

ERIE COUNTY LAND BANK
ADMINISTRATIVE POLICIES AND PROCEDURES

Adopted April 24, 2019

SECTION 1 – GOVERNANCE

1.1 **Public Entity.** The Erie County Land Bank (hereinafter, the “Land Bank”) is a public entity operating in accordance with Pennsylvania Act 153 of 2012 (68 Pa.C.S. §2101 et seq.) (the “Land Bank Act”), and By-Laws duly adopted by the Erie County Land Bank Board of Directors.

1.2 **Purpose.** The purpose of the Land Bank is 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.

1.3 **Adoption.** These Administrative Policies and Procedures have been considered and adopted by the Land Bank Board of Directors, and may be amended by the majority vote of the Land Bank Board of Directors at a publicly scheduled and noticed meeting.

SECTION 2 – PROPERTY ACQUISITIONS

2.1 **Sources of Property Inventory.** Sources of real property acquisitions of the Land Bank include, but are not limited to, the following:

- (a) Transfers from other government entities;
- (b) Acquisitions by the Land Bank at tax or mortgage foreclosure auctions;
- (c) Market purchases;
- (d) Donations from private entities; and
- (e) Conduit transfers contemplating the simultaneous acquisition and disposition of property.

2.2 **Policies Governing the Acquisition of Properties.** Properties may be acquired through one of two methods: (i) a “standard acquisition” by the Land Bank for future disposition to an undetermined end-user; or (ii) a “conduit transfer”, in which the Land Bank acquires a property for transfer to an identified end-user. In determining which, if any, properties shall be acquired by the Land Bank, the Land Bank shall give consideration to the following factors:

- (a) Proposals and requests by the Erie County municipalities, or municipality-related entities/authorities that identify specific properties for ultimate acquisition and redevelopment, which (i) act as catalyst for further development; (ii) are part of a comprehensive development plan; (iii) support infrastructure, public and green space development; or (iv) reduce blight in the community.
- (b) Referrals from a municipal Blighted Property Review Committee.
- (c) Proposals and requests by private and nonprofit corporations that identify specific properties for ultimate acquisition and redevelopment.
- (d) Improved properties that are appropriate for demolition of the improvements.
- (e) Vacant properties that could be productive as part of a municipal revitalization or economic development program.

- (f) Properties that would be in support of strategic neighborhood stabilization and revitalization plans.
- (g) Properties that would form a part of a land assemblage development plan.
- (h) Properties that will generate operating resources for the functions of the Land Bank.

In the case of an offer to donate a property to the Land Bank, all of the above factors shall be considered, as well as those described in paragraphs 2.4 and 2.5 below. The acceptance of all donated properties must be approved by a majority vote of the Land Bank's Board of Directors. The Land Bank will not determine the value of the donated property for the purpose of tax benefits, but will provide a letter describing the property donated.

2.3 Process for Acquiring Properties. A transaction agreement must be executed by the Land Bank and the grantor of any property to be acquired by the Land Bank, except in cases when the Land Bank acquires the property at a mortgage or tax foreclosure sale. Prior to the execution of an agreement of sale to purchase a property, the Land Bank staff shall prepare an underwriting analysis that will:

- (a) Determine that the purchase is consistent with paragraph 2.2 above.
- (b) Determine if clear title can be conveyed by the transferor to the Land Bank (see paragraph 2.4 below).
- (c) Determine if there are any environmental or structural issues that should be resolved prior to the purchase by the Land Bank (see paragraph 2.5 below).
- (d) Reasonably estimate the costs of any required demolition or rehabilitation and identify the source of funds to be used for such demolition or rehabilitation.
- (e) If the property is not available for nominal consideration, determine a fair value of the property consistent with these Policies and Procedures.

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. The Land Bank staff will create transaction agreements in the form and content as deemed by the Land Bank to be in the best interest of the Land Bank, 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.

Acquisitions by the Land Bank at a judicial tax sale shall be conducted in accordance with Act 153 of 2012, Section 2117(c)(3), and an Intergovernmental Cooperation Agreement between the Land Bank and Erie County.

2.4 Title Insurance. In acquisitions of property by the Land Bank through standard purchase agreements, the Land Bank generally requires a full title examination and a policy of title insurance insuring good and marketable title to the Land Bank, subject to such outstanding title exceptions as are acceptable to the Land Bank in its sole discretion. In those circumstances when the title is not insurable, the Land Bank may elect to acquire the property with the intention of initiating a quiet title or other corrective action.

2.5 Environmental Concerns. The Land Bank reserves full and complete discretion to require in all transaction agreements that satisfactory evidence be provided to the Land Bank 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 3 – PRIORITIES FOR PROPERTY REPURPOSING

3.1 Community Improvement Purposes. In transferring properties to organizations or individuals, the Land Bank shall keep in mind community improvement purposes consistent with:

- (a) Neighborhood revitalization plans;
- (b) Return of properties to productive, tax paying status;
- (c) Mitigating instances of blight;
- (d) Land assemblage for economic development; and/or
- (e) Long term “banking” of properties for future strategic uses.

3.2 Neighborhood and Community Development Considerations. As indicated above, the Land Bank 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 Land Bank may prioritize the following in any order in which it deems appropriate:

- (a) The preservation of existing stable and viable neighborhoods;
- (b) Neighborhoods in which a proposed disposition will assist in halting a slowly occurring decline or deterioration;
- (c) Neighborhoods which have recently experienced or are continuing to experience a rapid decline or deterioration;
- (d) Geographic areas where market conditions are weak for the purposes of residential or commercial development; and
- (e) Increasing the tax base of the municipality and creating opportunities for employment.

SECTION 4 – CONVEYANCE OF PROPERTIES

4.1 Definitions.

“*Property Costs*” shall be defined as the aggregate costs and expenses of the Land Bank 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 the Land Bank allocable to the property.

“*Transfer Closing Costs*” shall be defined as all costs incurred by the Land Bank in the conveyance 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 to the Land Bank at closing in the amount of 2% of the selling price, but not less than \$750.

The consideration to be provided by a transferee to the Land Bank 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.

4.2 Process for Conveying Properties. The disposition of properties shall be based upon a combination of two factors: (a) the intended or planned use of the property, and (b) the nature and identity of the transferee. The disposition of any given property will be based upon an assessment of the most efficient

and effective way to maximize the benefits of an aggregate of the related policies and priorities. The Land Bank shall at all times retain flexibility in evaluating the appropriate balancing of the priorities for the use of the property, priorities as to the nature of the transferees, priorities concerning neighborhood and community development, and methods for how properties will be marketed to potential transferees.

The process for conveyance of a property from the Land Bank to another entity shall include a completed application from the proposed transferee and an underwriting analysis prepared by the Land Bank staff that verifies that the applicant is qualified consistent with the provisions of paragraph 4.9. A Disposition Agreement shall be prepared by the Land Bank staff that includes terms and conditions for the reuse of the property.

4.3 Options. Purchase options are available for 10% of the parcel price for up to a six-month period with extensions at the Land Bank's discretion. This fee will be credited to the purchase price at closing. If closing does not occur, the fee will be forfeited. The Land Bank will assess a fee for extensions to the option agreement; said fee will not be credited against the purchase price. All option agreements are subject to all policies and procedures of the Land Bank pertaining to property transfers.

4.4 Special Warranty Deed. In general, conveyances from the Land Bank to third parties shall be by Special Warranty Deed. Where title issues exist and a third party is nevertheless willing to take title to the property, the conveyance shall be by Quitclaim Deed.

4.5 Covenants, Conditions, and Restrictions. All conveyances by the Land Bank to third parties shall include such covenants, conditions, and restrictions as the Land Bank 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 Land Bank.

4.6 Development Agreements. In an effort to ensure that suitable development or rehabilitation occurs on a reasonable schedule on property conveyed by the Land Bank, the Land Bank will require that each conveyance be subject to a development agreement. Each development agreement will consist of the following components:

- (a) Project description or detailed scope of work;
- (b) Development schedule;
- (c) Financing structure; and
- (d) Enforcement mechanism.

4.7 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 Land Bank, consist of the "Property Costs" and "Transfer Closing Costs" to be paid in cash as well as a deed restriction concerning 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 the Land Bank, 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 any third party, the Land Bank reserves the right to sell the property for fair market value plus all fees and costs referenced above.

4.8 Transfers to Other Entities. In the case of transfers of property to non-government entities, other than side lot transfers described in Section 6, the aggregate consideration for the transfer may, at the discretion of the Land Bank, consist of not less than the “Property Costs,” “Transfer Closing Costs,” and “Transaction Fee,” to a maximum of the fair market value of the property as determined by the Land Bank plus all costs and fees. Non-monetary consideration, such as in-kind services, that fulfill the mission and goals of the Land Bank may be considered.

4.9 Transferee Qualifications. All entities seeking to enter into Acquisition and Disposition Agreements with the Land Bank will be required to provide, as part of an application process, such information as may be requested by the Land Bank, including but not limited to (a) the legal status of the entity and its organizational and financial structure, (b) its prior experience in developing and managing real property, and (c) an affidavit indicating that there are no delinquent real estate taxes on other properties in which the entity has an ownership interest.

The Land Bank reserves full and complete discretion to decline acquisition and/or disposition requests from individuals and entities that meet any of the following criteria:

- (a) Failure to perform in previous transactions with the Land Bank;
- (b) Ownership of properties that became tax delinquent and remain tax delinquent during their ownership;
- (c) Parties that have been debarred from transactions with local, state, or federal government agencies;
- (d) Parties not able to demonstrate sufficient experience and capacity to perform in accordance with the requirements of the Land Bank;
- (e) Ownership of any properties which have unmitigated violations of state and local codes; and
- (f) Requests involving properties that have served as the primary residence of the purchaser or a family member during the preceding twelve (12) months (some rental scenarios, may be excepted).

4.10 Delegation of Authority. The Land Bank Board of Directors may delegate disposition authority to the Land Bank staff (whether hired directly by the Land Bank or contracted through another agency) except in the following circumstances where the Board of Directors is required to approve or deny the disposition by formal action:

- (a) The proposed terms of the transaction conflict with the Land Bank’s published policies and procedures.
- (b) The value of the property is in excess of \$50,000.
- (c) When otherwise required by state or local law.

SECTION 5 – OWNER OCCUPANCY

5.1 Requirements and Conditions. The majority of properties the Land Bank will acquire will be vacant. However, in the event that the Land Bank acquires a property through tax/mortgage foreclosure or other means, and that property serves as the primary place of residence for an owner-occupant, the Land Bank will make best efforts not to displace the owner-occupant and establish payment plans for any delinquent liens acquired by the Land Bank. When feasible, the Land Bank may offer to lease the premises to the prior owner-occupant at fair market value for a period not less than six (6) months. The residence shall remain the household’s primary residence throughout the lease period.

SECTION 6 – SIDE LOT DISPOSITION PROGRAM

6.1 Side Lot Transfers – The Land Bank may, at times, have ownership of unimproved parcels of land (whether acquired without improvements, or having been cleared by demolition). These unimproved parcels may be eligible for transfer to the owner of a contiguous property, as described within this policy. Eligibility of any specific property to be conveyed by the Side Lot Disposition Program is subject to override by higher reuse priorities of the Land Bank.

6.2 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 vacant, unimproved real property.
- (b) The parcel shall be physically contiguous with real property owned by the prospective transferee.
- (c) The intended use for the parcel must be disclosed by the transferee and such use shall be consistent with local codes, including but not limited to zoning codes.

6.3 Side Lot Transferees. All Side Lot Disposition Program transferees must meet the following minimum qualifications:

- (a) The transferee must own contiguous property (with priority preference shown to owner-occupied transferees).
- (b) The transferee must not own any real property which has unmitigated violations of state or local codes (including building, zoning, and property maintenance).
- (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 within Erie County that was acquired by a local government through execution of a judgment relating to municipal liens.

6.4 Pricing. The Land Bank will accept written offers from qualified owners of contiguous parcels for the purchase of the Land Bank properties made available for conveyance through the Side Lot Disposition Program. The Land Bank has established the following formulas to calculate the minimum offer which would be considered:

- (a) The minimum offer for parcels with fifty feet (50') or less of street frontage is \$500.
- (b) The minimum offer for parcels with street frontage between fifty feet (50') and one hundred feet (100') will be calculated \$10 for every one foot (1') of street frontage. (For example, the minimum offer for a 65' wide lot would be \$650.)
- (c) The minimum offer for parcels with greater than one hundred feet (100') street frontage would be one-half (50%) of the most recent Erie County-derived assessed value.
- (d) In all the above instances, the minimum offer for corner lots would be calculated based on the longest street frontage, not a combined length of two frontages.

In addition to the offered consideration, the transferee of any property conveyed through the Side Lot Disposition Program would also be required to pay all “Transfer Closing Costs,” as defined in paragraph 4.1.

6.5 Additional Requirements. The following shall also apply to all real estate conveyances made through the Side Lot Disposition Program:

- (a) As a condition of transfer of a parcel, the transferee must enter into an agreement that the parcel will not be subject to sale, subdivision, or partition within a five-year period following the date of the conveyance. An exception shall be granted so long as the parcel is being conveyed simultaneously with a contiguous improved parcel, but the conveyance shall be by separate deed and the property shall remain independently assessed for real estate tax purposes through the five-year term.
- (b) In the event that multiple adjacent property owners desire to acquire the same side parcel, the parcel shall be transferred to the highest bidder who meets the qualifications described above.

SECTION 7 – SERVICES TO MUNICIPALITIES

7.1 Requirement. The Land Bank will make its services available to Erie County municipalities based on a negotiated Intergovernmental Cooperation Agreement between the Land Bank, the municipality desiring the Land Bank services, and the affected school district.

7.2 Sequence for Negotiations. The Land Bank will negotiate an Agreement with the municipality first, and together the two parties will engage the school district. The Land Bank will only negotiate with a school district in partnership with the municipality.

7.3 Policies Relating to Agreement. The Intergovernmental Cooperation Agreement will include an Exhibit for policies relating to the specific terms of each Agreement. Those policies may be negotiated on a case-by-case basis without affecting the content of these Administrative Policies and Procedures.

SECTION 8 - RESERVATION OF RIGHTS

8.1 Deviation from Administrative Policies and Procedures. The Board of the Land Bank recognizes that it may in the future be presented with opportunities to advance the purposes set forth in the Land Bank Act which are not currently anticipated by these Administrative Policies and Procedures. Consequently, the Board reserves the right, on a case-by-case basis and for good cause shown, to deviate from these Administrative Policies and Procedures in order to achieve goals and objectives consistent with the purposes of the Land Bank Act. Any such deviation shall require the vote of a majority of the members of the Board.