adjudged value;
 - b) 25% of MCAD; or
 - c) Court Costs.

Property Manager at their discretion can increase the sales price to include costs of surveys, appraisals or price the property at a higher market value.

- E. Persons interested in purchasing a tax foreclosed property shall submit a completed Purchase Agreement Packet to the Property Manager with only

the pricing terms as stated in D above. The Purchase Agreement Packet can be found at www.Waco-Texas.com or CityOfWacoProperties.com or at the Property Manager's Office. In order to be considered complete, the prospective buyer must submit a completed Purchase Agreement Packet and payment. Payment must be in the form of a certified check or money order made payable to the City of Waco.

- F. Upon receiving Purchase Agreement Packet and payment, the Property Manager shall review the packet to make sure it is complete, and the interested buyer is qualified to purchase a tax foreclosed property, and so long as there is not a prior completed Purchase Agreement Packet for the tax foreclosed property, the Property Manager will present the packet to the City of Waco City Council for approval.

VI. SEALED BID SALE

- A. If the tax foreclosed property is not being sold under another purchase program, the property will be placed on the first available bid sale. Sealed bid sales are held in accordance with the Standards of Practice for Purchasing Department and Standards of Practice for the Property Management Department.
- B. The Minimum Bid will be determined as follows:
 - 1) First Sale -- 40% of MCAD Value or the Direct Sale price, whichever is less; or if property has aged two or more years from deed recording date, the property may start at second sale price;
 - 2) Second Sale – 15% of MCAD Value;
 - 3) Third Sale – 5% of MCAD Value; and
 - 4) Fourth Sale -- \$10.00
- C. The City Council of the City of Waco reserves the right to reject any bid.

VII. CONSTABLE RE – SALES

- A. Public Auction of Tax Foreclosed Properties Conducted by the Constable of McLennan County – Re-sales
 - 1. The Property Manager is authorized to request the McLennan County Constable to place properties for sale using the public auction process in accordance with Section 34.05 of the Texas Tax Code.
 - 2. The Minimum Bid Will Be determined as follows:
 - 1) First Sale – 40% of MCAD Value or the Direct Sale price, whichever is less; or if property has aged two or more years from deed recording date, the property may start at second sale price;

- 2) Second Sale – 15% of MCAD Value;
- 3) Third Sale – 5% of MCAD Value; and
- 4) Fourth Sale -- \$10.00

B. The Property Manager is authorized to remove properties from the delinquent tax sale auction resale list after it has been through on constable sale.

Exhibit C

SALE OF FEE SIMPLE PROPERTY POLICY

SALE OF FEE SIMPLE PROPERTY POLICY
Adopted by the Waco City Council on May 18, 2021

PURPOSE

The purpose of this policy is to outline the City's policy and some of its procedures for the sale of fee simple property. It is the intent of the city of Waco that this policy furthers the City's goals to place fee simple property back on the tax rolls, encourage revitalization of the City, and ensure the appropriate development.

I. DEFINITIONS

1. Adjoining Landowners: Landowners whose property borders the property in question.
2. City-Owned Facility Property; Property that is the site of a city facility or is planned for development as a city facility. This property is not for sale.
3. Disqualified buyer; is defined as a person or entity that:
 - a) Is delinquent on any tax account for City of Waco, a school district located in the city limits of Waco, McLennan County College, or McLennan County;
 - b) Owes past due amounts owed to the city of Waco for mowing, water bills, library fines, hotel sales tax, abatement of other nuisances by the city or demolition of substandard structures; or
 - c) Has received a notice of violation or a citation regarding any building in the City or inspection code and/or ordinance from the City of Waco and such notice or violation has not been resolved; or
 - d) City of Waco employees or their immediate family.
4. Fee Simple Property; Property acquired by the City through a method other than tax foreclosure (i.e. gift, bequest, purchase).
5. Minimum Bid; The lowest acceptable price set for the property.
6. Property Manager: The person who is charged with operating the day-to-day functions and oversight of the tax-foreclosed properties.
7. Tax foreclosed Property; Property acquired by the City, in trust, through the tax foreclosure process.

II. ADMINISTRATION

- A. Fee simple properties, except for City-owned Facility Properties, will be managed by the City of Waco Property Manager.
- B. A separate policy, adopted by the City Council, governs the sale of tax foreclosed properties.
- C. Fee simple property will be sold in accordance with the procedures outlined in this policy and with any applicable state law including provisions of the Texas Local Government Code, Property Code, and Tax Code.
- D. The City Council may grant exceptions to this policy.
- E. Under Chapter 272 of the Texas Local Government Code, sales of fee simple properties must be by notice and bidding unless an exception exists under state law.
- F. Under Chapter 272 of the Texas Local Government Code, sales of fee simple properties must be sold at fair market value.
 - a. The fair market value may be determined by the price obtained by the City at a public auction for which notice to the general public is published according to Chapter 272 of the Texas Local Government Code.
 - b. State law contains exceptions for the requirement of fair market value, including when the City is conveying real property:
 - I. To an abutting property owner who owns the underlying fee simple to the property interest the City is conveying;
 - II. To an entity for the development of low-income or moderate-income housing;
 - III. To an institution of higher education to promote a public purpose related to higher education; or
 - IV. To another political subdivision carrying out a purpose that benefits public interest and will revert to the City if the acquiring political subdivision ceases to use the land or interest in carrying out the public purpose.
- G. If a fee simple property's zoning is in conflict with the City of Waco's comprehensive plan, the Property Manager shall submit the fee simple property to the Planning Department for a zoning change. Conveyance of the property shall only occur after the property's zoning is in conformance with the City of Waco's comprehensive plan.
- H. The Property Manager may establish a minimum bid for a property. The property manager should consider fair market value and recovery of expenses (e.g., re-platting, surveying, title search) in determining the minimum bid.

III. TERMS OF FEE SIMPLE PROPERTY SALES

- A. All fee simple properties shall be sold “AS IS” with no warranty, either expressed or implied.
 - 1. The City will make no guarantee as to the availability of utilities to the property.
 - 2. No warranty, written, expressed or implied, will be made regarding the property as to the suitability of use of for building/construction of any structure(s), suitability for habitation, compliance with City codes, or clear title. It is the sole responsibility of the bidder or buyer to examine the property, research building codes, encumbrances, zoning designations, physical location, and all other aspects of the property prior to submitting a bid on that property. The bid documents, or the offer to purchase if a bid is not required, shall contain all of the above disclaimers. The bidder/buyer shall agree to these terms.

- B. All sales are completed with the execution of a deed stating the property is sold “AS IS”.

- C. The Offer To Purchase and the resulting deed shall include language guaranteeing the City’s retention of all existing easements and rights of way related to the property.

- D. Offers to Purchased property will not be accepted from any Disqualified Buyer, and properties will not be sold to any Disqualified Buyer.

- E. As a component of selling a property, the City may require a Development Agreement that will be submitted simultaneously with the sale being submitted to the City Council for approval.

- F. The tax foreclosed property must begin development within 2 years after the purchase of the property. Purchaser must provide a plan and timeline for construction within 180 days of purchase. If purchaser wishes to sell the property, the City has the first right to repurchase property at the same purchase price sold. Purchaser must request in writing approval to sell the property to an unrelated party. (These restrictions will be secured by the deed on the property.)

VIII. PROCEDURES FOR SALE OF CITY OWNED PROPERTY

- A. The City of Waco will advertise a “Request for Bid” in the Legal Section of the classified ads in the *Waco Tribune-Herald*, the City of Waco Website, *Onvia DemandStar*, and Electronic State Business Daily. The “Request for Bid” will specify:
 - 1. The address of the property;
 - 2. A minimum bid price for the property;
 - 3. The date the bids will open in the Purchasing Department; and
 - 4. Any restrictions on the property.

B. All bids must be submitted by the close of the bid date and time to:

City of Waco
Purchasing Services
1415 N 4th Street
Waco, Texas 76707

This may be done in person or by delivery service.

If bids are mailed, they must be mailed to: City of Waco Purchasing Services, PO Box 2570, Waco, Texas 76702-2570. However, please note that the United States Post a 1 Service does not deliver to the street address. Bids must be physically in the Purchasing Office in order to be considered. Bidders may not rely on mailing of the bid to constitute on-time arrival for the bid opening. If the bid has not be received in the Purchasing Office by the scheduled opening time, it cannot be considered, regardless of what time it was posted.

C. All Bids must be submitted on an official Bid Form.

D. All bids must be sealed in an envelope by the bidder with only the name of the bidder and the property address written on the envelope.

E. All bids will be opened in public in the Purchasing Services Office at a date and time to be named in the “Request for Bid”.

F. Payment of Purchase Price.

- a. Except as provided in paragraph F.b. below, the successful bidder must make payment of the total amount of the bid offered to the City of Waco by 5:00 p.m. of the first business day following the date the bid is opened in the Purchasing Department.
 - i. Payment must be cash, personal check, certified check or cashier’s check made payable to the City of Waco and delivered to the Property Management Office of the City of Waco.
 - ii. If payment is not made in the prescribed time, the first place bid will be disqualified and the second place bid accepted, with that bidder having a equal amount of time to tender payment. Generally, this equal amount of time will be by 5:00 p.m. of the next business day after the City notifies the next highest bidder of acceptance.
- b. For fee simple non-tax foreclosed property with a minimum bid amount that exceeds \$50,000.00, the Property Manager may write the bid documents to allow a purchase and sale agreement (instead of the purchase price within one business day).
 - i. To be successful, the bidder must provide a pre-qualification letter with the bid.
 - ii. Within 15 business days of the bid opening, the bidder must execute a purchase and sale agreement that must contain the following terms:

1. Five percent of purchase price is the required earnest money amount; and
 2. Closing and funding to occur within 120 days from the date of city council approval.
- iii. The purchase and sale agreement also may contain the following terms:
 1. A 60-day feasibility period; and
 2. Provision of closing costs and title fees (Property Manager may negotiate).
 - iv. The bid price and purchase and sale agreement must be approved by the City Council to be effective.
 - v. If the property is not sold pursuant to the purchase and sale agreement and it is allowed by the bid documents, the Property Manager may offer a purchase and sale agreement to the second place bidder. This bid price and purchase and sale agreement also must be approved by the City Council to be effective.
- G. The City Council of the City of Waco reserves the right to review each and every bid and to award the property to bidder submitting the bid which is deemed most acceptable. The City Council further reserves the right to reject any and all bids if no bid is deemed acceptable.
- H. Right to Decline sale: regardless of the sale method, the Property Manager is authorized to decline to sell a property in the event he/she has plausible reason to believe the interested buyer may be attempting to circumvent City of Waco policy related to property sale or buyer use. There exists the potential for a Disqualified Buyer to acquire a property by having another individual buy it and then sell it to the Disqualified Buyer. Example: An interested buyer owes past due taxes. A second party may purchase the property and later sell it to the Disqualified Buyer. This type of sale is prohibited by this policy.

IX. RESPONSIBILITIES OF THE PROPERTY MANAGER

- A. The Property Manager of the City of Waco shall perform or direct the performance of a variety of tasks associated with the sale, management and oversight of City-owned properties in order to further the City's goals of housing, economic and community development.
- B. The responsibilities of the Property Manager shall include the following:
 - i. Manage and maintain the entire City-owned real property inventory;
 - ii. Serve as the City representative by responding to any public inquiries concerning the available property list;
 - iii. Monitor all direct and public sale processes to ensure that City policies remain consistent;
 - iv. With respect to each property sale, the Property Manager will:

- a. Make maps for the property that identify potential issues such as the likelihood of flooding, rights of way, easements, encroachments, the status of the current availability of utilities, and any other issues determined to be a potential problem;
 - b. Meet with the Engineering Division of the Public Works Department and the Water Utilities Department to identify potential issues such as the likelihood of flooding, rights of way, easements, encroachments, the status of the current availability of utilities, and any other issues determined to a potential problem;
 - c. Meet with the Engineering Division of the Public Works Department and the Water Utilities Department to determine the need to retain easements; and
 - d. If the property is near an existing City-owned Facility Property, contact the department(s) occupying that facility to see if the property needs to be retained.
- v. Prepare proposed sale packets for City Council Review after an offer of purchase or high bid has been received.

EXHIBIT D

BUILDING STANDARDS

1. The size of the Home:

1. The one-story home is to be between 1200 and 1850 sq. ft. with at least 3 bedrooms and 2 bathrooms.
2. The square footage of the home is based on the air-conditioned space and does not include the garage area or porches. Based on living space
3. The design of the home should be complimentary and consistent to the neighborhood in which the home is being built (ex. Hardie, Wood, or brick).
4. The home must comply with the “Energy Star” program.
5. Construction duration to be up to 120 days from the date that building permit has been issued from the City of Waco, excluding approved weather delays and/or unforeseen circumstances. Weather days and/or unforeseen issues will be reviewed on a case-by-case basis

2. General Site Matters:

1. 12’ wide driveway - broom finish the concrete and slope to drain.
2. 4’ wide entry walk - broom finish concrete, no step to the porch level allowing for WC access and slope to drain from front door to street.
3. Patio 100 sq. ft. broom finish concrete and slope to drain at a Minimum
4. Privacy fence to be - 6’ high pressure treated wood w/metal posts and 1-man gate @ 3’-0” min.
5. Contractor/or property owner shall replace any city sidewalk or existing driveway that is broken or cracked during construction. (replace sections of the walk from joint to joint, address the driveway as agreed upon by contractor/or property owner and city staff).
6. The minimum finish floor of a new home is to be as per the grading plan, submitted by the developer and approved by Community Services, and the final grade shall be sloped to drain.

3. Foundation:

1. Provide copy of the engineered foundation design.
2. Provide positive drainage from slab, with 6 inches of revealed slab from grade to finish floor an shall be per grading plan.

4. Framing:

1. Standard 8 ft. plate line for all walls – (pop ups, slopes, boxes to be per specific plan).
2. All exterior walls to be 2x4 #2 fit or equal @ 24” o.c. garage wall.
3. All corners to be open framed to allow for full insulation – no “dead corners” or “T”s.
4. All interior walls to be 2x4 #2 fit or equal @ 16” o.c. all frames lumber to be # 2 fir. or equal.
5. All materials to be approved by Community Services.
6. Tyvek or equal “house wrap” on exterior walls.

5. Siding and Soffits:

1. Provide “Hardie” board or approved similar product for all siding, soffit and fascia per plan.
2. 16” minimum overhang on Soffit.
3. Provide soffit vents only at garage.

6. Roofing:

1. 7/16” OSB roof decking w/ H-clips.
2. 25-year dimensional composition shingle roofing material.
3. Provide minimum barrier or equal felt under roofing shingles with #30 in all valleys.
4. Provide roof vent at garage only.

7. Exterior Finish:

1. Brick veneer shall meet minimum standards w/brick ties per code @ 3 side’s w/standard gray with mortar per plan no concrete brick.
2. Provide heavy duty flashing at the brick ledge and weep holes per current COW building code.
3. Paint all exterior siding, soffit and fascia, caulk, prep and prime w/ 2 coats of exterior latex paint.
4. Exterior Doors to be painted w/ 2 coats exterior latex paint.

8. Windows:

1. All windows to be double pane insulated low “E”, vinyl windows, complying with energy code.
2. All windows to be caulked to adjacent material to prevent water infiltration.
3. Provide all windows and install in single fashion with the “house wrap”. Tapped and viewed before siding installed.
4. Metal blinds for all windows. Plastic blinds will not be permitted. Faux wood blinds may be permitted (sample to be provided first).

9. Gutters:

1. Provide aluminum seamless gutters at the exterior doors and garage door with downspouts and splash blocks.

10. Exterior Electrical & Lighting:

1. Exterior lighting to be 1 - overhead light at front door / porch, 1 - wall mount fixture at rear door.
2. 3 – exterior GFI’s located as follows: 1 @ front porch, 1 @ rear porch and 1 @ a/c condenser per code.
3. Flood lights on minimum of 2 corners of the home.

11. Exterior doors:

A. Front Door:

1. Front Door to be 3’ - 0” x 6’ - 8”, 6 – panel fiberglass or hollow metal insulated door w/ peep hole – double bored, locks to be as follows:

B. Rear Door:

1. Rear door to be 2’ - 8” 6’ - 8”, 1 - light, insulated metal door or fiberglass – double bored.

- C. Exterior locks to be:
A. 1 - lever lock, B. 1 – single cylinder dead bolt lock.

12. Insulation:

1. Install R- 13 open cell foam approximately 3 ½” insulation at all exterior walls and attic of living space minimum.
2. Provide same foam insulation at pony walls separating living space from the garage or porch areas.
3. Provide full poly seal/weatherization - sealing of the entire house, including sealing around all windows, door openings and all holes and penetrations prior to foaming.
4. Garage wall/house wall shall be insulated with foam.
5. Provide no insulation at the ceiling level.

13. Cabinets and Tops:

1. Pre-finished stained cabinets in kitchen area, 36” base cabinets or other preapproved cabinets.
2. Provide 42” high upper cabinets in the kitchen.
3. Walled Pantry for food storage in kitchen area.
4. 32” high preapproved cabinets in bath areas 30” min. width.
5. Kitchen countertops and backsplash to be plastic laminate or equal.
6. Bath countertops and backsplash shall be cultured marble w/Integral bowl.
7. Provide countertop samples.
8. Cabinet doors and drawer fronts shall include metal pulls or knobs in a pre-approved finish.

14. Interior Doors and Trim:

A. Interior Doors:

1. All interior doors to be multi panel hardboard hollow core.
2. Bedroom doors to be minimum 2’ - 8” x 6’ - 8”
3. Bi-Fold doors are not allowed.
4. 3’ - 0” x 6’ - 8” solid core sealed door with threshold from garage to house.
5. Bathroom doors to be 2’ – 6” x 6’ – 8”

B. Interior door locks/hardware:

1. Master bedroom and bath doors to have privacy locks.
2. All other doors to be Passage Locks.

C. Interior Trim:

1. Base molding in all rooms.
2. Closets to have MDF or equal painted shelves. wooden closet rods.
3. Closets to have maximum hanging and storage space.

15. Wall and Floor Finishes:

A. Wall and Ceiling Textures:

1. All drywall to 1/2 ” GWB.
2. All walls and ceiling to have a pre-approved texture.

B. Interior finishes:

1. Provide paint on all walls and ceilings, flat latex, 1 - color entire house city staff to select. You can upgrade, but at your expense. Two colors?
2. Trim paint/ interior doors, semi-gloss latex enamel, antique or acoustic white.

C. Flooring:

Contractor will have the option of the following flooring

1. Ceramic tile 12 x 12 minimum.
2. 28 oz carpet and ½” pad.
3. Stained concrete.
4. Glue down vinyl.

16. Finish Schedule:

A. Front Porch & Sidewalk:

1. Broom finish concrete floor and slope to drain.
2. 1 – WPGFI electrical outlet on wall near entrance.
3. 1 – Overhead light fixture at ceiling.

B. Family Room:

1. Base molding, painted.
2. Doors / casing painted.
3. 1 – ceiling fan and light kit.
4. 1 – T/V outlet.

6. Crown molding on ceiling

C. Kitchen:

1. 1 – ceiling mount fluorescent light 2 light 4’.
2. Vinyl floor.
3. White, black or stainless steel appliance package. (appliance package will include a refrigerator, dishwasher and stove).
4. Stainless steel sink, chrome faucet w/Spray.
5. Pantry for Food Storage.

D. Breakfast Nook:

1. 1 – Decorative ceiling mounted light fixture, chandelier.
2. Finished flooring in compliance with Section 15 C.

E. Laundry Room:

1. Surface mounted ceiling light with fluorescent bulb.
2. 36’ high upper cabinets above washer / dryer.

F. Master Bedroom:

1. 1- Ceiling Fan and Light Kit. 52”.
2. Finished flooring in compliance with Section 15 C.
3. 1 – Telephone Outlet.
4. 1 – T/V Outlet.
5. Crown molding on ceiling.

G. Master Bedroom Closet:

1. Surface mount closet fluorescent light fixture.

2. Approved flooring choice.

H. Master Bath: Good quality insert

1. 1 – Wall mounted light fixture above vanity minimum 3 bulb.
2. Vinyl floor.
3. Standard mirror to be ¼” x 42” tall above vanity and same width as the vanity.
4. White 2 – pc toilet.
5. Metal tissue holder, towel ring and 24” towel bar, provide proper blocking.

I. All other Baths: Good quality insert

1. 1-Wall mounted light fixture above vanity. 3 bulb.
2. Vinyl floor.
3. Standard mirror to be ¼” x 42” tall above vanity and same width as the vanity.
4. White 2 – pc toilet.
5. Metal tissue holder, Towel Ring and 24 ‘ Towel Bar. Provide proper blocking.

J. Bedrooms #2: (Hall):

1. Ceiling fan and light kit, 52’.
2. Finished flooring in compliance with Section 15 C.
3. Closet w/ rod and shelves.
4. 1 phone & 1 TV.

K. Bedroom #3:

1. 1 – Ceiling fan and light Kit, 52”.
2. Finished flooring in compliance with Section 15 C.
3. Closet w/ rods and shelves.
4. 1 Phone & 1 TV.

L. Hall:

1. 1 – Ceiling mount light.
2. Doorbell chime to be located in the hallway.
3. Provide Linen closet in hall.
4. Finished flooring in compliance with Section 15 C.

17. Appliance Package: provide all energy star equipment:

1. All appliances to be GE, Whirlpool, or equal - provide specifications on all appliances.
2. Standard 30” oven self-cleaning electric range with a window and digital clock.
3. 30” microwave non-vented vent hood.
4. Disposal ½ hp.
5. Standard dishwasher.
6. All light bulbs to be energy savers, midgrade lighting package.
7. Refrigerator shall be at least 17.9 cubic feet with tempered glass shelves and installed icemaker. Wire shelves are not permitted.

18. A. Garage:

1. Walls and ceiling texture to be splattered drag.
2. Provide one 2 light 4 foot surface mount fluorescent light fixtures.
3. 1 –garage door w/ 1/3 HP automatic door opener.

4. Smooth finish concrete floor slope toward the garage door.
5. 1 – 50 gallon high eff., electric hot water heater on 18” platform, in safety pan w/ drain (if included in garage).
6. Disappearing pull – down stairs in garage area or per plan.
7. Provide 3/4” or two layers of 7/16” OSB attic flooring decking above, minimum 3 4x8 sheets.
8. Provide a through wall low vent 5” x 10” in the wall of the garage near the garage door.

B. Integral covered parking:

1. Roof structure of the house shall extend a minimum of 2’ beyond the far edge of the driveway provide a covered parking space that is integral to the house.
2. The depth of this covered parking space shall be a minimum of 20’.
3. An integrated storage closet shall be built into the back of the covered parking space that spans the width of the parking and has a minimum depth of 3’.
4. A minimum of 1 exterior door shall be installed for access to this closet on the covered parking side.
5. A minimum of 1 ceiling mounted light fixture shall be provided inside the covered parking space.
6. Wall, doors, and columns shall be installed in a manner consistent with the rest of the home’s exterior.
7. Concrete shall be broom finished and sloped to drain.

19. Electrical System:

1. All electrical outlets, switches, light fixtures, appliances as per current COW adopted Electrical Code.
2. Telephone outlets w/ Cat – 5 wiring.
3. TV outlets w/ dual coaxial cables - per plan.
4. Chime unit with doorbell button at front door, upstairs on 2 – stories.
5. 200 amp service or equal.
6. Home alarm system with a digital keypad. System will monitor front and back doors and all windows. System will have a horn installed in a discrete, exterior location. The digital keypad will be installed next to the garage door entry to home.

All electrical work will be completed in accordance with the Electrical Code as adopted by the Code of Ordinances of the City of Waco, Texas. Electrical supply to the home will be routed underground from the supply pole, unless otherwise approved by the Inspector. Energy Star rated ceiling fans shall be installed in the living room and each bedroom. Fans will include five (5) 52-inch blades and a light kit (light kit may be sold separately). Ceiling fans will have a lifetime warranty. Ceiling fans will have an oil-rubbed Bronze finish or nickel finish.

The dining room will have a minimum 5 light chandelier.

One carbon monoxide detector shall be installed for every 1000 square feet.

A wired doorbell shall be installed at the front door according to manufacturer’s instructions.

20. HVAC System:

1. Provide minimum 14 SEER system complying with COW Building Code.
2. Provide R/A filter grills at the ceiling or wall – filters to be pleated type.
3. Provide R-6 duct system.
4. Provide a programmable thermostat.

Heating/Cooling equipment shall be sized according to ANSI/ACCA Manual J (current edition), with duct system sized, designed, and installed according to Manual D (current edition).

All HVAC equipment will be installed in accordance with the 2015 Edition of the International Mechanical Code & Amendments.

The outside A/C unit shall be secured to a concrete pad. The exterior HVAC unit will be installed on a concrete pad.

HVAC filter with a MERV 8 rating or greater shall be installed. A 12-month supply of filters will be provided by the contractor.

21. Plumbing Fixtures: Delta, Moen, or equal:

1. All fixtures to be Delta, Moen, or equal.
2. Toilets to be white standard 2 –pc toilet 1.6 GPF min.
3. Refrigerator space in kitchen to be supplied w/ water for ice maker.

22. Landscaping:

1. Provide full sod (Bermuda or St. Augustine) in the front yard. Sod grass shall be installed through the entire front yard and at least 24-inches wide around the house.
2. Provide 1-3' trees in the front yard.
3. Care should be taken to preserve any existing trees as much as possible.
5. The contractor shall remove any trees and/or tree limbs that interfere with the construction of the new home. Trees and limbs must be a minimum of six (6) feet from the new structure.