

Lancaster County Land Bank Authority
Administrative Policies and Procedures
As approved and adopted by the Board of Directors on August 23, 2016

These polies and procedures are a codification of all policies and procedures of the Lancaster County Land Bank Authority (hereinafter “LCLBA”).

Section 1. Role as a Public Body.

- 1.1 Public Entity.** LCLB is a public entity authorized by state law and created pursuant to Ordinance #120 of 2016 approved by the Lancaster County Board of Commissioners on June 22, 2016.
- 1.2 Governing Authority.** The core governing documents of LCLBA are 68 Pa.C.S. §2101 et seq., Act 153 of 2012 (hereinafter the “Land Bank Act”), Ordinance #120 referenced above, the Articles of Incorporation, and the By-laws.
- 1.3 Purpose.** The purpose of LCLBA will be to effectively facilitate the return of blighted, abandoned and functionally obsolete properties to productive reuse through creative leadership that engages key partners to leverage a variety of resources.

Section 2. Municipal Members

- 2.1 Requirement.** A municipality must become a member of LCLBA before any property within its borders may be accepted in the program. The mechanism for this will be an Intergovernmental Cooperation Agreement entered into by LCLBA, the municipality and the affected school district.
- 2.2 Sequence for Negotiations.** LCLBA will negotiate an Agreement with the municipality first, and together the two will engage the school district. LCLBA prefers not to negotiate with a school district except in partnership with the municipality.
- 2.3 Fees.** The municipality will pay an initial membership fee of \$5,000.00 to help offset LCLBA’s administrative costs in processing the membership. An annual membership fee of \$1,000.00 will be paid by the municipality in the first anniversary of the membership and each succeeding year they remain a member. There will be an application fee of \$1,000.00 per property. Other fees may be assessed as deemed necessary.
- 2.4 Policies Relating to Agreement.** The Intergovernmental Cooperation Agreement will include a Resolution by LCLBA for policies relating to the specific terms of each Agreement. Those policies may be negotiated on a case-by-case basis without affecting the contact of these Administrative Policies.

2.5 Acceptance of Membership. All Agreements negotiated with municipalities and school districts must be approved by the Board of LCLBA before they can take effect.

Section 3. Property Acquisitions by the LCLBA

3.1 Sources of Property Inventory. Sources of real property acquisitions of LCLBA include, but are not limited to, the following:

- (a) Transfers from local governments or authorities;
- (b) Acquisitions by LCLBA at tax foreclosures or mortgage foreclosures;
- (c) Donations from private entities;
- (d) Market purchases;
- (e) Conduit transfers contemplating the simultaneous acquisition and disposition of property.

3.2 Policies Governing the Acquisition of Properties. Properties may be acquired through one of two methods: 1) a “standard acquisition” by LCLBA for future disposition to an undetermined end user; or 2) a “conduit transfer,” in which LCLBA purchases a property for transfer to an identified end user. In determining which, if any, properties shall be acquired by LCLBA, LCLBA shall give consideration to the following factors:

- (a) Proposals and requests by Redevelopment Authority of the County of Lancaster.
- (b) Proposal and requests by member municipalities that identify specific properties for ultimate acquisition and redevelopment.
- (c) Proposals and requests by private and nonprofit corporations that identify specific properties for ultimate acquisition and redevelopment.
- (d) Referrals from the Vacant Property Reinvestment Board of blighted properties located with member municipalities.
- (e) Proposals and requests by non-member governmental entities that identify specific properties for ultimate use and redevelopment.
- (f) Improved properties that are appropriate for demolition of the improvements.
- (g) Vacant properties that could be productive as part of a municipal revitalization or economic development program.
- (g) Properties that would be in support of strategic neighborhood stabilization and revitalization plans.
- (i) Properties that would form a part of a land assemblage development plan.
- (j) Properties that will generate operating resources for the functions of the LCLBA.

In the case of an offer to donate a property to LCLBA, staff should consider all of the above factors as well as those described in paragraph 2.3 below. LCLBA will not determine the value of the donated property for the purpose of tax benefits but will provide a letter describing the property donated.

3.3 Process for Acquiring Properties. A transaction agreement must be executed by LCLBA and the grantor of the property except in those cases when LCLBA acquires the property at a mortgage or tax foreclosure sale. Act 153 of 2012, Section 2117 (c) (3) provides that all of the following apply to judicial sales:

(i) Notwithstanding section 612 of the Real Estate Tax Sale Law, the form, substance and timing of the land bank's payment of the sales price may be according to the agreement as is mutually acceptable to the plaintiff and the land bank if all of the following apply:

(A) A judicial sale is ordered pursuant to a judgment on a tax claim.

(B) The purchaser of the property is the land bank.

(C) The sales price is an amount agreed to by the land bank and the plaintiff in the claim.

(ii) The obligation of the land bank to perform in accordance with the agreement under subparagraph (i) shall be deemed to be in full satisfaction of the tax claim which was the basis for the judgment.

(iii) The land bank, as purchaser at the sale, shall have an absolute title to the property sold, free and discharged of tax and municipal claims, liens, mortgages, ground rents, charges and estates.

In the case of conduit transfers such a transaction agreement will generally be in the form of an Acquisition and Disposition Agreement prepared in accordance with these Policies.

LCLBA staff is authorized to create transaction agreements in the form and content as deemed by LCLBA to be in the best interest of the LCLBA, and shall include to the extent feasible specification of all documents and instruments contemplated by the transaction as well as the rights, duties and obligations of the parties. Prior to the execution of an agreement of sale to purchase a property, LCLBA staff is authorized to prepare an underwriting agreement that will:

- 1) Determine that the purchase is consistent with paragraph 2.2. above.
- 2) Determine if clear title can be conveyed by the transferor to the LCLBA (see 2.4 below)
- 3) Determine if there are any environmental or structural issues that should be resolved prior to the purchase by LCLBA (see paragraph 2.5 below).
- 4) If the property is not available for nominal consideration, determine a fair value of the property consistent with the policies in this document.

3.4 Title Insurance. In acquisitions of property by LCLBA through transaction agreements the LCLBA generally requires a certificate of title based upon a full title examination and, in the case of Land Banking Agreements, a policy of title insurance insuring LCLBA subject to such outstanding title exceptions as are acceptable to LCLBA in its sole discretion. In those circumstances when the title is not insurable, LCLBA may elect to acquire the property with the intention of initiating a quiet title action.

3.5 Environmental Concerns LCLBA reserves full and complete discretion to require in all transaction agreements that satisfactory evidence be provided to LCLBA regarding the status of environmental contamination as defined by federal or state law. At a minimum, seller shall complete a disclosure noting any known potential environmental issues.

Section 4. Priorities for Property Repurposing

Section 4.1 Community Improvement Purposes. In transferring properties to organizations or individuals LCLBA shall keep in mind community improvement purposes consistent with:

- Neighborhood revitalization plans, especially borough downtown plans;
- Return of the property to productive tax-paying status;
- Land assemblage for economic development;
- Long term “banking” of properties for future strategic uses.

Section 4.2 Neighborhood and Community Development Considerations

As indicated above, LCLBA reserves the right to consider the impact of a property transfer on short- and long-term neighborhood and community development plans. In doing so, the LCLBA may prioritize the following in any order in which it deems appropriate:

- the preservation of existing stable and viable neighborhoods;
- neighborhoods in which a proposed disposition will assist in halting a slowly occurring decline or deterioration;
- neighborhoods which have recently experienced or are continuing to experience a rapid decline or deterioration;
- geographic areas where market conditions are weak for the purposes of residential or commercial development;
- increasing the tax base of Lancaster County and creating opportunities for employment.

Section 5. Conveyance of Properties

5.1 Definitions

“*Property Costs*” shall be defined as the aggregate costs and expenses of the LCLBA attributable to the specific property in question, including costs of acquisition, maintenance, repair, demolition, marketing of the property and indirect costs of the operations of LCLBA allocable to the property.

“*Transfer Closing Costs*” shall be defined as all costs incurred by LCLBA in the sale of the property to the transferee including but not limited to transfer taxes, legal fees, filing fees, notary fees, title fees, etc.

“*Transaction Fee*” shall be defined as a fee paid by the transferee of the property at closing in the amount of 2% of the selling price but not less than \$750.

The consideration to be provided by the transferee to LCLBA may take the form of cash, deferred financing, performance of contractual obligations, imposition of restrictive covenants, or other obligations and responsibilities of the transferee, or any combination thereof.

5.2 Transfers to Governmental Entities

(a) To the extent that transfers of property to governmental entities are designed to be held by such governmental entities in perpetuity for governmental purposes, the aggregate consideration for the transfer may, at the discretion of the LCLBA, consist of the “Property Costs” and “Transfer Closing Costs” to be paid in cash as well as a deed restriction upon the use of the property.

(b) To the extent that transfers of property to governmental entities and authorities are anticipated as conduit transfers by such governmental entities to third parties, the aggregate consideration for the transfer may, at the discretion of LCLBA consist of not less than “Property Costs”, “Transfer Closing Costs” and “Transaction Fee” to be paid in cash. Depending on the nature of the end use of the property by the third party, the LCLBA reserves the right to sell the property for fair market value plus all fees and costs referenced above.

5.3 Transfers to Other Entities

In the case of transfers of property to other entities for development, other than side yard transfers described in Section 6, the aggregate consideration for the transfer may, at the discretion of LCLBA consist of not less than the “Property Costs”, “Transfer Closing Costs” and “Transaction Fee” and not more than the fair market value as determined by the LCLBA plus all costs and fees. Non-monetary consideration, such as in-kind services, that fulfill the mission and goals of LCLBA may be considered.

5.4 Transferee Qualifications. All applicants seeking to enter into Acquisition and Disposition agreements with LCLBA will be required to provide as part of the application such information as may be requested by LCLBA, including but not limited to (a) the legal status of the applicant, its organizational and financial structure, (b) its prior experience in developing and managing real property, and (c) affidavit indicating no delinquent taxes on other properties wherein the applicant has ownership.

5.5 Reserved Discretion. LCLBA reserves full and complete discretion to decline applications from individuals and entities that meet any of the following criteria:

- (a) failure to perform in prior transactions with LCLBA;
- (b) ownership of properties that became delinquent in tax payments and remain delinquent in tax payments during their ownership;
- (c) parties that have been debarred from transactions with local, state or federal government;
- (d) parties not able to demonstrate sufficient experience and capacity to perform in accordance with the requirements of the LCLBA;
- (e) ownership of properties that have any un-remediated citations(s) for violation of state and local codes and ordinances, and;

(f) properties that have been used by the purchaser or a family member of the purchaser as his or her personal residence at any time during the twelve (12) months immediately preceding the submission of application (except in rental cases).

5.6 Covenants, Conditions and Restrictions. All conveyances by the LCLBA to third parties shall include such covenants, conditions and restrictions as the LCLBA deems necessary and appropriate in its sole discretion to ensure the use, rehabilitation and redevelopment of the property in a manner consistent with the public purposes of the LCLBA. Such requirements may take the form of a deed creating a defeasible fee or reversion, recorded restrictive covenants, subordinate financing being held by LCLBA, contractual development agreements, or any combination thereof. LCLBA will also include language in the Disposition Agreement that the transferee is precluded from appealing the post development assessed value as determined by the County Assessment office for a period of five years following the transfer of the property.

5.7 Options. Options are available for 10% of the parcel price for up to a six-month period with extensions at the discretion of LCLBA. This fee will be credited to the parcel price at closing. If closing does not occur, the fee is forfeited. LCLBA may charge a fee for the extension of the option agreement; said fee shall not be credited against the purchase price. All option agreements are subject to all policies and procedures of LCLBA pertaining to property transfers.

5.8 Deed without Warranty. All conveyances from LCLBA to third parties shall be by Quitclaim Deed.

5.9 Prescribed Process for Conveying Properties. The process for conveying a property from the LCLBA to another entity shall include a completed application from the proposed transferee and underwriting report prepared by the LCLBA staff that verifies that the applicant is qualified consistent with the provisions in Paragraphs 4.4 and 4.5. Conveyances to transferees in excess of \$25,000 shall be approved by the LCLBA Board. A Disposition Agreement shall be prepared by the LCLBA staff that includes terms and conditions for the reuse of the property as well as description of how the terms and conditions will be monitored in the future.

Section 6. Owner-Occupant Policy.

6.1 Requirements and Conditions. The vast majority of the properties LCLBA will acquire will be vacant. However, in the event that it acquires a property that is the primary place of residence for an owner-occupant through the tax sales process or other means, it shall make best efforts not to displace the owner-occupant and establish payment plans for any delinquent liens that have been acquired by the LCLBA. To this end, if feasible, LCLBA may offer to lease the premises to the prior owner-occupant at fair market value for a period not less than six months. The residence shall remain the primary residence of the household during the lease period.

Section 7. Side Lot Disposition Program.

7.1 Side Lot/Structure Transfers. Improved (those with an existing structure that is feasible to rehabilitate) or unimproved parcels may be acquired by LCLBA, and transferred to individuals owning contiguous property in accordance with the policies described below. The transfer of any given improved or unimproved parcel in the Side Lot Disposition Program is subject to override by higher priorities as established by the LCLBA.

7.2 Qualified Properties. Parcels of property eligible for inclusion in the Side Lot Disposition Program shall meet the following minimum criteria:

- (a) The parcel shall be a vacant improved or unimproved real property;
- (b) The parcel shall be physically contiguous with not less than a 75% common boundary line at the side;
- (c) Intended use for the improved or unimproved parcel must be disclosed by the transferee and such use shall be consistent with local codes including but not limited to zoning codes.

7.3 Side Lot Transferees.

- (a) All transferees must own the contiguous property, and priority is given to owner-occupied transferees.
- (b) The transferee must not own any real property that is subject to any un-remediated citation(s) of violation of state and local codes and ordinances.
- (c) The transferee must not own any real property that is tax delinquent.
- (d) The transferee must not have been the prior owner of any real property in the County that was acquired by a local government through execution of a judgment relating to municipal liens.

7.4 Pricing.

- (a) Parcels of property that are not capable of independent development, i.e., the parcel is not buildable under local zoning laws, may be transferred for a price to be determined by the LCLBA consistent with value of the property, if any, as determined by LCLBA plus “Transfer Costs” and “Transaction Fees”.
- (b) (b) Parcels that are capable of independent development shall be transferred for consideration in an amount not less than the “Property Costs”, “Transfer Closing Costs” and “Transaction Fees” as described above.

7.5 Additional Requirements.

- (a) As a condition of transfer of an improved or unimproved parcel, the transferee must enter into an agreement that the parcel is not subject to sale, subdivision or partition within a five-year period following the date of the transfer.
- (b) In the event that multiple adjacent property owners desire to acquire the same side parcel, the improved or unimproved parcel shall either be transferred to the highest bidder for the property. An unimproved parcel may be divided and transferred among the interested contiguous property owners; the cost of the subdivision shall be borne by the property owners.
- (c) The improved or unimproved parcel must remain a separate parcel for assessment purposes so the LCLBA may benefit from tax recapture going forward.