

Voluntary Acquisition Program

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October 14, 2013

A. Introduction

This program is established as a voluntary program to acquire properties with the intention of mitigating future flood damages.

Eligible properties are those identified by the City Engineer as prone to flooding that cannot be permanently protected because of their proximity to the floodway, river and or drain systems, as well as those where protection cannot be supported due to geotechnical instabilities.

B. Acquisition and Removal – Purchase of house and/or lot

1. Eligibility

- As determined by the City Engineer and approved by the City Commission

2. Establishing Acquisition Price

- Immediate offers will be made based on 110% of the most recently certified Assessment Department Full Appraised Value (prior to any tax exemptions or credits), or actual purchase price may be substituted if the home was purchased within 5 years of the project development. This will not apply to sales initiated after the recommended alternative requiring acquisition has been determined.
- Property owners may request a review by the Assessment Department if they feel that the Appraised Value does not include property features, characteristics, or finished area that exist on the property. Assessment Department staff will add to the most recently certified Full Appraised Value, an amount they determine to be the contributory value of any additional property features, characteristics, or finished area found to exist. (**See “About Assessment Department Mass Appraisal Valuations “at the end of this document.)
- Property owners will have 45 days to accept the City’s purchase offer of 110% of the assessed value. The 45 day period starts at the date of the offer letter.
- In the event that a reassessment is completed the property owners will have 10 days from the receipt of the revised numbers to consider the offer.

3. Rejection and/or Expiration of City’s Offer to Purchase

- City’s offer to acquire is automatically withdrawn if not accepted within 45 days and/ or a 10 day extension as outlined above.

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- Properties with offers withdrawn will be moved to the end of the current priority list and/or may be moved to the next priority phase.
- City reserves the right to adjust priorities in critical locations.

4. Acceptance of the City's offer to Purchase/Possession of the property

- City and property owner may close on the property at a mutually agreeable time.
- Arrangements shall be made to vacate by the closing date unless an occupancy agreement has been agreed upon by both parties prior to the closing.

5. Moving Expenses (Personal Property)

- Property owners will be paid for moving personal property from the acquired property. The moving expenses amount of \$5,000 will be paid to the seller regardless of actual moving cost.

6. Stay in Town Incentive:

- Special Assessment Credit up to \$15,000 when replacement property is within city limits. The actual credit will apply to current assessments on the subject property up to the cap. No planned or future assessments will be eligible.
- The City shall extend this incentive to property purchased for flood protection purposes by Cass County in the City's ET Jurisdiction.

7. House Removal by City:

- Demolition
 - Typically the City will purchase and remove houses. House removal is completed via City demolition contract.
- Auction
 - If practical houses will be offered for auction and full removal. The attached Exhibit A is a draft of proposed House Relocation Requirements, Guidelines and Procedures.
- Salvage Rights
 - The seller does not retain salvage rights. All items permanently affixed to the home shall remain.
 - When appropriate Salvage rights may be auctioned or assigned by the City.
 - If the Salvage rights have not been auctioned or assigned at the time of the award of the Demolition contract the selected demolition contractor shall be assigned the salvage rights along with rights to move the house to a new location.

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****About Assessment Department Mass Appraisal Valuations**

Assessment Department valuations are arrived at by the application of mass appraisal methodologies. Simply stated, single-property appraisal is the valuation of a particular property as of a given date. Mass appraisal is the valuation of many properties as of a given date, using standard procedures and statistical testing.

The main focus in mass appraisal is uniformity in application and resulting valuations across a large number of properties. Appraised values are arrived at by applying valuation models that are developed to represent supply and demand patterns for many properties across a broad geographical area. The focus is not on the individual property.

Assessment Department reviews for this voluntary acquisition process will be in the context of the mass appraisal system. Any possible valuation adjustments for the purpose of these reviews will utilize that system and not divert to a single-property appraisal approach.

The Assessment Department will not conduct a complete new appraisal through this review process. Only adjustments to the last certified valuations will be made for any additional property features, characteristics, or finished area found to exist. Complete new appraisals will only be performed upon a major remodel or a mass appraisal of all properties in the class, style or neighborhood of the subject property under review.

EXHIBIT A
HOUSE RELOCATION REQUIREMENTS, GUIDELINES & PROCEDURES
Flood Mitigation Property Acquisition

I. Introduction

The City of Fargo aggressively pursued acquisition of flood prone houses. Historically the City, after acquisition, has contracted for the removal of the house by demolition. In response to public input, the City is interested in the merits of auctioning houses to be moved off-site after City acquisition and occupant vacation.

This document is intended to define House Relocation Requirements, Guidelines and Procedures for houses acquired for flood mitigation purposes.

II. Acquisition

Upon closing on the acquisition of a house or group of houses, the City will retain a certified and licensed auctioneer to advertise, prepare and sell houses that can practically be removed by the date specified in the purchase agreement.

i. Auction

- Where practical to move, houses will be offered for auction and full removal. Minimum bid to be 10% of purchase price of structure only.
- Owners of houses that are to be acquired and removed by the City may wish to move the house to a new location. Upon closing of City acquisition the house will be offered for sale by auction. If no bids above 10% are received, the previous owner may purchase and move with a minimum 8% bid.
- Houses that cannot be moved in-tact due to size, obstacles along the streets and roads, time constraints, or other reasons, the City will call for bids for demolition of these houses.

ii. Payment

Full payment of high bid amount will be required on auction day.

iii. Salvage Rights

- The seller does not retain salvage rights.
- When appropriate Salvage rights may be auctioned or assigned by the City.
- If the Salvage rights have not been auctioned or assigned at the time of the award of the Demolition contract, the demolition contractor shall be assigned the salvage rights along with rights to move the house to a new location.

III. Prior approval:

The Seller shall submit to City Floodplain Engineer the following items for approval prior to house moving:

- i. Legal description of lot the house will be moved to.
- ii. Alta survey of new lot.
- iii. Site plan detailing proposed and minimum dimensional standards to include all front, rear, and side yard setbacks.
- iv. Elevation and grading site plan.
- v. Proof of compliance to all zoning, land use, subdivision covenants or other regulations allowing the house to be moved to the site.
- vi. Performance bond or other appropriate performance guarantees to ensure completion of the move.
- vii. List of all contractors with specified duties to complete all work items associated with moving and relocation. All contractors shall be licensed in the State of North Dakota in the field of their specified duties.

IV. Floodplain requirements

The house shall not be moved into an existing 100 year floodplain or the preliminary new FEMA floodplain until the City has approved the plan for Letter of Map Revision by Fill (LOMR-F) submittal as prepared by a registered Professional Engineer. This requirement applies if the house is be relocated in Fargo City or Extraterritorial Limits.

V. Relocation out of Fargo

The house owner/mover shall provide the City certification from a Registered Professional Engineer/Certified Floodplain Manager verifying the home is not being placed in the 100 year floodplain.

VI. Relocation within Fargo

The Seller accepts all risks for all house moving costs to include, but not limited to the following:

- i. New lot purchase and preparation of submittal documents for city and agency approvals.
- ii. Permit fees.
- iii. Lot preparation, grading, elevating, storm water erosion protection BMP's.
- iv. Public and private utility connections (sanitary sewer, water, cable TV, telephone, natural gas, electric, etc) at the new lot along with associated disconnections at the existing house site. Prior to house removal all water services shall be turned off at the stop box and sewer services plugged at all foundation openings. Permanent service terminations will be completed as part of the City demolition contract.
- v. Moving of house, garage(s), out buildings, etc.

- vi. Cleanup and removal at existing site and street right of way of all building materials, trash, moving equipment, materials, haul roads, etc.
- vii. Protection of exposed excavations, foundations, or other hazards by barricades, fences or other appropriate measures. The city shall assume site protection responsibilities only upon completion of all required site cleanup items. The city will contract the removal/ demolition of existing foundation, driveways, concrete flat work, along with site backfill, restoration, flood protection facilities, etc.
- viii. New foundation construction.
- ix. Moving and interim storage costs of all personal items.
- x. Interim housing during the period of the move.
- xi. Sidewalk, driveway, driveway approach at new site.
- xii. Boulevard tree planting and any other required by ordinance, covenants, applicable regulations at new site.

VI. Completion

- i. House removal and site cleanup for city occupation of the existing lot shall be completed by date specified in the purchase agreement.
- ii. If house removal is not complete by the date specified and Red River flood conditions warrant, the city reserves the right to conduct emergency flood protection operations at the existing lot. Emergency flood protection measures may consist of house demolition with levee construction, levee placement around, in front, or behind the existing house or other appropriate methods.
- iii. Any costs incurred by the City for flood protection measured necessary to protect the house will be charged to the owner/house mover.