

## **Municipal auctions create incredible opportunities for both the buyer and seller**

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How many times have you driven by a piece of vacant real estate and thought "I wonder what's going on with that property? It's been vacant for years, and no one seems to be doing anything with it." The odds are pretty good that it is owned by the town. It's pretty safe to say that every town or city in the Commonwealth owns a list of properties that are lying dormant just waiting for some sort of activity.

When property is foreclosed upon because of back taxes, it is then sold at the treasurer/collector's foreclosure sale. If the property is not sold at the foreclosure sale, it is then deeded past to the town under the status of tax title. As time goes on, the city or town finds themselves with a surplus of properties that are not only costing them money, but not making any money for the town. That's where a real estate auctioneer can help.

A real estate auctioneer can facilitate the sale of inactive properties resulting not only in the pay-off of back-due taxes, but also creating a scenario for those properties to actively generate tax revenue once again. This small step of an auction can result in tens to hundreds of thousands of dollars coming into the average city or town.

For both the town and the buyer, it is a win-win situation. The town not only gets the immediate income from the sale but it puts the property back on the tax rolls as well. The buyer gets a great deal on a piece of real estate.

The vast majority of properties that are town-owned properties include vacant land - some buildable and some that may not be buildable; environmentally impacted properties including commercial manufacturing or warehouse; and every mix of residential properties including single and multi-family dwellings. These types of properties, with all their faults, can create extraordinary opportunities for the buyer.

For example, of the 46 properties that Daniel J. Flynn & Co. conducted for city of Springfield thus far in 2008, twenty-seven can be viewed as renovation projects of single and multi-family homes. The majority of the 35 city-owned properties scheduled for the auction block for Springfield on July 15 also fall into the same category. Similar properties will be auctioned for the city of Worcester this summer as well. Make no mistake, they are true "handyman's specials" to say the least, but the properties afford great opportunities for both the buyer, the city, and the neighborhoods. Considered a blight to a beautiful neighborhood, once a few dollars are put into the property by a contractor or even an end-user, this home will blend in with the other homes, sell for fair market value in today's market and will increase the value of the neighborhood. Not only will the city or town capture missing revenue, but the city or town will add additional revenue.

The process of auctioning municipal properties on the whole is pretty simple. Once the auction firm is engaged, a list of properties (or even a single property) is identified and a date and time is set for

the auction (with municipality's legal counsel, of course). For a great number of properties, the auction may be held at a central location, such as the city or town hall itself, or on-site at each individual property location. Many times, a "caravan" auction is in order with scheduling properties on an hourly basis throughout the day. The greatest thing about on-site auctions is that it allows a prospective bidder to "touch and feel the bricks and mortar" of the building increasing their desire to purchase the property. The potential buyer has the opportunity to see the property first hand in three dimensions, but also has the opportunity to see the entire neighborhood, which may be the greatest selling point of all. A picture in a brochure or on a projector screen at a city or town hall may not truly convey all the selling points - especially if it is a waterfront or water view property, a park nearby, or a home close to all amenities including shopping. Deposits are established, days to close determined, and additional terms are announced prior to sale.

In almost every circumstance, the property is sold "as-is, where is," not subject to any mortgage financing, and usually has very little or no contingencies. There is a very low risk to the town or city with very much to gain. People are buying everyday, and towns and cities should be selling.

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