

NORTH EAST PENNSYLVANIA LAND BANK AUTHORITY

ACQUISITION AND DISPOSITION

POLICY AND PRIORITIES

12/2/2015

This document reflects the mission and goals of the North East Land Bank Authority and has been duly adopted by its Board of Directors. The ensuing pages will guide the Authority in achieving its mission and provide guidance to the Board, Executive Director, employees, participating municipalities, partners, and the public.

ACQUISITION

Pursuant to Section 5 of the North East Land Bank Authority Policy and Article 2 Section 9 of the North East Land Bank Authority By-Laws, the acquisition of properties by the North East Pennsylvania Land Bank Authority, herein referred to as the "Land Bank" shall be governed by the following basic considerations and factors:

TYPES OF PROPERTY

- 1) Judicial Sale – Properties that are delinquent on their taxes and have been listed for sale in the County Judicial Sale. The Executive Director is authorized to purchase properties from this list within the Land Bank's jurisdiction pursuant to the best interests of the Land Bank. The Executive Director shall use the trump bid, when appropriate, pursuant to the Intergovernmental Cooperation Agreement with the County and any other relevant agreements. When the trump bid is "vetoed" or is not prudent to use, the Executive Director shall only purchase properties for a reasonable cost.
- 2) Repository – Properties that have proceeded through the Judicial Sale without being purchased and are listed as available on the County maintained Repository. The Executive Director is authorized to purchase properties from the Repository within the Land Bank's jurisdiction pursuant to the best interests of the Land Bank.
- 3) Private Sales – Properties that are held by private individuals, businesses, corporations and others that are not listed in the above listed properties or are in foreclosure. The Executive Director is authorized to negotiate the purchase of private properties, but the purchase of any private property over \$5,000 shall be approved by a vote of the Board of Directors.
- 4) Foreclosures – Properties that have been foreclosed upon by a lending institution or entity. The Executive Director is authorized to negotiate the purchase of foreclosure properties, but the purchase of any foreclosure property over \$5,000 shall be approved by a vote of the Board of Directors.
- 5) Donations – Properties that are donated to the Land Bank by any reputable individual, business, corporation, entity or the like. The Executive Director is authorized to acquire property by donation, except when a property may have environmental conditions that are not easily or economically remedied or that don't meet the mission of the Land Bank.

No other type of property is to be purchased by the Land Bank, unless authorized by a vote of the Board of Directors.

PRIORITIES

When the Executive Director is negotiating and/or purchasing properties and the Board of Directors are voting to purchase properties they are to be guided by the following priority list:

- 1) Properties that have been reported by the participating municipality(ies) or its Director as a desired acquisition.
- 2) Properties that are condemned or posted unfit for human habitation.
- 3) Properties that have a history of code, zoning and/or property maintenance violations and/or are deemed blighted.
- 4) Properties that have suffered fire, water, wind or other similar damages.
- 5) Properties that have been vacant for three or more years.
- 6) Properties that have previously been listed for sale at the Judicial Sale.
- 7) Properties that are non-conforming and/or undevelopable.
- 8) Properties that would complete the assemblage of a development plan or project.

Any property that is acquired that does not meet any of these priorities shall not be construed as a violation. The above listed priorities are simply provided as a general, desired guide.

REPORTS

The Executive Director shall report to the Board of Directors at each regularly scheduled quarterly meeting of the previous quarter's acquisitions and dispositions, as well as the current inventory of properties.

DISPOSITION

Pursuant to Section 8 of the North East Land Bank Authority Policy and Article 2 Section 9 of the North East Land Bank Authority By-Laws, the disposition of properties by the Land Bank shall be based upon a combination of two different factors:

- 1) The intended or planned use of the property
- 2) The nature and identity of the transferee(s) of the property

APPROVED TYPES OF USE (PRIORITIZED)

- 1) Owner-Occupied Residential Housing
- 2) Mixed Owner-Occupant and Market Rate Rental Housing
- 3) Senior Housing
- 4) Mixed use (commercial/residential)
- 5) Market Rate Rental Housing consistent with the respective municipality's comprehensive and/or strategic plan or initiative and zoning.
- 6) Side and/or rear yards
- 7) Public green space (parks and gardens)
- 8) Commercial Office and/or Retail consistent with the respective municipality's comprehensive and/or strategic plan or initiative and zoning.
- 9) Parking

Any other use must first be approved by a vote of the Board of Directors; otherwise it shall not be permitted. The goal is the stabilization and improvement of the neighborhood in which the property is located as well as to optimize the future tax income for the respective taxing bodies. Any use that is not consistent with this shall not be permitted.

APPROVED TRANSFEREES

- 1) Individuals or families who can demonstrate that they will own, rehabilitate and/or occupy the residential property for a minimum of five (5) years.
- 2) Reputable and qualified real estate developers, investors, partnerships, limited liability corporations, or joint ventures that have been pre-qualified and that will agree to own the property for a minimum of five (5) years and to hold it as a taxable property and will use it consistent with the aforementioned approved uses.
- 3) Local government entities
- 4) Businesses that will own (for a minimum of five years) and occupy commercial properties.

All transferees shall agree to accept the taxable appraised value of a property at the time of sale, or shortly thereafter, and will not appeal or seek an appeal of the taxable

appraised value for a minimum of five years. Nothing herein shall prevent taxing entities for seeking an increase of appraised value for improvements completed.

GENERAL

- 1) Individuals and/or entities that were prior owners of property that were in tax foreclosure within three previous years shall be ineligible to be a transferee.
- 2) The transferee must not own any property that has unremediated property violations within the Land Bank jurisdiction and/or tax and/or fee delinquent.
- 3) Options to purchase real estate may be available for ten percent (10%) of the purchase price with a negotiated time frame to be determined by the Executive Director. This fee will be credited to the price at closing. If closing does not occur, the fee is forfeited. For extenuating circumstances, the individual or entity may seek reimbursement of the fee minus documented Land Bank costs by appealing to the Board of Directors who shall decide by a vote to approve or deny the appeal.
- 4) A detailed narrative of the future use of the property is required. The future use must be compliant with local comprehensive and/or strategic plans and initiatives and must be consistent with current zoning requirements or a waiver for non-conforming use is a condition precedent to the transfer.
- 5) Transactions shall be structured in a manner that permits the Land Bank to enforce recorded covenants or conditions upon title pertaining to development and use of the property for a specified period of time. Such restrictions may be enforced, in certain cases, through reliance on subordinate financing held by the Land Bank.
- 6) Any exception to the policies governing disposition shall be taken to the Board of Directors for consideration of approval.
- 7) The Executive Director may consider leasing as a method of disposition.
- 8) Preference is given to local individuals and/or entities.
- 9) Anything not addressed in the disposition policy shall revert to the by-laws and/or Land Bank policy for guidance.

DEVELOPMENT AGREEMENTS

In an effort to ensure that development occurs on property transferred by the Land Bank that is consistent with the agreed upon development, and on a reasonable schedule, the Land Bank will require that each applicable property transfer be subject to a development agreement.

Each development agreement will consist of the following components:

- 1) Project Description
- 2) Schedule
- 3) Financing Structure
- 4) Enforcement Mechanism

The Land Bank will draft the agreement which will be executed by the Executive Director and transferee at the time of transfer and recorded (if appropriate) at the time of the transfer.

PRE-QUALIFICATION


The Land Bank will accept applications from real estate developers, investors, partnerships, limited liability corporations, or joint ventures who are interested in acquiring property from the Land Bank. All final dispositions are governed by the disposition policies. Consideration will generally be given to real estate developers, investors, partnerships, limited liability corporations, or joint ventures whose intended property use, experience and capacity to execute align most closely with the Land Bank's goals and mission and provide the Land Bank the greatest level of confidence that property conveyed will be put to productive use.

All pre-qualification applications will be reviewed by the Executive Director. The Executive Director may reject any application that does not meet the goals and mission of the Land Bank; is incomplete; if the applicant fails to meet the minimum qualifications; or if it is submitted by a non-approved transferee. If acceptable, the application will be recommended to the Board of Directors for approval. The Board may accept or reject the application for any justifiable reason.

There shall be an application fee of One Hundred Dollars (\$100), which shall be good for three years. Upon the expiration of an approved application the applicant must submit a new application and fee to continue as pre-qualified.


This policy was approved by vote of the Board Directors at a meeting held on December 2, 2015. This policy shall remain in effect until acted on otherwise by a vote of the Board of Directors.

Attest:



Joe Chacke,
Secretary/Executive Director

North East Pennsylvania Land Bank Authority



Jason Klush, Chairman