

## Take Back Vacant Land: Priorities for land bank legislation

Value	How this would work	Part of bill #130156 introduced in March 2013
Public land should be used to create equitable development	Neighborhood planning to ensure land is used to create affordable and accessible housing, economic development/job creation projects, and space for food production and open areas. Development of plan must include public hearings.	Section 16-709
Community members should have a role in decision-making	Community representatives have designated seats on the land bank board (4 of 11 board members)	Section 16-704
Decision-making should be transparent	For each sale/transfer of land, the land bank is required to publish: buyer, sale price, intended use and approximate income of households that will benefit	Section 16-706
A land bank should be accountable to communities	The land bank is required to publish an annual impact statement, detailing progress toward meeting its goals. If the Land Bank did not meet its goals, it must develop a remedial plan to be executed the following year	Section 16-709
Accessing land should be simple	Land from City of Philadelphia, Philadelphia Housing Development Corporation, and Redevelopment Authority must go in land bank	Section 16-705

# COMMUNITY LAND TRUST AND LAND BANK RESOURCES

## COMMUNITY LAND TRUSTS

### NATIONAL COMMUNITY LAND TRUST NETWORK

<http://cltnetwork.org/>

The National Community Land Trust Network is a national membership organization providing leadership, advocacy, and education for community land trusts. It provides training and technical assistance to members and their partners, conducts research and policy analysis, and maintains an extensive library of publications and resources.

### INSTITUTE FOR COMMUNITY ECONOMICS

<http://www.nhtinc.org/ice.php>

The Institute for Community Economics, an affiliate of the National Housing Trust, is a federally certified Community Development Financial Institution (CDFI) that connects socially conscious investors to affordable housing initiatives. ICE has been involved in the CLT movement since the early 1970s, and continues to focus its lending on shared-equity housing.

### LINCOLN INSTITUTE OF LAND POLICY

<http://www.lincolninst.edu/subcenters/community-land-trusts/>

The Lincoln Institute offers several publications and working papers on the history and performance of community land trusts. Of note is a 2010 publication: "Outperforming the Market: Delinquency and Foreclosure Rates in Community Land Trusts ." This paper compares mortgage delinquency and foreclosure rates of CLT homeowners to other mortgage holders at the height of the financial crisis.

### FLORIDA COMMUNITY LAND TRUST INSTITUTE

[http://www.flhousing.org/?page\\_id=32](http://www.flhousing.org/?page_id=32)

The Florida Community Land Trust Institute is a collaboration between the Florida Housing Coalition and 1000 Friends of Florida. Formed in 2000, the FCLTI has been instrumental in the formation of community land trusts throughout the state, and particularly in Palm Beach County. The Institute provides education, advocacy, technical assistance and training on behalf of community land trusts and their partners, including lenders.



## LAND BANKS

### CENTER FOR COMMUNITY PROGRESS

<http://www.communityprogress.net/>

The Center for Community Progress's mission is to help communities remove blight and revitalize neighborhoods. CCP provides leadership and education, technical assistance, and research on issues such as reforming delinquent property tax statutes and identifying property reuse strategies. CCP hosts the annual Reclaiming Vacant Properties Conference.

### U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

<https://www.onecpd.info/nsp/toolkits/land-banking/>

HUD offers guidance to Neighborhood Stabilization Program (NSP) grantees on whether and how to establish a land bank; standards and best practices for acquiring, managing, and disposing of properties; and sample documents. Many of the guidelines and best practices are applicable to land banks that are not associated with NSP.

### SMART GROWTH AMERICA

<http://www.smartgrowthamerica.org/issues/revitalization/land-banking/>

Smart Growth America provides documents explaining the scope of the problem with vacant, foreclosed, and tax-delinquent urban lands, barriers and solutions for developing land banks, and lessons learned from communities with successful land banks.

### VACANT PROPERTY RESEARCH INITIATIVE

<http://vacantpropertyresearch.com/>

The Vacant Property Research Initiative is a project of the Metropolitan Institute at Virginia Tech. VPRI conducts research on vacant property reclamation, and serves as a platform for researchers and practitioners to share information.

### GENESEE COUNTY LAND BANK

<http://www.thelandbank.org/default.asp>

Genesee County, Michigan, has one of the nation's most well-known land banks. Founded in 2002, three years after the State of Michigan reformed its property tax foreclosure laws, the Genesee County Land Bank is considered a model for efficient acquisition and disposition of vacant and abandoned properties.



# **Community Justice Land Trust Ground Lease**

## **Recommendations of the CJLT Advisory Committee**

### **Residency**

#### **DECISIONS OF CJLT ADVISORY COMMITTEE**

1. The homeowner will be required to occupy the home continually as his or her principal residence at least seven (7) months out of every calendar year.
2. A longer absence may be allowed, but it must be approved in advance by the CJLT.
3. The only non-residential uses that will be allowed are those permitted by zoning and the Philadelphia Code.

#### **PROPOSED LANGUAGE FOR CJLT GROUND LEASE**

4.1 HOMEOWNER MAY USE THE HOME ONLY FOR RESIDENTIAL AND RELATED PURPOSES: Homeowner shall use, and allow others to use, the Home and Leased Land only for residential purposes and any activities related to residential use that were permitted by local zoning law and the Philadelphia Code when the Lease was signed.

4.2 HOMEOWNER MUST USE THE HOME AND LEASED LAND RESPONSIBLY AND IN COMPLIANCE WITH THE LAW: Homeowner shall use the Home and Leased Land in a way that will not cause harm to others or create any public nuisance. Homeowner shall dispose of all waste in a safe and sanitary manner. Homeowner shall maintain all parts of the Home and Leased Land in safe, sound and habitable condition, in full compliance with all laws and regulations, and in the condition that is required to maintain the insurance coverage required by Section 9.4 of this Lease.

4.3 HOMEOWNER IS RESPONSIBLE FOR USE BY OTHERS: Homeowner shall be responsible for the use of the Home and Leased Land by all residents and visitors and anyone else using the Leased Land with Homeowner's permission and shall make all such people aware of the restrictions on use set forth in this Lease.

4.4 HOMEOWNER MUST OCCUPY THE HOME FOR AT LEAST SEVEN MONTHS EACH YEAR: Homeowner shall occupy the Home for at least seven (7) months of each year of this Lease, unless a longer absence is approved in advance by the CLT. Occupancy by Homeowner's child, spouse, domestic partner, or other persons approved by the CLT shall be considered occupancy by Homeowner.

### **Subletting**

#### **DECISIONS OF CJLT ADVISORY COMMITTEE**

1. Subletting by a CLT homeowner will be allowed.

2. If the sublet lasts **less** than five (5) months in duration, the homeowner will not be required to secure the CJLT's approval, nor will the CJLT impose a cap on the monthly rent that the homeowner may collect from the sublessee.
3. If the sublet lasts **more** than five (5) months in duration, the homeowner will be required to secure the CJLT's approval prior to subletting his/her home. In addition, the CJLT will limit the rent which the homeowner may collect from the sublessee to an amount no higher than the Homeowner's costs in owning the Home, including but not limited to the monthly cost of taxes, insurance, mortgage payment for principal and interest, and the lease fee charged the Homeowner by the CJLT.

## **PROPOSED LANGUAGE FOR CLT GROUND LEASE**

4.5 SUBLEASING OF LEASED LAND. Homeowner shall not sell any of Homeowner's rights under this Lease without the written permission of the CLT. Homeowner agrees that the CLT shall have the right to withhold such consent in order to further the purposes of this Lease. Homeowner may sublease any of the Homeowner's rights under this lease, subject to the following conditions:

- a) Any sublease shall be subject to all of the terms of this Lease.
- b) Any sublease lasting more than five (5) months in duration shall require the written permission of the CLT. Homeowner agrees that the CLT shall have the right to withhold such consent in order to further the purposes of this Lease.
- c) If permission for subletting is granted by the CLT, the rental or occupancy fee charged the sub-lessee shall not be more than the amount of the Lease Fee charged the Homeowner by the CLT, plus an amount approved by the CLT to cover Homeowner's costs in owning the Home, including but not limited to the monthly cost of taxes, insurance and mortgage payments for principal and interest.

## **Inspections**

### **DECISIONS OF CLT ADVISORY COMMITTEE**

1. The CJLT will reserve the right to inspect both the outside and inside of individual homes on lands that are leased from CJLT.
2. Inspections of the leased land (i.e., **outside** the home) will occur once a year.
3. Inspections of the home (i.e., **inside** the home) will occur once every three years.

## **PROPOSED LANGUAGE FOR CLT GROUND LEASE**

4.6 CLT HAS A RIGHT TO INSPECT THE LEASED LAND: The CLT may inspect any part of the Leased Land except the interiors of fully enclosed buildings, at any reasonable time, after notifying the Homeowner at least 24 hours before the planned inspection. No more than one regular inspection may be carried out in a single year, except in the case of an emergency.

In an emergency, the CLT may inspect any part of the Leased Land except the interiors of fully enclosed buildings, after making reasonable efforts to inform the Homeowner before the inspection.

Once every three (3) years, the CLT may inspect the interior of any fully enclosed buildings on the Leased Land, after notifying the Homeowner at least thirty (30) days before the planned inspection.

If the CLT has received an Intent-To-Sell Notice, then the CLT has the right to inspect the interiors of all fully enclosed buildings to determine their condition prior to the sale. The CLT must notify the Homeowner at least 24 hours before carrying out such inspection.

## **Approving Post-purchase Capital Improvements**

### **DECISIONS OF CJLT ADVISORY COMMITTEE**

1. The CJLT will retain the right to approve all post-purchase capital improvements proposed by one of its homeowners.
2. The CJLT's approval will be required for any capital improvement for which a permit is required from the City of Philadelphia.
3. The CJLT may deny a homeowner's request to make a capital improvement if the proposed improvement is deemed by the CJLT to: (a) compromise the home's affordability; (b) reduce the home's marketability; (c) undermine the home's livability, durability, or structural integrity; or (d) create unsafe conditions on the leased land or in the home.

### **PROPOSED LANGUAGE FOR CJLT GROUND LEASE**

7.3 CONSTRUCTION CARRIED OUT BY HOMEOWNER MUST COMPLY WITH CERTAIN REQUIREMENTS: Any post-purchase construction in connection with the Home requiring issuance of a building permit from the City of Philadelphia is permitted only if the following requirements are met: (a) all costs shall be paid for by the Homeowner; (b) all construction shall be performed in a professional manner and shall comply with all applicable laws and regulations; (c) all changes in the Home shall be consistent with the permitted uses described in Article 4; and (d) no construction shall occur without the prior written consent of the CLT.

For any construction requiring the CLT's prior written consent, Homeowner shall submit a written request to the CLT. Such request shall include:

- a) a written statement of the reasons for undertaking the construction;
- b) a set of drawings (floor plan and elevations) showing the dimensions of the proposed construction;
- c) a list of the necessary materials, with quantities needed;
- d) a statement of who will do the work;

If the CLT finds it needs additional information it shall request such information from Homeowner within two weeks of receipt of Homeowner's request. The CLT shall then, within two weeks of receiving all necessary information (including any additional information it may have requested), give Homeowner either its written consent or a written statement of its reasons for not consenting. The reasons for withholding consent may include, but not be limited to, the CLT's determination that the proposed construction will compromise the Home's present or future affordability, reduce the Home's marketability, undermine the Home's durability, livability, or structural integrity, or create unsafe conditions on the Leased

Land or in the Home. Before construction can begin, Homeowner shall provide the CLT with copies of all necessary building permits, if not previously provided.

## **Valuing Post-purchase Capital Improvements**

### **DECISIONS OF CJLT ADVISORY COMMITTEE**

1. Homeowners who make capital improvements to their homes in compliance with the procedures outlined above, requiring prior approval by the CJLT, may earn credit for their investment in such improvements. This credit will be included in the calculation of the home's resale price, having the effect of increasing the amount of equity that a homeowner may realize when reselling his/her home.
2. Homeowners may only earn a credit for capital improvements that appear on a list that will be prepared by the CJLT and disclosed to prospective homebuyers prior to their purchase of a CJLT home. This list will be referenced in the CJLT ground lease, included as an appendix.
3. The total credit that a homeowner may earn for post-purchase capital improvements will be limited to an amount that, when added to the home's original purchase price, does not render the home *unaffordable* for a low-income household. This maximum will be calculated by multiplying the home's original purchase price by the percentage change in the Area Median Income (AMI). For example, if the home's purchase price was \$100,000 and the AMI had increased by 8% since the home was purchased, then the maximum credit this homeowner could earn for his/her proposed improvement would be \$8,000 (even if the homeowner's out-of-pocket expenditure to complete this construction was \$12,000).

### **PROPOSED LANGUAGE FOR CJLT GROUND LEASE**

7.4 CREDIT FOR CONSTRUCTION CARRIED OUT BY HOMEOWNER. Any post-purchase construction completed in compliance with Section 7.3, above, may qualify for a "capital improvements credit," provided such construction is of a type specified in Appendix \_\_\_\_, ("Post-purchase Construction Eligible for Capital Improvements Credit"). Regardless of the actual costs of this construction, paid for by the Homeowner, the maximum credit that a homeowner may earn will be limited to an amount equal to the home's original purchase price multiplied by the percentage change in the Area Median Income for the Philadelphia MSA between the date of the home's purchase and the date of the post-purchase construction.

## **Setting the Resale Price for a CJLT Home**

### **DECISIONS OF CJLT ADVISORY COMMITTEE**

1. The CJLT will use a "shared appreciation" formula to calculate the price of a CJLT home when a homeowner decides to resell and to vacate the home.

2. The resale price will be calculated by adding to the original purchase price (i.e., the net price *after* any public or private subsidies have been subtracted) an amount equal to a specified percentage of the home's market appreciation.
3. This percentage will start at 10% on the day of purchase and then increase by 2% for every year that the owner remains in the home beyond five years. The homeowner will receive 10% of the appreciation in value if the home is resold during Years 1-5, therefore, 12% if the home is resold during Year Six, 14% if the home is resold during Year Seven, and so forth.
4. The homeowner's share of appreciation will top out at 50%, a milestone reached at Year 25. If the home is resold in Year 26 – or any time thereafter – the homeowner will receive 50% of the appreciation in value.
5. A homeowner who has earned a capital improvements credit in compliance with the procedures outlined above will have that credit added to the home's resale price. Any capital improvements credit that is earned by a homeowner will be subtracted from the calculation of appreciation. (This is done so that homeowners do not get benefit twice from the same capital improvement.)

## **PROPOSED LANGUAGE FOR CJLT GROUND LEASE**

10.10 The Formula Price shall be equal to the Homeowner's Purchase Price, plus the Homeowner's Share of the Increase in Market Value of the Home, if any, plus a Credit for Capital Improvements made by the homeowner after purchasing the home, if any. The Formula Price shall be calculated in the way described below.

*Homeowner's Purchase Price:* The parties agree that the Homeowner's Purchase Price for Homeowner's Property as of the signing of this Lease is \$ \_\_\_\_\_.

*Initial Appraised Value:* The parties agree that the appraised value of the Home at the time of Homeowner's purchase (the Initial Appraised Value) is \$ \_\_\_\_\_, as documented by the appraiser's report attached to this Lease.

*Increase in Market Value:* The increase in market value of the Home equals the appraised value of the Home at time of resale minus the Initial Appraised Value. If the homeowner has earned a Credit for Capital Improvements, the Increase in Market Value shall be decreased by an amount equal to this Credit.

*Homeowner's Share of Increase in Market Value:* Homeowner's share of the increase in the market value of the Home equals ten percent (10%) of the increase in market value as calculated above for the first five years after the Home's initial purchase. The homeowner's share of the increase in the market value of the Home shall grow by an additional two percent 2% for every additional year beyond the first five years after the Home's initial purchase, up to a maximum of fifty percent (50%).

*Credit for Capital Improvements:* The amount credited to the homeowner for post-purchase construction in compliance with CJLT procedures for reviewing approving and valuing these improvements, as specified in Sections 7.3 and 7.4, above.



# City of Philadelphia



(Bill No. 130156-A)

## AN ORDINANCE

Repealing Chapter 16-500 of The Philadelphia Code, entitled “Councilmanic District Development Program,” and replacing it with a new Chapter 16-500, entitled “Philadelphia Land Bank,” that authorizes the creation of a land bank and provides for its appointment, powers, and duties, all under certain terms and conditions.

WHEREAS, Evidence demonstrates that a persistently high rate of vacant lots and structures harms the safety and economic strength of individual blocks and neighborhoods, as well as the City of Philadelphia as a whole; and

WHEREAS, A municipal land bank would ensure clear, transparent, and efficient operations by serving as a single entity to acquire, hold, and dispose of vacant property with the participation and approval of City Council; and

WHEREAS, The consolidation of ownership of all publicly-owned surplus property in a municipal land bank is expected to increase efficiency, and allow a greater proportion of public funds to be invested directly into community revitalization; and

WHEREAS, Extensive grassroots community planning over the last decade by local Community Development Corporations and advocacy groups, with the support of the private sector, has found that creation of a municipal land bank is necessary for the strategic redevelopment of Philadelphia; and

WHEREAS, A municipal land bank should prioritize long-term community and economic development, promote the economic vitality of communities and Philadelphia as a whole, and should adopt disposition policies that encourage a range of beneficial uses by permitting nominal or reduced price disposition of property for development of: affordable or mixed-income housing that is accessible or visitable; economic development that create jobs for community residents; community facilities that provide needed services and enrichment opportunities; side- and rear-yards; urban agriculture; and community open space; and

WHEREAS, A municipal land bank should ensure that communities affected by vacant land have substantial and meaningful involvement in its decisions relating to those communities, with this goal strongly informing the land bank’s governance, structure, and operations; and

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WHEREAS, A municipal land bank should seek to promote development that ensures permanent or long-term affordability and socioeconomic diversity within all neighborhoods; and

WHEREAS, The City of Philadelphia recognizes housing preservation as an integral part of neighborhood stabilization and development, and seeks to balance the use of powerful new tools to acquire tax-delinquent properties with protections for low-income owner-occupants of tax-delinquent property; and

WHEREAS, A process of deliberate and sustained public discussion should precede any actions to define the policies of a municipal land bank, given that issues related to the City's acquisition and disposition of vacant properties vary according to the needs and characteristics of different neighborhoods, and significant interests are at stake; and

WHEREAS, The Commonwealth of Pennsylvania has enacted 68 Pa. C.S. § 2101, *et seq.* authorizing the creation of municipal land banks and granting to them certain powers; now, therefore

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. A new Chapter 16-700 is added, to read as follows:

## *CHAPTER 16-700. PHILADELPHIA LAND BANK.*

*§ 16-701. Preliminary Provision.*

(1) *This Chapter is in accordance with the provisions of Act 153 of 2012, codified at 68 Pa. C.S. § 2101, et seq.*

(2) *The Philadelphia Land Bank, hereinafter the "Land Bank", shall possess all powers and duties permitted to it under state law, except where expressly limited in this Chapter.*

*§ 16-702. Creation.*

(1) *Council finds and declares that there is a need for a land bank to function within the territorial limits of the City and County of Philadelphia.*

(2) *Accordingly, pursuant to 68 Pa. C.S. § 2104, the Council of the City of Philadelphia hereby authorizes the creation of a public body corporate and politic, to be named the "Philadelphia Land Bank."*

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§ 16-703. *Mission.* The mission of the Land Bank is to return vacant and underutilized property to productive use through a unified, predictable, and transparent process, thereby to assist in revitalizing neighborhoods, creating socially and economically diverse communities, and strengthening the City's tax base.

## § 16-704. Board of Directors.

(1) *Permanent Board.* The Land Bank shall be governed by a Board of Directors, comprised of eleven (11) members. Five (5) members of the Board shall be appointed by the Mayor; five (5) members of the Board shall be appointed by majority vote of all the members of City Council; one (1) member shall be appointed by majority vote of the other members. All members shall serve terms concurrent with the appointing authority, and shall serve at the pleasure of their appointing authority. Members shall continue to serve until their successors have been appointed. Any individual or organization may submit recommendations for board membership to be considered in making appointments.

(2) *Qualifications.* Members shall include individuals with expertise in relevant areas, including but not limited to planning, real estate development, open space, and architecture; may not be elected public officials; and shall live or have a primary office in the City of Philadelphia.

At least four (4) members of the Board must be employees, members, or board members of nonprofit or advocacy organizations working in the field of housing or community development, or of civic associations, with each appointing authority to appoint two (2) such members. These members shall have particular knowledge of conditions and needs in neighborhoods with significant rates of vacant and/or publicly-owned properties.

(3) The Board of the Land Bank shall hold monthly public meetings, shall make each meeting's agenda available on the Land Bank's website at least ten (10) days in advance of such a meeting, and shall allow for public comment on matters under deliberation at each such public meeting.

## § 16-705. Acquisition.

(1) A primary purpose of the Land Bank is to acquire and consolidate surplus property of the City of Philadelphia, the Philadelphia Redevelopment Authority, and the Philadelphia Housing Development Corporation, which it shall endeavor to accomplish with due speed and diligence.

(2) The Land Bank is authorized to acquire real property or interests in real property through donation, gift, purchase, or any other legal means, provided that, with

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*respect to the acquisition of tax delinquent properties, the Land Bank shall follow the procedures and limits set forth in subsection (3).*

(3) *Acquisition of tax delinquent properties.*

(a) *Tax Sale Actions initiated by the Land Bank.*

(.1) *Assignment of liens and claims to the Land Bank. The Land Bank is authorized to enter into agreements with the City of Philadelphia and the School District of Philadelphia to assign and transfer a lien or pre-judgment claim to the Land Bank, and to exercise the rights, privileges, and remedies of an assignee as stated in 53 P.S. § 7101 et seq., provided that the Land Bank shall not accept assignment of any liens or pre-judgment claims against an owner-occupied property.*

(.2) *Certifications for tax sale actions requested by the Land Bank. The Land Bank is authorized to request the City of Philadelphia certify for upset or judicial sale a property that is both vacant and delinquent as to municipal taxes or claims, provided that the Land Bank determines that the acquisition is consistent with its mission and policies. Application for such certification may be made to the Land Bank by an individual or organization, and such applicants shall be entitled to explanation in writing if denied.*

(b) *Tax sale actions initiated by the City of Philadelphia. The City of Philadelphia shall provide to the Land Bank notice of potential upset and judicial sales listing properties by address. Before any upset or judicial sale of real property initiated by the City of Philadelphia, the Land Bank shall elect whether to seek acquisition of the property. The Land Bank shall not seek to acquire such owner-occupied properties without first confirming that an appropriate payment plan has been offered for any municipal taxes or claims, including evaluation for an income-based payment agreement.*

(4) *Subject to the prior approval of the Finance Director, the Land Bank is authorized to discharge liens and other municipal claims, charges, or fines against the properties it acquires to the extent permitted by law.*

(5) *For the duration of the time a property is held by the Land Bank, the Land Bank is authorized to exempt such property from all real estate taxes, water and sewer charges, and other municipal charges to the extent permitted by law.*

(6) *The Board shall maintain a preference, wherever feasible, for keeping former owner-occupants in any residences acquired by the Land Bank, in addition to any other policies the Board may adopt in this regard.*

**§ 16-706. Inventory.**

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(1) *The Land Bank shall maintain and make publicly accessible on its website, and at its offices during normal business hours, the following information:*

(a) *An up-to-date inventory of property owned by the Land Bank;*

(b) *A map showing the properties in the Land Bank's inventory, as well as other relevant information about land use conditions within the City of Philadelphia including vacancy and tax delinquency to the extent reasonably available;*

(c) *A record of all property conveyed by the Land Bank to other parties, including, but not limited to: the sale price for which the property was conveyed; the party to whom the property was conveyed; a summary of any terms or conditions of the conveyance, including the intended use of the property; and the approximate income of the households that will benefit from the intended use, if the sale price was less than fair market value; and*

(d) *Copies of its Policies, Strategic Plans, and Performance Reports.*

(2) *The Land Bank shall provide a mechanism through which individuals may request and receive ongoing notifications as to changes in the status of any property owned by the Land Bank.*

(3) *The Land Bank shall provide to members of the interagency Vacant Property Review Committee and City Council electronic access to relevant information maintained by the Land Bank regarding all properties owned by the Land Bank. The Land Bank shall additionally provide to these members a mechanism to receive according to their preference either periodic aggregate reports or ongoing notifications as to changes in the status of those properties or of a subset thereof, such as an individual Planning District or Council District.*

## *§ 16-707. Disposition of Property.*

(1) *The Land Bank is authorized to convey, exchange, sell, transfer, lease, grant, or mortgage interests in real property of the Land Bank in the form and by the method determined to be in the best interests of the Land Bank, subject to approval by the Vacant Property Review Committee and City Council by Resolution, under the following terms and conditions:*

(a) *Certification of compliance. Applicants for properties must provide the Land Bank with certification from the Department of Revenue that the applicant has no tax or water delinquencies, and from the Department of Licenses and Inspections that all other properties owned by the applicant are in compliance with the provisions of The*

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*Philadelphia Code or under agreement to come into compliance, which certifications shall not be untimely withheld.*

*(.1) The certification shall additionally record if the applicant has a significant history of tax or water delinquencies, or of owning property maintained in a condition that violates The Philadelphia Code.*

*(.2) Certification shall not be denied when a property with tax or water delinquency was acquired by the applicant from the City of Philadelphia or other local public agency and the delinquency predates the transfer of title to the applicant.*

*(b) Consistency with planning provisions. The Land Bank shall strongly consider the Philadelphia Comprehensive Plan and any applicable community plans accepted by the Philadelphia Planning Commission, as well as any recommendation provided by the Commission, when the Land Bank disposes property.*

*(c) Public notice and opportunity to comment. The Land Bank shall provide public notice of proposed dispositions as early as practicable and at least ten (10) days before any final action will be taken, which shall include posting a notice conspicuously on the subject property. Final action for the purposes of this Section shall include approval by City Council, review by the Vacant Property Review Committee and the Land Bank board, or a decision by staff who have been delegated board disposition authority. The Land Bank shall also provide notice to those registered community organizations as defined in Section 14-303(12)(a) whose registered geographic area of concern contains a property proposed for disposition.*

*(.1) Any individual or organization may submit comment in writing to the Land Bank regarding a proposed disposition. The Land Bank shall transmit, or otherwise make available, all such comments to the interagency Vacant Property Review Committee.*

*(d) Approval by Vacant Property Review Committee. Proposed transfers of interest in real property owned by the Land Bank shall be scheduled for review at a public hearing of the interagency Vacant Property Review Committee, as set forth in Section 16-404(1). The Vacant Property Review Committee shall provide at least ten (10) days prior notice of the public hearing by posting on the City Council and Land Bank websites the time, date, location and agenda for the public hearing. In addition, the Vacant Property Review Committee shall make publicly accessible on the City Council and Land Bank websites a list of all regularly scheduled hearings and the transcript for all completed hearings.*

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(2) *Monitoring.* The Land Bank shall set goals for time frames applicable to each stage of the disposition process, and shall develop processes to monitor its performance.

(3) *The Board of Directors may delegate its disposition authority to the staff of the Land Bank except in the following circumstances:*

(a) *The proposed terms of the transaction conflict with the Land Bank's published policies or procedures;*

(b) *The transferee has a significant history of: tax or water delinquencies; owning property maintained in a condition that violates The Philadelphia Code; or failing to redevelop properties previously acquired from the City of Philadelphia or other local public agencies;*

(c) *The value of the property is in excess of \$50,000 (fifty thousand dollars); or*

(d) *When otherwise required by state law.*

(4) *The Land Bank shall make available an appeals process wherein an individual or an organization may request reconsideration of a decision made by the Land Bank and submit evidence relevant to determinations made by the Land Bank on matters including: general eligibility; eligibility for reduced or nominal pricing; the value of a property; and compliance with terms or conditions of sale.*

(5) *The Land Bank shall coordinate with the Philadelphia Redevelopment Authority where a project involves properties acquired by the Philadelphia Redevelopment Authority through eminent domain as well as properties acquired and/or owned by the Land Bank, and shall strive to ensure a synchronized disposition process.*

## **§ 16-708. Pricing.**

(1) *The Land Bank shall use the most current data reasonably available to determine different neighborhood market conditions and property market values. In determining market values for individual properties the Land Bank shall use the valuation method that it deems most appropriate given the particular conditions of the property and surrounding market, as well as the cost of redevelopment. Applicants may submit information that is relevant to the value of a property for consideration by the Land Bank.*

(2) *The Land Bank may offer properties at less than fair market value where the Land Bank finds that the proposed use would create beneficial community impact, such as affordable or mixed-income housing that is accessible or visitable; economic*

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*development that creates jobs for community residents; community facilities that provide needed services to residents; side and rear-yards; innovation in design and sustainability; urban agriculture; community open space; and any goals established under § 16-710. The Land Bank shall allow applications for less than fair market value, including nominal disposition, for any property owned by the Land Bank.*

(a) *In calculating a reduced sales price, the Land Bank shall consider the benefit provided by the proposed use and, if applicable, the amount of discount needed to make the project both initially financially feasible and continually sustainable.*

(b) *To encourage mixed-income housing projects, the Land Bank may count the number of very low-, low- and moderate-income households served and provide partial discounting.*

(3) *The Land Bank shall develop policies regarding employment of legal mechanisms to make land and buildings accessible to those applicants who cannot afford immediate payment in full.*

(4) *Conditions of sale between the transferee and the Land Bank shall be imposed using legally binding mechanisms, including but not limited to deed restrictions, restrictive covenants, and mortgages. The Land Bank shall monitor compliance with such provisions, including by requiring periodic reporting by transferees.*

## **§ 16-709. Policies, Strategic Plan, and Performance Report.**

(1) *The Land Bank shall develop policies consistent with the requirements of this Ordinance. These policies shall be guided by the Land Bank's mission and purposes as set forth in this Ordinance.*

(2) *Ethics and Conflicts of Interest. The Land Bank shall be governed by the State Adverse Interest Act of July 19, 1957 (P.L.1017, No.451) and 65 Pa.C.S. Ch. 11 (relating to ethics standards and financial disclosure). The Land Bank shall also be governed by § 20-600 (Philadelphia's "Standards of Conduct and Ethics") and § 20-1200 ("Lobbying"). As part of its policies, the Land Bank shall adopt strict ethical guidelines for Land Bank board members and employees, and promulgate rules addressing and protecting against potential conflicts of interest. These guidelines and rules shall supplement any applicable state and local laws.*

(3) **Strategic Plan.** *Within one year following the effective date of this legislation, and annually thereafter, the Land Bank shall develop a Strategic Plan to guide its acquisition, maintenance, and disposition of property. The Strategic Plan shall address the following elements, and be developed in coordination with the Philadelphia City Planning Commission:*



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(a) *An analysis to determine market conditions and trends in neighborhoods where the Land Bank holds or is likely to hold property, according to census tract or grouping of census tracts that are determined by the Land Bank to have similar characteristics. To the extent feasible, this analysis shall specifically evaluate the relative need and availability for affordable or mixed-income housing that is accessible or visitable; economic development that creates jobs for community residents; community facilities that provide needed services to residents; side and rear-yards; food-producing urban agriculture; community open space; and any additional core beneficial land uses that may be identified by the Land Bank.*

(b) *An inventory and mapping of vacant properties in each census tract or grouping of census tracts, including properties that are owned by the Land Bank and properties that are privately owned and delinquent as to municipal taxes or claims.*

(c) *Proposed goals for the five-year period following adoption or revision of this plan for acquisition, maintenance, and conveyance of properties that support the City's Comprehensive Plan and the goals of community plans accepted by the Philadelphia City Planning Commission, and which encourage equitable redevelopment. This shall include, but is not limited to, items such as defined targets for the share of future housing units to be built on public properties affordable to different income ranges of very low-, low-, and moderate-income households, as well as economic development/job creation projects, urban agriculture, open space, and additional core beneficial land use needs that were identified pursuant to (a) of this subsection. These goals shall be based on the analysis of each census tract or grouping of census tracts that were identified pursuant to (a) of this subsection, taking into account the existing inventory of the Land Bank as well as the universe of vacant and tax delinquent or City-liened properties, and demand for land based on requests received in the previous year. The Land Bank may also consider the anticipated availability of funding, and the feasibility of inclusionary housing requirements if applicable.*

(d) *Recommendations for uses of properties in each census tract or grouping of census tracts that advance the Land Bank's goals.*

(e) *Defined annual targets for the overall number of properties transferred.*

(f) *Defined annual goals for acquisition including identifying the geographic areas where the Land Bank would seek to acquire properties and for what purpose.*

(4) *Performance Reports. On an annual basis, the Land Bank shall prepare a performance report that will include at a minimum the following items:*

(a) *A list of all properties acquired by the Land Bank;*

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(b) A list of all properties conveyed by the Land Bank that includes: the price; name of the buyer; proposed use; a summary of any special terms and conditions of the conveyance; and the approximate income of the households that will benefit from the intended use, if the sale price was less than fair market value;

(c) A list of all properties held or reserved for an applicant, including the term of the hold period;

(d) An aggregated analysis of all maintenance activities;

(e) An aggregated analysis of all requests received including their proposed use, duration and status, and reason for termination if applicable, with reference to the monitoring set forth in Section 16-707(2);

(f) An aggregated analysis of any efforts related to monitoring and enforcing compliance with provisions agreed upon as conditions of past sales; and

(g) An aggregated analysis demonstrating the Land Bank's yearly progress towards fulfilling the goals set forth in its Strategic Plan, and if achievement or reasonable progress towards such goals is not achieved, a revised plan to be executed during the following year.

(5) **Public Comment, Review, and Approval.** The Land Bank shall hold a public hearing prior to the adoption of its Strategic Plan and Policies. The Strategic Plan and Policies shall be reviewed and adopted annually by the Land Bank board, and approved by resolution of City Council. A prior Strategic Plan and prior Policies shall remain in force until a successor plan is approved. The Strategic Plan, Policies, and annual Performance Report shall be published on the Land Bank's website.

## § 16-710. Financial provisions.

(1) To the extent allowed by law, the Land Bank shall retain proceeds from the sale of any properties to cover operating costs, maintenance of inventory, and to support additional strategic property acquisition, up to whatever amount shall be approved by Council.

(2) The Land Bank may also be financed through any other means authorized in 68 Pa. C.S. § 2101 et seq.

## § 16-711. Dissolution; distribution of assets in case of dissolution.

(1) The Land Bank may be dissolved according to the requirements of 68 Pa. C.S. § 2114.

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SECTION 2. Initial Board of Directors. The Land Bank shall initially be governed by a Board of Directors comprised of the following members, who shall serve terms of three (3) months, or until all the members of the Permanent Board have been appointed pursuant to Section 16-704: Michael Koonce, Brian Abernathy, Herbert Wetzel, Jennifer Kates, Courtney Voss, Rick Sauer, Bill Salas, Majeedah Rasheed, Ken Scott, Don McGrogan, and Paul Badger.

SECTION 3. This Ordinance shall become effective immediately.

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**Explanation:**

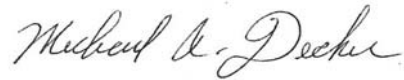
*Italics indicate new matter added.*

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CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on December 12, 2013. The Bill was Signed by the Mayor on December 18, 2013.



Michael A. Decker  
Chief Clerk of the City Council



## APPENDIX 1

### OVERVIEW OF THE ABANDONED PROPERTIES REHABILITATION ACT, P.L.2003, c.210, AS AMENDED

The following is an overview of the principal provisions of the Abandoned Properties Rehabilitation Law, Chapter 210 of the Laws of 2003, as enacted by the New Jersey State Legislature and signed into law by Governor McGreevey on January 8, 2004. This summary is provided for the information of users of the guidebook, and is not an official document of the State of New Jersey.

#### Sec. 1 Short Title

#### Sec. 2 Legislative findings

The legislature makes a number of findings with respect to the impact of abandoned properties, citing their social and economic impact on the communities in which they are located, and that abandoned properties are presumptively to be considered nuisances. The legislature also finds that failure of an owner to maintain a property, as well as failure to comply with municipal orders to demolish or repair the property, creates a presumption of abandonment.

#### Sec. 3 Definitions

This section includes a definition of “qualified rehabilitation entity”, entities that may act as an agent of a municipality for purposes of the possession provisions of the law (see Sections 7 through 21 below).

#### Sec. 4 Definition of abandoned property

The act defines “abandoned property” as any property that has not been legally occupied for six months, and which also meets any one of the following criteria: (a) the property is in need of rehabilitation, and no rehabilitation has taken place for six months; (b) construction was initiated and then discontinued prior to completion, and no construction has taken place for six months; (c) the property is in property tax arrears by at least one installment; or (d) the property is determined to be a nuisance by the public officer.

This section was amended in 2005 to provide that certain mixed-use buildings could be deemed abandoned property if the residential portion of the building is vacant, even if limited commercial uses are still ongoing.

#### Sec. 5 Definition of nuisance

The act provides a detailed definition of what conditions serve as the basis for a determination by the public officer that a property is a nuisance. In addition to traditional nuisance definitions, including fire risk, health and safety hazards, physical deterioration, and the presence of vermin or debris, the law provides that a property is a nuisance if its

dilapidated appearance affects the welfare, including the economic welfare of residents in close proximity to the property.

#### Sec. 6 Exceptions

Properties on which an entity other than the municipality holds a tax lien and is not in arrears, and where that entity moves to foreclose within six months after the property is eligible for foreclosure and diligently pursues foreclosure thereafter; and properties held for seasonal use, are not considered abandoned property. A finding that a property is abandoned under this law does not constitute a finding that a property is abandoned for purposes of zoning or land use regulation.

#### Sections 7 through 21 Possession of abandoned properties (vacant property receivership)

Where a property that has been found to be abandoned under any of the criteria of Sec. 4 or 5 of the act is deemed to be in need of rehabilitation, the act provides that a municipality can seek possession of the property from the courts in order to rehabilitate the property. The court must first give the owner and any lienholder the opportunity to rehabilitate the property, but if neither is qualified, or if neither agrees to do so by a firm timetable, the municipality may be granted possession by the court. The municipality may delegate its authority to bring complaints under this section to a qualified rehabilitation entity, which may be a CDC or a developer.

The municipality must then submit a plan for rehabilitation of the property, and may designate a qualified rehabilitation entity to act as its agent to carry out the plan. Possession entitles the entity to receive grants or borrow money from state agencies or other sources, and to secure funds it borrows with a lien that has priority over all existing liens other than municipal liens. In order to recover control of the property, the owner must make the municipality whole, comply with all conditions of grants or loans obtained for the property, or repay the funders in full. If the owner does not seek recovery of the property in a timely fashion, the court can authorize the purchase of the property by the entity, or the sale of the property to a third party, with the provisions for distribution of the proceeds set forth in the bill. Any municipal costs incurred in connection with this section are a municipal lien as provided in R.S.54:5-9.

#### Sec. 22 Limitations on certain lienholders

Lienholders that share a common interest with the owner of an abandoned property as defined in the law are not entitled to certain rights otherwise available under the law to lienholders.

#### Sec. 23 Recourse against owners

In addition to the liens currently authorized by law, the law gives municipalities recourse against any other assets of the owners of abandoned properties to recover funds spent for repairs, boarding or demolition of the property. An owner includes an individual, any



member of a partnership, or any owner of a 10% or greater interest in any other business entity, including a corporation or LLC.

#### Sec. 24 Special tax sale

The law gives municipalities the authority to remove properties on the municipality's abandoned property list from the regular tax sale process, and sell them through special tax sales. In a special tax sale, the municipality may set qualifications for bidders, may limit bidding to entities that commit to rehabilitate or reuse the properties, may reduce the minimum bid below the amount of taxes due, and may bundle properties into packages for qualified bidders. Tax liens sold through a special tax sale may revert to the municipality if the buyer fails to carry out any provision that has been established as a condition of sale.

#### Sec. 25 Valuation for eminent domain

The law establishes a standard for determining the value of properties on the abandoned property list for purposes of eminent domain proceedings. As a general proposition, if the market value of the property after rehabilitation, or after demolition and construction of a new unit on the site, is less than the cost of rehabilitation, or demolition and construction, as the case may be, there is a rebuttable presumption that the value of the abandoned property is zero.

#### Sec. 26 Amendment to C.40:48-2.4 dealing with code enforcement

C.40:48-2.4 is amended to authorize a municipality to designate more than one public officer for different purposes.

#### Sec. 27 Amendments to Sec. 35 of the Urban Redevelopment Law

The Urban Redevelopment Law is amended to (1) make the definition of abandoned property consistent with this act, (2) give municipalities broad flexibility in appointing public officers to address abandoned property issues, and (3) give municipalities flexibility in requiring a bond from tax lien purchasers of abandoned properties.

#### Sec. 28 Amendments to Sec. 36 of the Urban Redevelopment Law dealing with creating and maintaining an abandoned property list

The law amends the Urban Redevelopment Law in a number of important respects to make the provisions governing abandoned property lists more workable:

- Remove the requirement that a municipality conduct a complete inventory of abandoned property before initiating an abandoned property list
- Expand the potential scope of the list to include the entire municipality (not just redevelopment areas), or those parts of the municipality designated by the governing body

- Enable the municipality to add properties to the list or delete properties from the list at any time
- Permit the municipality to pursue the remedies associated with a property's being on the list at any time after one property has been listed and has passed the period for appeal
- Deletes the requirement that the Department of Community Affairs adopt rules and regulations governing this section

#### Sec. 29 Removal of property on which tax lien held

The law provides that the owner of a tax sale certificate on an abandoned property, who pays all municipal taxes and liens when due, can have the property removed from the abandoned property list, but must initiate foreclosure proceedings within six months from when the property was first placed on the list.

#### Sec. 30 Creation of abandoned property list by petition

The law establishes a procedure whereby if a municipality does not create an abandoned property list, an ordinance to do so can be proposed by petition.

#### Sec. 31 Participation in proceedings

The law establishes procedures under which interested parties can get properties added to the abandoned property list, and participate in hearings on abandoned properties held by the public officer. Interested parties include residents of the municipality, owners and operators of businesses within the municipality, and organizations representing residents' interests or furthering neighborhood revitalization within the area where the property is located.

#### Sec. 32 Amendments to the Tax Sale Law expanding rights of tax lien purchasers

The law amends the Tax Sale Act, R.S.54:5-86 to enhance the powers of entities other than the municipality holding tax liens (tax sale certificates) on abandoned properties. Such entities are:

- Permitted to foreclose at any time, rather than waiting two years;
- Granted right of entry to make repairs or abate nuisance conditions; and
- Permitted to add the cost of such repairs to the balance due for redemption.

In the absence of a municipal abandoned property list, the public officer is required to provide a tax lien holder with a certification that the property meets the abandoned property criteria of the Act for purposes of this section.

