

<b>SUBJECT – CITY COUNCIL Real Property - Lease</b>	<b>Number 155.6</b>	<b>Revised 4-13-09</b>	<b>Reviewed Date</b>	<b>Effective Date 9-17-01</b>	<b>Page 1 of 2</b>
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I. SUBJECT:

Lease of City-Owned Residential Real Property and City-Owned Real Property to Nonprofit and For-Profit Organizations

II. PURPOSE:

To adopt an official policy establishing regulations for leasing residential real property and real property to nonprofits. Leases involving economic development projects that create jobs and invest money in the community are not covered by this policy.

III. PROCEDURES:

- A. The City Manager shall have the authority to lease or rent City property for terms of one year or less.
- B. The lease rate will be set at a level that recoups the City's cost to maintain the property while the lessee pays for utility, janitorial services, and parking.
- C. Application for lease must be made to the City of Fayetteville's Real Estate Division with a maximum lease term of one year. Each lease will be effective from July 1 through June 30 of each year. Value of the leased property will be revalidated at lease renewal.
- D. General Procedures for Properties Leased to Nonprofits and For-Profits: Lease rates will be based on the tax value of the leased property. Beginning July 1, 2009, nonprofits will pay 3 percent of tax/appraised value while for-profits will pay 9 percent of the tax/appraised value. For all existing leases at the time of this amendment, rates will be increased 10 percent yearly until such time as the rental rate is met. The first rate change will become effective July 1, 2009.
- E. Residential Procedures:
  1. The lease rate will be set at a level that reflects the fair market rate of the property. Properties located at the airport will be subject to a 10 percent reduction for airport noise.

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2. For airport properties, the Real Estate Division will submit applications for lease for review and approval by the Airport Commission, prior to the execution of the lease agreement. For other residential properties, the Real Estate Division will submit applications for lease renewal to the appropriate department head.