



Department of Housing & Community Development

Property Acquisition & Disposition
Division

**Auction 3 Participation Procedures
and Program Requirements**

Topics to be covered

- General Auction Disclosures**
- Registration Process**
- Deposit Requirements**
- Property Disposition Agreement**
- Certified Business Entity Agreements**

Topics to be covered – cont.

- Construction Covenant (Declaration of Covenants)
- Vacant Property Taxes-Auction program lower tax grace period

General Disclosures

- ❑ A 5% Buyer's Premium to be paid solely by the buyer to Alex Cooper Auctioneers will be added to the final bid price of each property to reach the contract sales price
- ❑ The auction sale is a highest bidder sale and properties offered will be sold without a minimum reserve price
- ❑ All auction property sales are "as is" "where is"

General Disclosures – cont.

- ❑ The District reserves the right to remove any properties advertised from the auction sale on or before the auction sale date
- ❑ Properties are not open for inspection of any kind prior to the auction
- ❑ All of the properties are owned by the District and are subject to DC “no trespassing” laws

Auction Registration Process

Day of Auction



Participants in the auction must be non-profit entities or currently active DC Certified Business Enterprises (CBEs). In order to register, all interested bidders **must present the following:**

- ❑ An executed Auction Participation Agreement certifying that the participant is one of the following:
 1. a Non-Profit entity
 2. a currently active DC Certified Business Enterprise



Auction Registration Process

Day of Auction

- Valid government issued identification for each bidder
 - Each bidder must be an individual authorized to act on behalf of the non-profit entity or Certified Business Enterprise for which they are bidding
-

Auction Registration Process

Day of Auction



- Bidder's Registration Fee - cashier's OR CERTIFIED check(s) in the amount of \$20,000 per property you intend to bid on (one check per property)

Note: Each auction participant will be limited to winning 2 properties

Deposit Requirements – cont.

Once an interested bidder is declared the winning bidder:

- The \$20,000 (Bidder Registration fee) shall be collected by the auctioneer and such funds will be applied toward the required 10% deposit
- The full deposit (10% of the winning bid price) is required to be submitted within 3 business days of the auction to the auctioneer

Deposit Requirements – cont.

Note: If the 10% deposit amount is less than the Bidder Registration fee (\$20,000), the auctioneer will retain the full Bidder Registration fee as the deposit for the property to be credited to the purchase price at closing.

- If winning bidder fails to pay the 10% deposit within 3 business days of the auction date, the winning bidder forfeits the Bidder Registration fee

Deposit Requirements – cont.

- The funds will be held by the District as liquidated damages
- The parties shall have no further rights or obligations with respect to the property or the auction

Property Disposition Agreement

On the date of the auction:

- Winning bidders will be required to execute the Property Disposition Agreement

This is a complicated legal document and we encourage all Interested Bidders to seek legal counsel if they have questions or concerns about the document and its attachments prior to the day of the auction.

Property Disposition Agreement

As a condition of the PDA, winning bidders who are Certified Business Enterprises (CBEs) are required to enter into:

a Certified Business Enterprise (CBE) agreement with the Department of Small and Local Business Development (DSLBD)

Note: If you have specific questions about the CBE agreement requirements, please contact the General Counsel of the DSLBD office, Tabitha McQueen at 202-727-3900.

Property Disposition Agreement

Public Hearing

- Pursuant to DC Code §42.3171, DHCD is required to hold a public hearing to inform the public of the proposed disposition of the property and to afford the public an opportunity to comment on the proposed disposition before signing the PDA
 - DHCD must publish notification of the public hearing for 30-days prior to the hearing
 - Seven (7) days before the public hearing (approximately 45 days following the auction), winning bidders must provide evidence of both acquisition and development financing in the form of a bank pre-approval letter and/or bank statements
-



Property Disposition Agreement

Public Hearing

NOTE: YOU MAY LOSE YOUR DEPOSIT FUNDS IF YOU ARE UNABLE TO PROVIDE ADEQUATE PROOF OF FINANCING CAPACITY WITHIN 45 DAYS OF THE AUCTION. IF YOU WILL BE UNABLE TO PROVIDE PROOF OF BOTH ACQUISITION AND DEVELOPMENT FINANCING CAPACITY WITHIN 45 DAYS OF THE AUCTION IN THE FORM OF A BANK PRE-APPROVAL LETTER AND/OR BANK STATEMENTS, YOU SHOULD NOT PARTICIPATE IN THE AUCTION.

Construction Covenant (Declaration of Covenants)



Winning bidders will be required to sign the Construction Covenant at the time of settlement on the property.

The Covenant requires:

- Construction completion on the property within 18 months of the settlement date
- Submission of the construction drawings to DHCD prior to submission to Department of Consumer and Regulatory Affairs

Auction Documents

- The Auction Participation Agreement, the Property Disposition Agreement, the Construction Covenant, and a template Certified Business Enterprise (CBE) agreement are all posted on the following website for your review prior to the Auction:

<http://dhcd.alexcooper.com>



DEPARTMENT OF CONSUMER & REGULATORY AFFAIRS

Vacant Property Taxes



- ❑ All of the properties being offered in the auction are vacant buildings or vacant lots.
- ❑ Vacant buildings in the District are taxed at a higher rate in order to encourage building owners to develop and occupy their properties.
- ❑ If a building is vacant, it must be registered by the owner with Department of Consumer and Regulatory Affairs' Vacant Property Unit.

Vacant Property Registration

All of the properties being offered in the auction are DC government owned, therefore they are exempt from the vacant property registration requirement.

Real Property Tax Rates



-
- Class 1 is residential - \$.85 per \$100 assessed value

 - Class 2 is commercial - \$1.65* per \$100

 - Class 3 is vacant - \$5 per \$100

 - Class 4 is blighted - \$10 per \$100

6 Month Lower Tax Grace Period following closing on auction property



- ❑ During the 180 days (6 months) immediately following the closing on your auction property, you will be charged the residential occupied tax rate (class-1 \$.85 per/ \$100 of assessed value) or the commercial tax rate (*class-2 \$1.65 per/ \$100) instead of the higher vacant property tax rate (\$5.00 per \$100 of assessed value).
- ❑ During those 180 days you will need to obtain building permits. Once you obtain building permits, you'll need to submit a vacant property exemption application to DCRA to continue to be taxed class 1 or class 2 rate as opposed to the higher vacant property tax rate.
- ❑ Exemption application forms and submission instructions will be e mailed to each auction winning bidder. You will qualify for an exemption from the vacant property tax rate for the entirety of the fiscal year following submission of your application. The District of Columbia fiscal year runs from October 1st -September 30th.
- ❑ Please be diligent in moving forward with renovations and keep communication lines open with DCRA's Office of Vacant Property.



DC government contact information

Martine Combal , Manager , Property Acquisition and Disposition Division, DHCD

Martine.Combal@dc.gov / 202-442-7285

Hillary Lovick, Project Manager, Property Acquisition and Disposition Division, DHCD

Hillary.Lovick@dc.gov / 202-442-7237



DC government contact information

Reuben Pemberton, Administrative Officer, Office of Vacant Property, Department of Consumer and Regulatory Affairs,

Reuben.Pemberton2@dc.gov / 202-442-4406

Tabitha McQueen, General Counsel, Department of Small and Local Business Development

Tabitha.McQueen@dc.gov / 202-727-3900

Thank You!
See you at the Auction