

TRI-COG COLLABORATIVE

Land Bank Business Plan

Steel Valley Council of Governments
Turtle Creek Valley Council of Governments
Twin Rivers Council of Governments

JULY 2014

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Tri-COG Collaborative

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Housing Alliance of Pennsylvania

The work on this project has been performed in collaboration with the Housing Alliance of Pennsylvania. Their staff and team of consultant partners have lead the movement of land banking and blight mitigation in the State of Pennsylvania -- including efforts to pass the legislation, craft best practices, and produce handbooks for local governments to combat blight.

For this project, Consultant Irene McLaughlin worked as an integral part of the team and is credited with developing all of the legal document templates for the Land Bank.

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Section 1: Why Land banking and Why a Multi-municipal Approach?

I. Overview

Blight and Abandonment: The Big Picture

Blight and abandonment are expensive, pervasive, and without effective intervention can deteriorate the economic and social fabrics of communities. Blight not only drains municipal budgets by incurring additional expenditures on police, fire, code enforcement and public works, but it also leads to less tax revenue generation. Indirectly blight can reduce property values from 15-17%¹, which hurts municipal budgets and property owners' equity.

Our current system for dealing with blighted and abandoned properties is ineffective to mitigate the damaging effects of the blight. There also exist many property investment barriers for future development. The costs and liabilities associated with acquiring, insuring, maintaining, marketing, and disposing abandoned properties are too significant for any given town or taxing body. Furthermore, these properties continue to accrue debt in the form of real estate taxes, penalties and interest, municipal fees, and maintenance and demolition liens. The solution of bringing these properties to Sheriff Sale is costly, and without an end-user in mind it is unlikely the municipality will be able to recover its costs. Abandoned properties tend to be re-purposed only when a property investor has adequate financing to cover the costs of tax foreclosure, will risk not being outbid at tax sale, and will risk investment in difficult real estate markets.

However, despite these obstacles effective blight mitigation is possible and can produce some powerful results in struggling communities. There are many positive economics of addressing blight and abandonment, including property value appreciation.

- In Flint Michigan, \$3.5 million of demolition activity produced \$112 million in improved surrounding property values.²
- Cleaning and greening of vacant lots can increase adjacent property values by as much as 30%; planting a tree within 50 feet of a house can increase its value by about 9%; location of a house within 1/4 mile from a park increased values by 10%.³
- Greening linked to increased community health and safety.⁴

A Regional Approach: The Tri-COG Collaborative

The Tri-COG Collaborative (TCC) is the right group to model a multi-municipal land bank in Pennsylvania and to pilot this work in Allegheny County for the following reasons:

- The 40 member municipalities are collectively large enough to achieve the scale needed to be effective.
- The Councils of Governments (COGs) have a 40 year history with municipalities and a level of trust which will be crucial to the development of the required intergovernmental cooperation agreements.
- Member municipalities recognize that the problems of blighted and abandoned properties transcend boundaries, and require a scale of effort larger than any one municipality's capacity.

¹ Tri-COG Collaborative, (2013), *Cost of Blight* (PDF)

² Land Policy Institute at Michigan State University (2007), "[Economic Impacts of Residential Property Abandonment and the Genesee County Land Bank in Flint, Michigan.](#)"

³ Susan Watcher, The Wharton School of Pennsylvania (2005) [The Determinants of Neighborhood Transformations in Philadelphia Identification and Analysis: The New Kensington Pilot Study.](#)

⁴ Dr. Charles Branas et al., Perelman School of Medicine, University of Pennsylvania (2011), [A Difference-in-Differences Analysis of Health, Safety, and Greening Vacant Urban Space.](#)

- Fortunately, the embedded philosophy of COGs supports both the firm importance of individual municipal autonomy and among its members, the strong spirit and pride that allows for a larger vision.

Land Bank as a blight mitigation tool

The Land Bank will be a new tool to be used by municipalities to mitigate blight and ultimately work towards revitalizing communities. The TCC Land Bank seeks to do the following:

Acts as a support to communities by taking responsibility for blighted properties to:

- Shift the burden and risk of addressing blight and abandonment from the single municipality or taxing body to a shared land bank designed by state law specifically for that purpose.
- Be the steward of abandoned property in its inventory.
- Assemble unproductive properties for new economic development opportunities.

Acts as a public agency with private real estate organization characteristics that:

- Renews the land banking business model over time with expertise and partnerships to repurpose abandoned properties at the scale of the problem and in ways that are best for communities.
- Balances market-driven, fiscally prudent decisions with mission-driven strategies to improve the communities and stabilize neighborhoods even when investments may be more risky.
- Has the unique ability to utilize traditional government financing strategies while also leveraging private capital and revenue from activities in the real estate marketplace.

Acts with Strategic intention and:

- Realizes local control of property use by selecting properties proactively for acquisition, title clearing, maintenance, marketing and disposition.
- Can intervene earlier in the cycle of blight and abandonment like prospecting property donations at point of tax collector's citations for non-payment of taxes, or engaging an estate administrator collaboratively and systematically resolves un-collectable property debt.

Objectives for the Business Plan

This TCC Land Bank Business Plan proposes a multi-municipal, COG-based land bank. The purpose of this business plan is to outline the vision and values of the TCC on blight and communicate its proposal for building a land bank. The TCC studied and analyzed existing land banks from around the country to develop best practices, identify revenue streams, and incorporate the lessons learned from others in this plan. In addition, the TCC researched and documented the real costs of acquiring blighted and abandoned properties and transforming them to beneficial use. This action of property recycling will bring more properties to the tax rolls and will also improve neighborhoods and increase property values. The Land Bank will require a variety of revenue streams to pay what is needed to stop the bleeding of funds and resources and realize the opportunities that lie in blighted and abandoned properties.

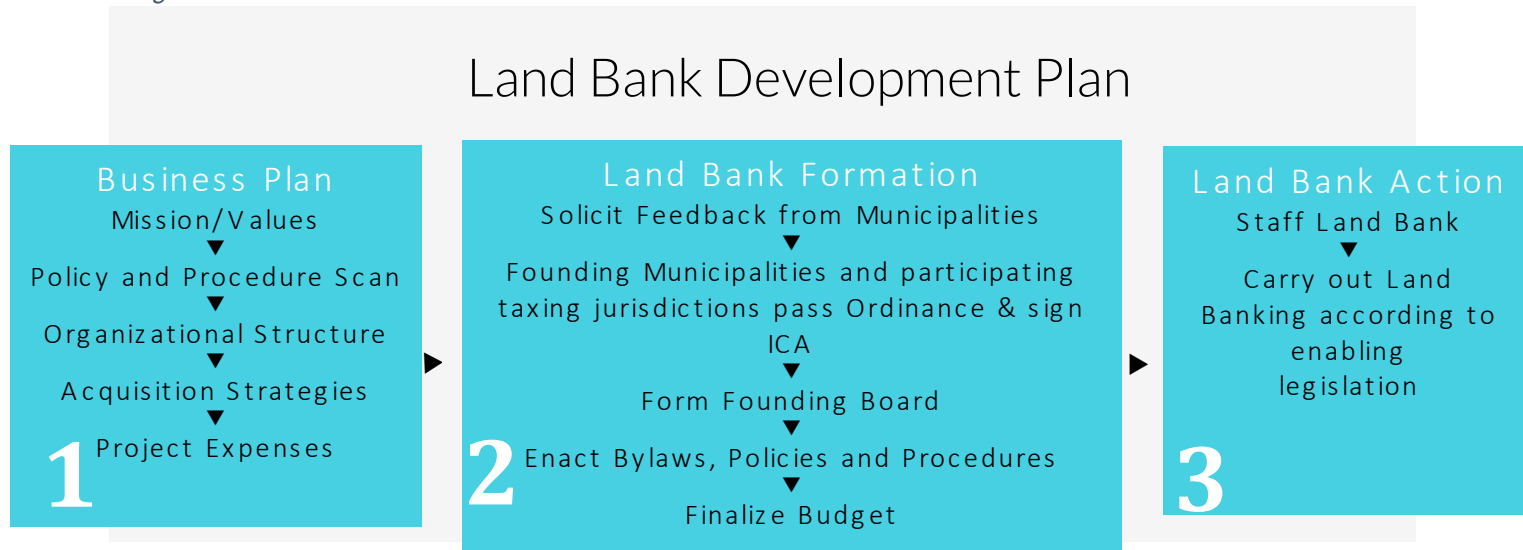
This Tri-COG Collaborative Land Bank Business Plan is the culmination of the study of:

- Current costs of blight and abandonment for our member municipalities in Allegheny County.
- Member municipalities' inventory of blighted properties and their market type analysis to guide selection of properties for acquisition.
- Anticipated expenses associated with acquisition, title clearing, maintenance, marketing, disposition of property in our member municipalities in Allegheny County.
- PA state enabling Land Banks Act and other tools to address blight and abandonment.
- Policies and procedures that guide existing land banks in and outside of Pennsylvania.

Recommendations for discussion on the Land Bank’s organizational structure, governing policies and financing are offered. This business plan includes:

- Draft formation documents.
- Models of real estate market types for data-driven, strategic, property acquisitions,
- Projections of expenses associated with property acquisition through disposition.
- Proposed acquisition and disposition policies and procedures
- Possible revenue streams to meet anticipated expenses.

Figure 1.1



The next step in the creation of a land bank is to solicit feedback from municipalities on the contents of this plan. There will be further conversations on the ordinances, intergovernmental cooperation agreements, policies, procedures, organizational structure, financing, and other topics included in this plan. Municipalities, school districts and the County will be required to pass Ordinances and sign Intergovernmental Cooperation Agreements to establish the TCC Land Bank. These steps will include not only a commitment to the program but to the financial sustainability of the land bank organization. A land bank board will need to be established. The organization will need to incorporate, and policies and procedures will need to be enacted. These steps will all need to occur in order for the land bank to start its operations.

Guiding Principles

As we move forward with the Business Plan and the formation of the land bank it is important to keep the big picture of what a land bank can do at the forefront of this effort. The following are the guiding principles for the operations and visions of the TCC Land Bank.

1. **A mechanism for strategic blight mitigation** Blight is pervasive, expensive, and has damaging effects on the economic and social fabric of communities. The central goal of the land bank is to mitigate blight and stimulate economic development by transferring properties that are vacant, abandoned, and tax delinquent back to productive use that benefits communities. Strategic acquisition and disposition decisions can be made to ensure the highest impact properties are pursued and placed into productive use and taxpaying status.
2. **Effective scale is reached at a multi-municipal level** The cost and negative impact of blight are not bound by geographic or political borders. A regional approach with coordinated commitment from various municipalities is needed in order for a land bank to be successful. This allows for a greater scale and diverse real estate portfolio which minimizes risk and increases opportunities for success. Using this collaborative approach, our land bank partners – which could include municipalities, school districts and Allegheny County – stand to benefit not only directly from development within their boundaries, but also indirectly from improvements in neighboring communities.
3. **Commitment to Communities** The TCC Land Bank will work in unison with community priorities and plans. In fact, Pennsylvania law says that *the disposition of land out of the land bank is required to coordinate with any duly adopted community plans*. The TCC Land Bank will also work alongside local community development corporations, community-minded groups and individuals to ensure the most desirable development outcomes are achieved.
4. **Accountability** The TCC Land Bank will be accountable to the municipalities and neighborhoods in which it operates. The TCC Land Bank will be the responsible party for maintaining the properties it owns up to municipal standards. The TCC Land Bank will be a quasi-public entity and will adhere to the same reporting standards and audits, making it a transparent and accountable organization.
5. **Sustain financial and operating resources** The TCC Land Bank must have mechanisms in place to sustain financial resources. Funding can come in various forms including sale of property, tax recapture, grants, loans, bonds, and fee revenue. Land banks can use these diverse funding streams to be self-sustaining and employ effective operations at a level currently unavailable to other public entities.
6. **“One Stop Shop”** The TCC Land Bank’s inventory will serve as a source for current residents, to-be homeowners, non-profits, investors and development agencies. Traditional tools to deal with vacant properties act as reactionary entities and are only triggered by those with capacity and financial resources to pursue the property. The TCC Land Bank will follow a community reinvestment business model: one that recognizes property potential at the onset and subsequently provides a platform for others to purchase. Properties for sale will be available to the public with a myriad of development opportunities, along with a clear title and a fresh start.
7. **Nimble and Responsive** Solutions to blight and strategies for economic development are not always cut and dry. Sometimes more creative approaches are needed, especially in communities where residential growth is not the primary solution. The TCC Land Bank will be responsive to new ideas and development opportunities. It will remain flexible to various municipal needs while fulfilling its ultimate mission of mitigating blight and bringing properties back to productive use.

II: Background

Who is the Tri-COG Land Bank Collaborative?

A Council of Government, also known as a COG, is a multi-municipal organization that works to effectively and efficiently implement programs through cooperation on behalf of its member municipalities. In 2011 the Executive Directors from Steel Valley COG, Turtle Creek Valley COG and Twin Rivers COG began meeting to devise ways to work together on regional issues. To date, progress through collaboration has been made on many issues such as Blight, Land Banking, Brownfield Assessment and Reclamation, Allegheny County 911 Advisory Committee, and the passage of conflict resolution agreements.

Blight, serving as the catalyst that first sparked the Tri-COG Collaborative (TCC), is exemplified in the large amounts of vacant land, blighted and abandoned property in the Mon Valley and proximate Eastern suburbs. The TCC

has been working tirelessly over the past 3 years in order to fully understand

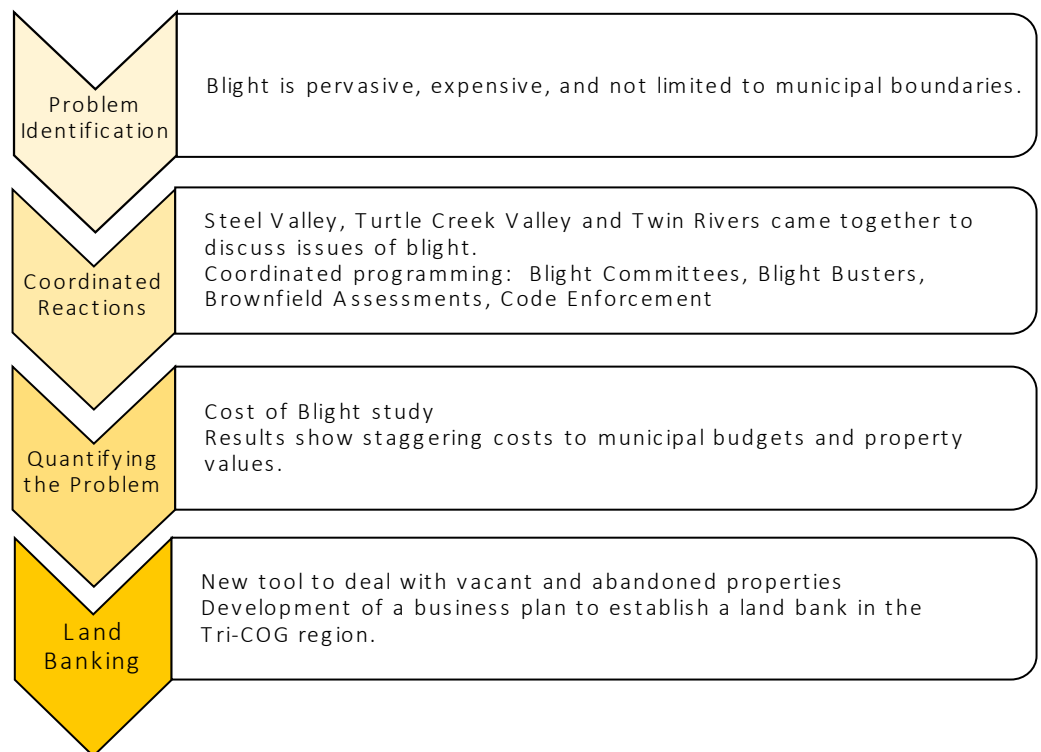
the problem of blight and develop potential solutions.

The TCC has established a blight committee of key stakeholders such as code enforcement personnel, solicitors, community representatives, and local experts to develop methods to address blight from a multi-municipal viewpoint. They

host monthly meetings, called Blight Busters, whose purpose is to disseminate information, bring in expert speakers and create a forum where municipal staff, elected officials, community-based organizations, citizens and other key stakeholders can share strategies to address and prevent blight.

Since the enactment of Pennsylvania's Land Bank Act 153 in November of 2012, the TCC has focused much of its attention on land banking. This new tool is a departure from single property focused tools in that it offers structure for a systematic approach to blight and abandonment and scaling that approach with available resources.

Figure 1.2



In preparation for determining the feasibility of a land bank the TCC conducted an analysis to quantify the cost of blighted, abandoned and tax delinquent properties to municipalities, school districts, Allegheny County, and property owners. This resulted in the publication of the Financial Impact of Blight report in October, 2013. The outcomes are staggering. In 2012, the direct and indirect costs from blighted, abandoned and tax delinquent properties in the TCC's 40 member municipalities was estimated to be \$254 million. Blight is expensive, blight is pervasive, and the price for inaction is too high to continue with the same ineffective systems.

The Tri-COG Collaborative Financial Impact of Blight Report (October 2013)

In order to quantify blight in the Tri-COG region, the TCC worked with Delta Development Group to conduct an in-depth analysis of the cost of blight. It came as no surprise that blight has a devastating effect on Tri-COG communities. Blighted and vacant properties damage the fabric of the community, cost significant dollars to maintain, and erode the local tax base because of the tax delinquency often associated with them. Even more compelling is that blight prevents private reinvestment in the neighborhoods because it undermines the values of real estate, making market-driven redevelopment unlikely.

The study computed the costs of blight for 2012. The results are outlined in the tables below. In the long term, they present an overwhelming challenge for communities.

Figure 1.3 Direct Costs of Blight to Municipal Services

Code Enforcement	\$595,350
Police service	\$6,400,296
Fire service	\$2,378,525
Public Works	\$727,195
Demolition of Blighted Structures	\$618,936
Total	\$10,720,302

Figure 1.4 Direct Costs of Blight to loss in tax revenue

Uncollected property taxes on properties that are both blighted and tax delinquent	\$2,758,137
Uncollected property taxes on vacant lots	\$2,256,222
Loss in Earned Income Tax	\$3,372,798
Cost associated with delinquent tax collection	\$250,718
Total	\$8,637,875

Figure 1.5 Indirect costs associated with a loss in property value

Property Value Decrease as a percentage	Estimated loss in property value
15-17%	\$218 million - \$247 million.

Figure 1.6 Indirect costs associated with the loss of real estate taxes due to a decline in property value

Property Value Decrease as a percentage	Estimated loss in property tax revenue as a result of the loss in value
15-17%	\$8,574,723 - \$9,718,019.

The Cost of Blight study highlighted the immense impact blight has on municipalities and individual homeowners. Without strategic and effective intervention these costs are projected to grow.

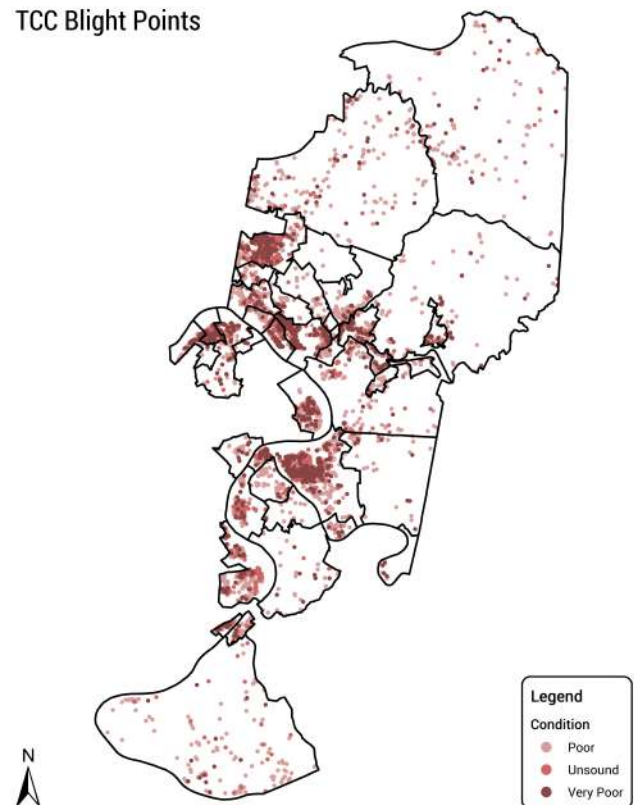
Why a Multi-Municipal COG-based approach

The Mon Valley and Eastern suburbs in Allegheny County Pennsylvania once served as the heartbeat of the industrial revolution and steel industry. Now blight and vacancies touch each and every community in varying degrees, crippling some municipal and school district budgets and posing as a future threat to others. The Mon Valley and Eastern suburban communities are particularly vulnerable to the devastating impacts of blight. As represented in Figure 1.7, 42% of the blighted properties in Allegheny County are in the 40 municipalities that make up the TCC⁵. Blight is not contained by political boundaries, and therefore a regional approach is necessary to deal with the issue.

Land banking is most effective when a level of regional scale is achieved. The PA Land Bank law allows municipalities with a population greater than 10,000 and collections of communities with populations greater than 10,000 to form a land bank. This multi-municipal model is the form that the TCC has chosen. There are many benefits to scaling the

Figure 1.7

TCC Blight Points



⁵ Tri-COG Collaborative, (2013), Financial Impact of Blight

land bank to include multiple municipalities including diversification of the real estate portfolio, sharing risks of investment in troubled properties and replicating success. Furthermore, the process of strategic land banking is complex. A good land bank has an established process for site selection and a clearly defined path to facilitate the optimal reuse of properties. This involves specialized knowledge and numerous partnerships. With the economies of scale achieved through collaboration, the TCC Land Bank will have the organizational capacity to cultivate this expertise and bring the benefits to its members.

A unified, collaborative approach fosters effective blight interventions. COGs are by definition collaborative entities; their existence rests on the premise that municipalities find value in working together. Establishing a land bank with the COG infrastructure will prove to be valuable because the collaborative partnerships and trust relationships among municipalities are already in place, a process for conflict resolution has been established, and the vision for future cooperation to better all participating communities has already been cemented.

Section 2: Operations Plan

I. Organizational Structure

In Pennsylvania land banks are separate public entities created by municipalities to intervene in real estate markets in order to convert problematic, abandoned properties to beneficial reuse. The TCC Land Bank will be formed with this purpose and will be governed by its own Board of Directors. It will follow similar reporting protocols as public organizations.

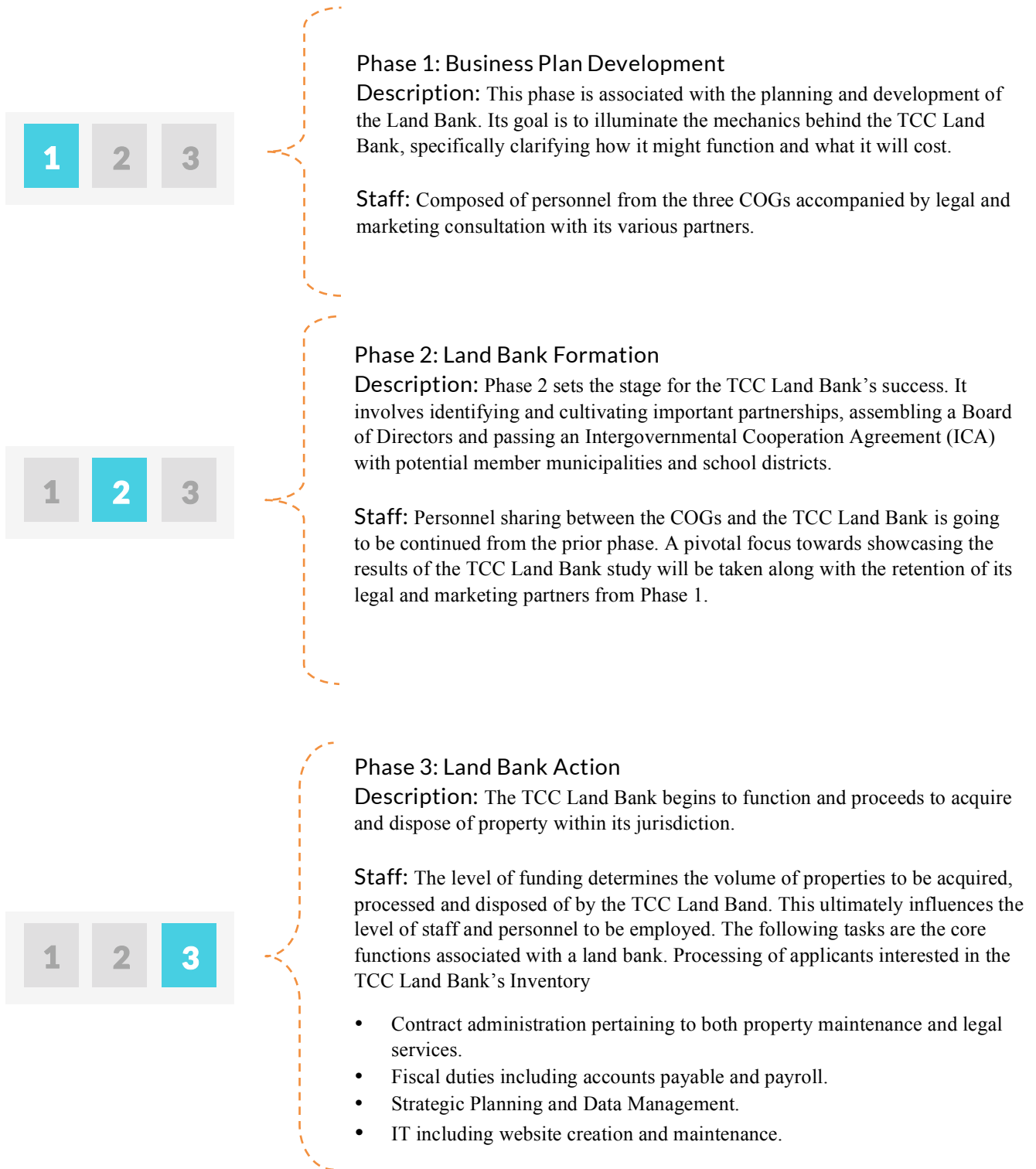
The operations of the TCC Land Bank will be supported by two organizational pillars, the Board of Directors and the staff. The two will work in harmony but will fulfill very different operational roles. The Board of Directors will be the ultimate fiduciary body authorizing all facets of the Land Bank's activities. The staff will be responsible for the daily operations of the Land Bank and will be a support to the Board of Directors and the Land Bank members.

The TCC has been the driver of the initiative to fight blight and has thus far used its resources in an effort to bring a land bank to fruition. Once the Land Bank is established, at the onset, it will use existing resources and staffing provided by the COG structure. However organizational capacity will need to increase as the Land Bank matures and land banking activities increase. As a guide, the growth of the land bank organizational structure will be influenced by the Land Bank Development Plan, illustrated in Figure 1.1 in Section 1.

Capacity Building

The Pennsylvania Land Banks Act authorizes the land bank to employ or enter into a contract for the employment of an executive director, counsel and legal staff, technical experts, and other staff members. All of these professionals will be needed in order for the land bank to operate effectively. As operations progress and the TCC Land Bank capacity grows, more highly skilled staff from various professional backgrounds will be needed.

Figure 2.1 Capacity Building



II. Board Structure

The Pennsylvania Land Banks Act requires a Board of Directors that is no fewer than 5 and no more than 11 members. The law allows the following professions to sit on the board:

- A public official
- A municipal employee

The Act requires at least one serving board member to be:

- A resident of the land bank jurisdiction;
- someone who is not a public official or municipal employee; and
- maintains membership with a recognized civic organization within the land bank jurisdiction

Board Leadership: The Act requires that the members of the board shall select a chair, vice chair, treasurer and secretary annually.

Agenda: The TCC embraces the notion of establishing a Board of Directors that represents community and neighborhood ideals as well as including individuals who have professional expertise and are able to offer advice on the operations and strategic activities of a land bank. Therefore the TCC recommends that the board member selection should be based on the following:

- Represent the financial and political interests of the three taxing bodies.
- Ensure the board has guidance from members with expertise in areas pertinent to land bank activities, such as real estate, planning, and financial management.
- Ensure that community groups and civic-minded organizations have a voice on the board.
- Allow for future board growth to add expertise, skills, or stakeholders as the capacity of the land bank grows.

Board Composition: Choosing board members is a very important task. The recommendation of this Business Plan is to establish a nine member board. This provides enough seats for adequate representation of the taxing jurisdictions and specialized experts, but leaves 2 open seats to allow growth of the board if the organizational capacity and program diversity increases. Seats will be designated for municipalities, school districts, and Allegheny County, to ensure that all taxing jurisdictions have an opportunity to participate. This plan also designates specific seats for qualified professionals in the fields of real estate, planning, and financial management. Lastly, there will be a seat designated for resident of the TCC Land Bank jurisdiction.

Board Member selection: There is a great opportunity to use the existing structure of the COGs to facilitate the selection of the board members representing municipal interests. This will not only empower the existing COG delegates, but will also allow each municipality that is a member of the land bank to have a voice in the land banking discussion. Council members that serve as COG delegates will also serve in an advisory capacity to the Board of Directors of the TCC Land Bank and can be members of the TCC Land Bank Municipal Advisory Committee. The delegates of this Committee will then choose among themselves two delegates to serve on the Board of Directors.

A similar model can be replicated for the participating school districts. School districts will have an opportunity to nominate a delegate to serve on the TCC Land Bank School District Advisory Committee which, like its municipal counterpart, will provide important insight to the TCC Land Bank Board. The school district delegates will elect two delegates from that Advisory Committee to serve on the Land Bank Board.

It is also recommended that the County have one representative to serve as on the board. This member would be an appointment by the County Executive.


There is a need to have specialized professional experience on the Board to help guide land banking activities and ensure practical and strategic policies for the Land Bank. The recommendation of this plan is to designate 3 seats for professionals in the fields of real estate, planning and finance. These seats will be advertised by way of public notice. Nominations for this position can come from existing Board members, Municipal Advisory Committee delegates, School Board Advisory Committee delegates and self-nomination by way of application.


A resident will also be chosen to serve on the Board of Directors and must meet the requirements listed above. Vacancies for this seat will be advertised by way of public notice. Nominations for this position can come from existing Board members, Municipal Advisory Committee delegates, School Board


Municipality	School District	Allegheny County	Qualified Professional	Qualified Professional	Qualified Professional	Resident
2	2	1	1	1	1	1


Advisory Committee delegates and self-nomination by way of application.

Summary of Board Structure

 Two seats will be reserved for municipal representation. COG delegates of municipalities who are members to the land bank will have an opportunity to sit on the TCC Municipal Advisory Committee. They may nominate Board members, vote, and if chosen serve as a TCC Land Bank Board Member.

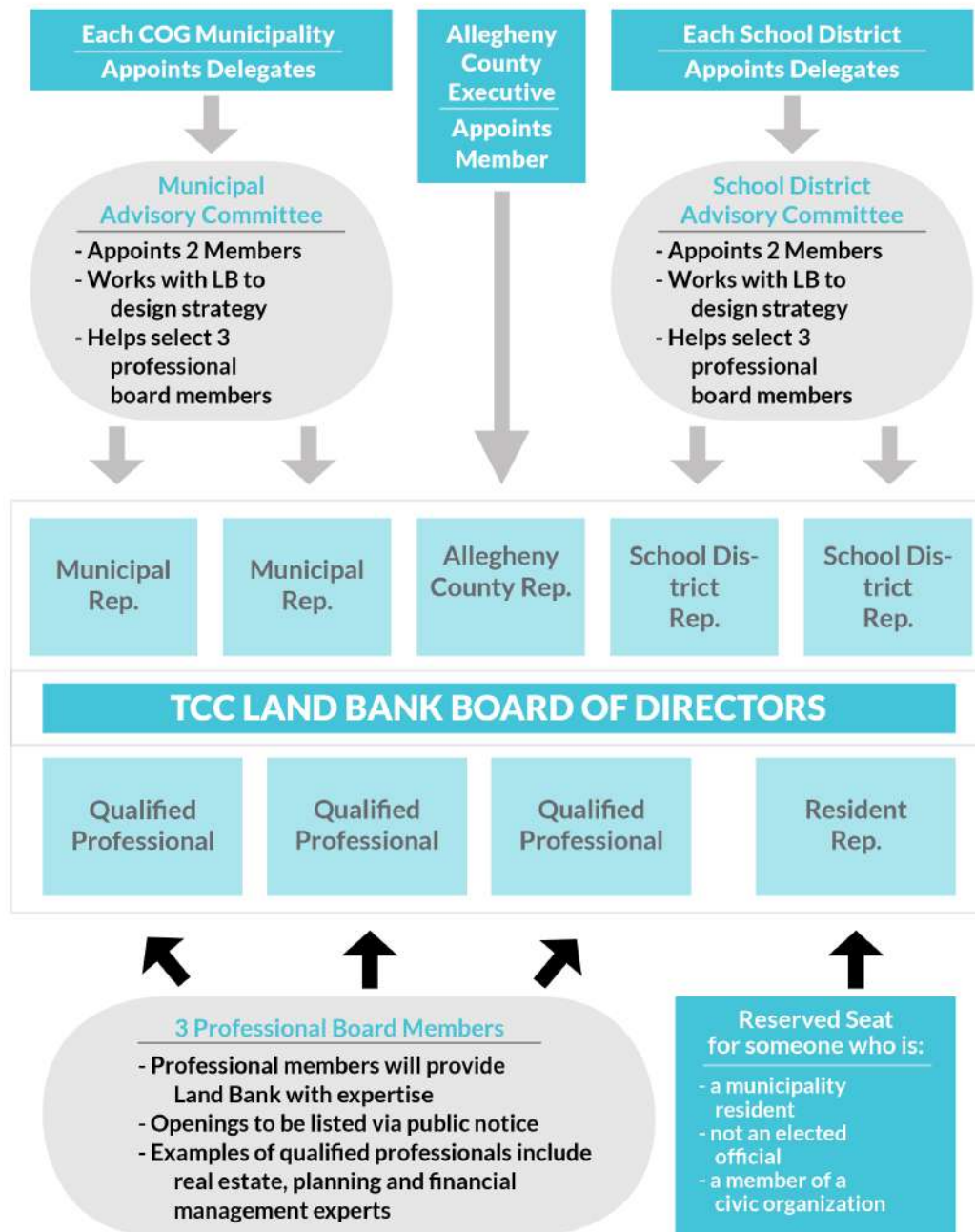
 Two seats will be reserved for participating school districts to serve as a Board member. Participating school districts will nominate a delegate from their school board, or a person they feel fit, to serve on a School District Advisory Committee. Those on the committee will have the opportunity to nominate Board members, vote, and, if chosen, serve as a TCC Land Bank Board member.

 One seat will be reserved for Allegheny County. The County Executive will have an opportunity to appoint a County employee or individual that he or she feels fit to represents Allegheny County's interests on the Land Bank Board.

 Per state law, one seat will be reserved for a member who is not an elected official, resides in a municipality that is a member of the TCC Land Bank, and is also a member of a recognized civic organization that operates within the Land Bank jurisdiction.

- 🔨 Three additional seats will be reserved for qualified professionals. These may be real estate, planning and financial management professionals. Vacancies will be advertised by way of public notice. The qualifications will be determined by delegates on the Advisory Committees.

Figure 2.2 Land Bank Organizational Structure



III. Local Government Collaboration

In Pennsylvania, real estate is subject to real property taxes charged by the three taxing bodies: county, municipality and school district. Municipal claims include those liens against property for municipality's abatement of code violations, building demolitions as well as unpaid charges by certain authorities, like water authorities. Tax liens and municipal claims run with the land, or in other words the lien, penalty and accumulating interest accrues against the property until paid or divested. Without intervention, a prospective buyer could become responsible for debt accrued by a previous irresponsible owner.

In order for the Land Bank to acquire the property, clear the liens, and move the property into the hands of a new responsible owner, it must be legally enabled to do so through agreement with the municipalities, the school districts and the County. The document which provides this authorization and lays out the terms of the land banking work is the Intergovernmental Cooperation Agreement.

As with any shared endeavor, during the formation of the TCC Land Bank it is critical that procedures, protocols and agreements to guide these activities are established by the local governments. The TCC drafted a proposed Intergovernmental Cooperation Agreement (ICA) in Appendix I.

Intergovernmental Cooperation Agreement Creating and Organizing the Land Bank

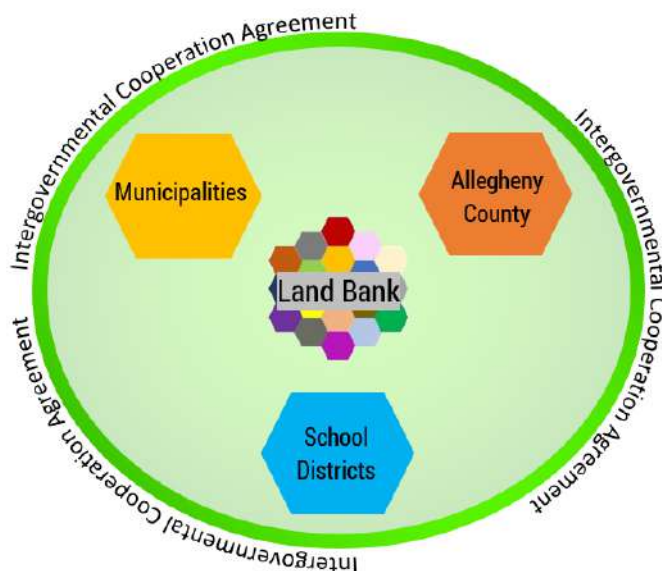
- **Creation and Participation**
 - "Land Bank Jurisdictions" and municipal combinations may create a land bank.
 - "Taxing Jurisdictions" may participate with a land bank.
 - A land bank is a separate legal entity governed by a land bank board of directors.
 - A land bank holds title to property and is responsible for maintenance.

- **Organizational Structure**
 - Board structure, board member qualifications, founding board members, duration of service, board rules, meetings, voting and responsibility are defined.
 - Qualifications for the Executive Director and land bank staff are defined.
 - General and specific powers of the land bank and financial considerations are defined.

State Enabled Collaboration Opportunities

- Assignment or transfer of tax liens and municipal claims to a land bank.
- Discharge of tax liens and municipal claims by land bank board resolution and filing with Allegheny County Department of Court Records.
- Funds for land bank operations from new real estate taxes – up to 50% of collections after disposition by land bank for up to five (5) years.

Figure 2.3 ICA of participating Taxing Jurisdictions



Key Definitions

“Land Bank Jurisdiction” means (1) a county, a city, a borough, a township and an incorporated town with a population of more than 10,000; or (2) two or more municipalities with populations less than 10,000 that enter into an intergovernmental cooperation agreement to establish and maintain a land bank as defined in the Land Banks Act.

“Taxing Jurisdiction” means a county, city, borough, incorporated town, township, school district, or a body politic and corporate created as a municipal authority pursuant to law. The term includes, as to any real property acquired, owned or conveyed by a land bank, the taxing jurisdiction within whose geographical jurisdiction any real property is located.

“Members of the Land Bank” means the Parties and any Taxing Jurisdiction that participates with the Land Bank for the purpose, without limitation, of effectuating the power to discharge liens and claims provided in section 2117(a) of the Land Banks Act.

IV. Municipal Ordinance




Municipalities wishing to join the Land Bank through the Intergovernmental Cooperation Agreement must pass an ordinance allowing the mayor or municipal manager to enter into the agreement on behalf of the municipality. The proposed Municipal Ordinance is located in Appendix II.

V. Proposed Policies and Procedures

As an investigation into potential policies and procedures of the TCC Land Bank, an extensive analysis of generally accepted practices of land banks across the nation was conducted. A draft of potential policies and procedures is located in Appendix III and is meant to serve as a tool for discussion. Furthermore, all acquisition and disposition priorities will be determined in unison with the municipality in which the property resides. All policies will ultimately need to be approved by the Board of Directors of the Land Bank.

Acquisition

Strategic acquisition of properties is needed in order for the TCC Land Bank to be successful and to ensure that the properties which are pursued are properly converted to beneficial use for the community. The municipalities that join the Land Bank may have differing acquisition priorities and acquisitions needs. The TCC Land Bank will follow municipal plans and priorities. It will be a support for the local communities and will work cooperatively with local priorities. Recommended policies are:

-  The TCC Land Bank shall be subject to all applicable municipal zoning laws and land use controls and to the terms and conditions of any applicable Intergovernmental Cooperative Agreement.
-  The Land Bank shall actively consult with municipalities in the selection of properties to be acquired and shall when possible develop a mutually agreeable disposition plan.
-  Act 153 of 2013 Section 2110 (E) provides that the Land Bank may include hierarchical ranking of priorities including purely public spaces and places; affordable housing; retail, commercial and industrial activities. The priorities may be set according to the need of different neighborhoods, municipalities or other locations within the land bank jurisdiction, or according to the nature of the real property.

Sample Acquisition Priorities

- Properties that would be in support of strategic neighborhood stabilization and revitalization plans.
- Proposals and requests by governmental, nonprofit, and for-profit entities that identify specific properties for ultimate acquisition and redevelopment which:
 - Act as a catalyst for further development.
 - Are part of a comprehensive development plan.
 - Support infrastructure, public and green space development.
 - Reduce blight in the community.
- The property is a vacant structure and is being sought out by a resident who has agreed to renovate, maintain and accept ownership of the site.
- Vacant properties that could be placed into a Side Lot Disposition Program.
- Properties that would form a part of a land assemblage development plan.
- Properties that will generate operating resources for the functions of the Land Bank.

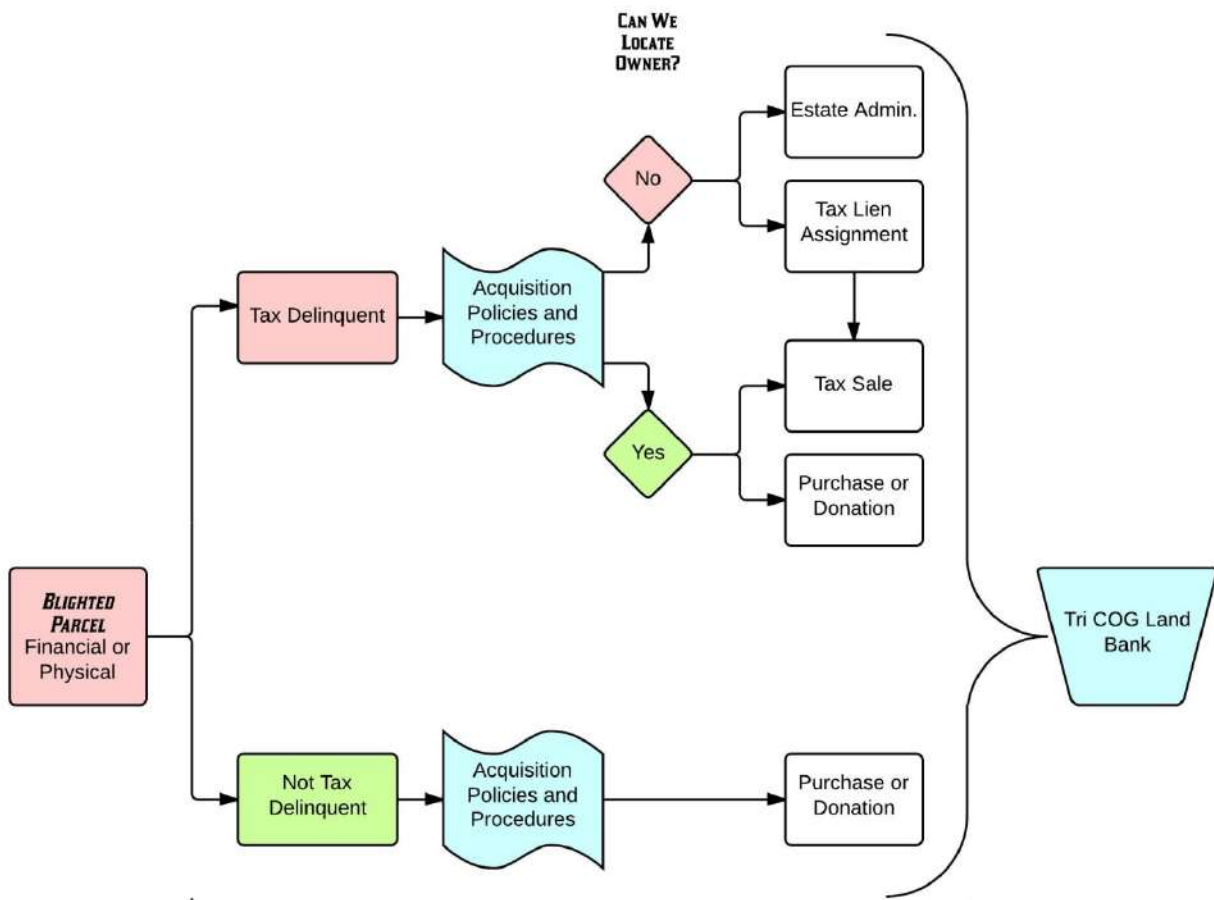
- 🏠 The Land Bank will defer to municipal priorities and development needs before any acquisition or disposition action is finalized.

Just as there is no one priority for acquisition, there is also no single way the land bank will acquire properties. The PA Land Bank Law allows acquisition of properties by:

- 🏠 Gift
- 🏠 Donation
- 🏠 Tax foreclosure
- 🏠 Purchase
- 🏠 Estate Administration

A potential decision model is illustrated in Figure 2.5 below.

Figure 2.4 Land Bank acquisition mechanisms



The Land Bank anticipates the primary means for obtaining tax delinquent and vacant properties will be through the tax foreclosure system. The PA Land Banks Law grants land banks some new privileges in this process. The Land Bank and foreclosing taxing body can formalize an agreement prior to upset sale where it can obtain the property for costs of the sale as long as there is no higher bid.

The land bank also has the option to obtain a tax delinquent property after a free and clear court order is obtained and the property is exposed to a free and clear judicial sale. Prior to the judicial sale, the foreclosing taxing body and the land bank may agree on a purchase price for the property. If this agreement is formalized the property is sold to the land bank regardless of other bids on the property. These powers granted in the Land Banks Act decreases the amount of risk and uncertainty in the tax foreclosure process. Figure 2.6 illustrates the tax sale process in Allegheny County and illustrates how the TCC Land Bank might intervene.

Figure 2.5 Possible Land Bank Interaction with Tax Sale

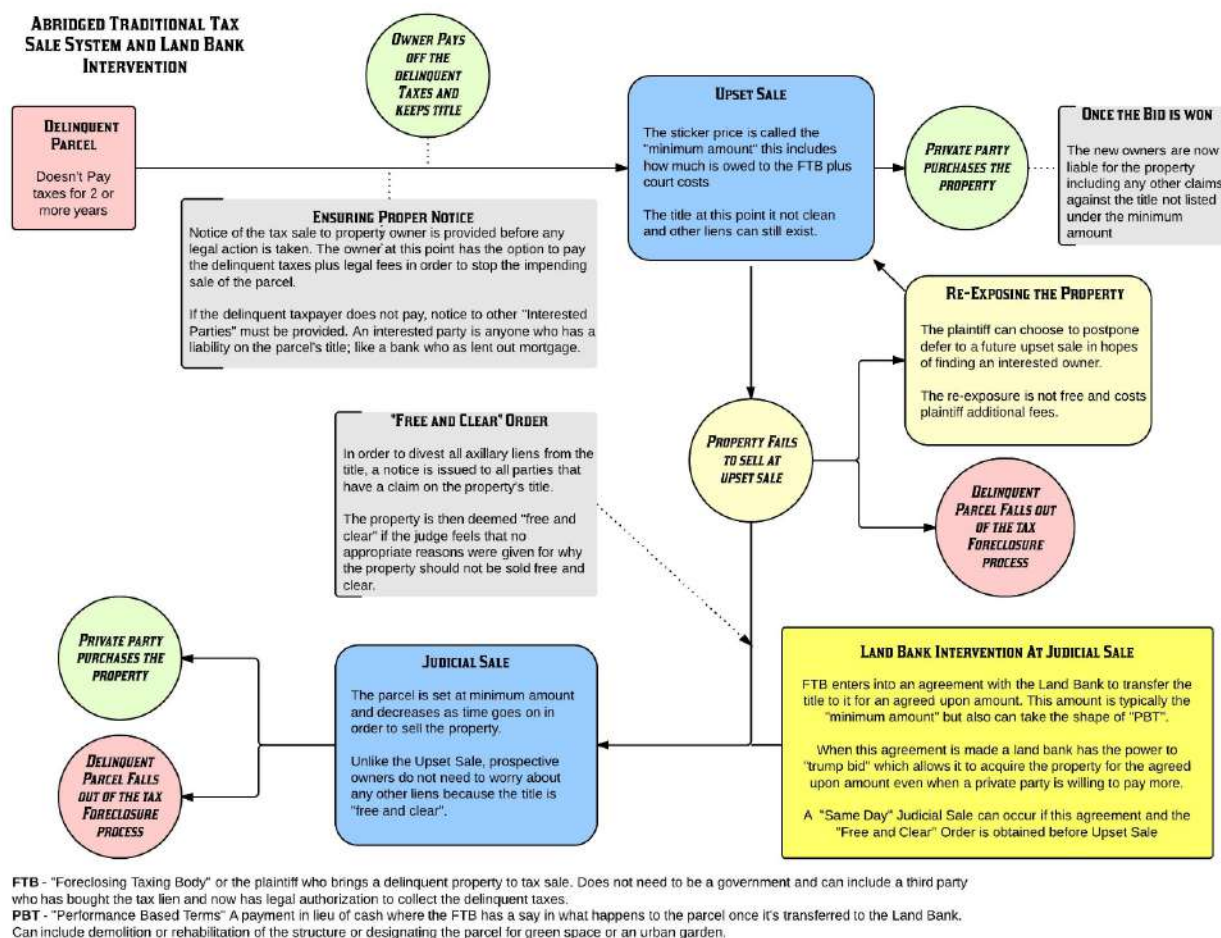


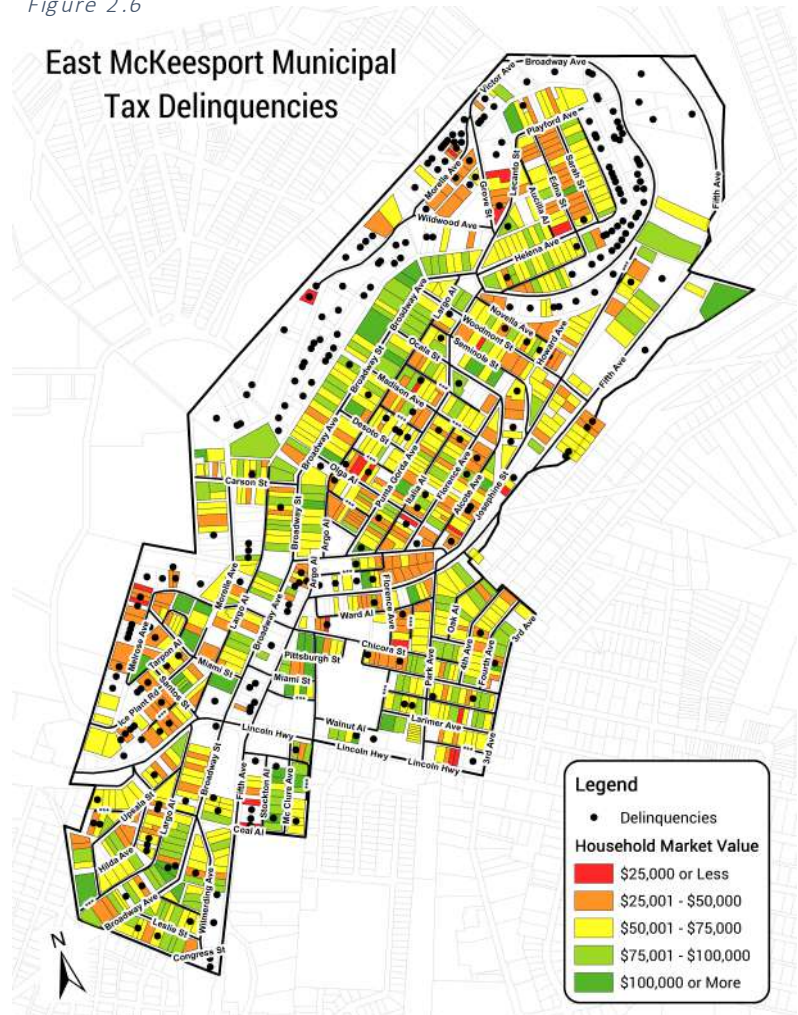
Diagram of Possible Land Bank Interaction with Tax Sale

There are several factors that may provoke the TCC Land Bank to try to acquire a property. The Land Bank may pursue properties and hold them from future use, renovate or prepare for renovation and market accordingly or demolish if they pose a public safety hazard for the community at large. We anticipate the following entities may want the land bank to acquire a property on their behalf:

- Municipality
- School District
- Allegheny County
- An Interested Party which includes:
 - Individual
 - Non-Profit Organization
 - For-Profit Organization

In all cases, the TCC Land Bank would provide proper notice to land owners or their heirs and an opportunity for any taxing body that has taxing jurisdiction over the proposed properties for acquisition to object to the sale.

Figure 2.6



Disposition




The purpose of the Land Bank is to convert abandoned and delinquent properties back to a productive use that benefits the community and its residents. For this reason, the policies and procedures on disposition are critical to the functioning of a land bank and its members for they dictate when, how and to whom property will be disposed.

In order to ensure the Land Bank is transferring properties into the hands of responsible individuals, business owners or non-profit organizations, the transferee must comply with the following recommended Transferee Eligibility Requirements:

- Any individual or entity that owns or at any point in time owned property that has gone through Allegheny County's property tax foreclosure system will not be eligible as a transferee of a Land Bank owned property.
- Any Individual or entity will not be eligible to purchase Land Bank owned property if that individual or entity owns property which:
 - Is delinquent on its Municipal, School, or County taxes.
 - Is delinquent on municipal authorities' fees.
 - Has un-remedied code violations or unpaid state and local fines.
- No property will be approved for disposition if the transferee reveals plans to maintain or develop a property in a fashion which breaks or violates Local, Federal or State Codes or Laws.

Recommended Programs

Programs which support local land use priorities can help communities achieve their end use goals. Programs developed by the TCC Land Bank which support municipal land use priorities can help communities achieve their local goals. The following three programs are recommended for the TCC Land Bank initially:

-  Residential and Commercial Property Transfer Program
-  Side Lot Program
-  Adopt-A-Lot

Sample Priorities as to the Nature of the Transferee

- A. Any Individual, resident or family which demonstrates a commitment to properly upkeep and maintain the transferred property.
- B. Any governmental entity willing to properly maintain the property and use it for a public purpose, preferably one that facilitates the economic growth of the surrounding area.
- C. Any qualified non-profit corporation who is willing to hold title and redevelop the property for housing or economic revitalization initiatives.
- D. Private businesses whose redevelopment plan is consistent with the economic development priorities of the municipality.
- E. Any reputable and qualified real estate investor with the interest in providing and maintaining quality housing

Residential and Commercial Property Transfer Program – This program is for the majority of properties that have existing structures or are parcels of land that have development potential. This program would be recommended for homeowners, real estate developers, commercial businesses, entrepreneurs and nonprofit organizations. In most cases, the properties will be acquired by the Land Bank and after the title has been cleared, sold to the transferee.



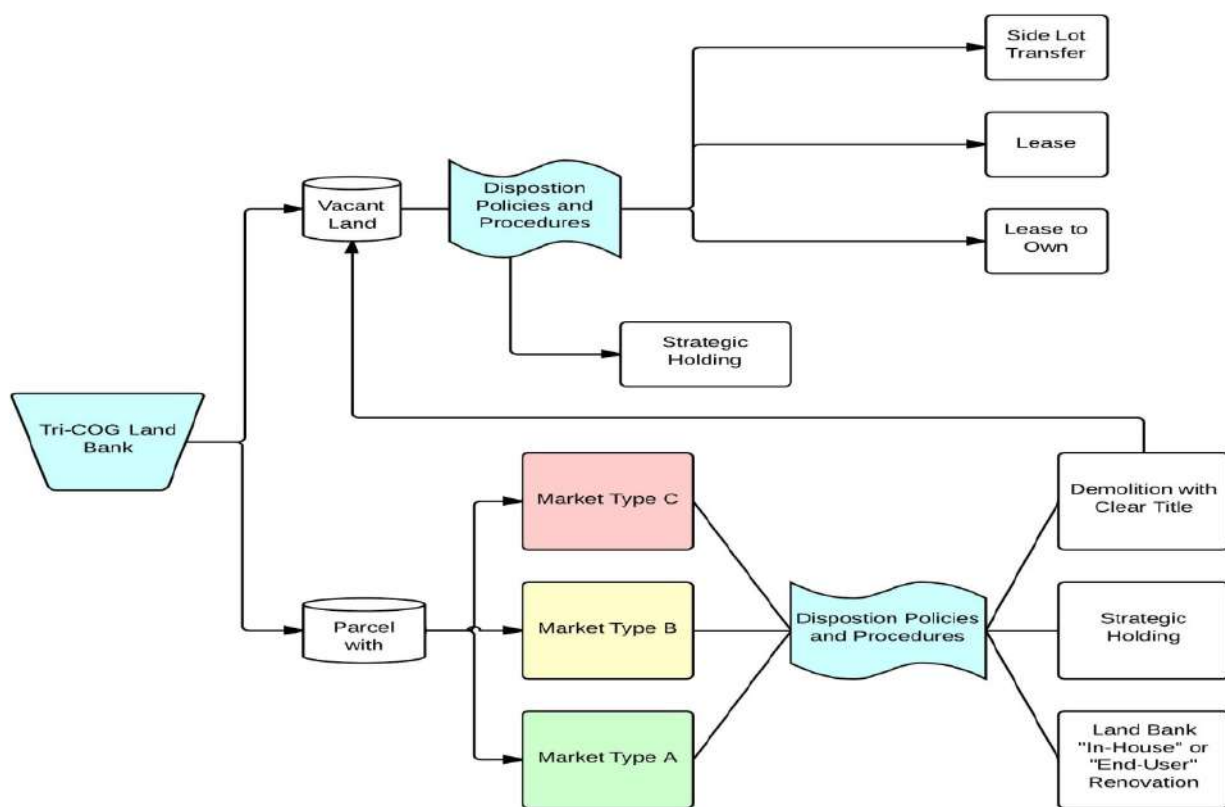
Side Lot Program –A side lot is composed entirely of unimproved vacant land and is clear of any structure. The purpose of the program is to transfer vacant land in residential settings to tax paying status. In most cases, these properties would be sold for a nominal fee. Transferees would be required to own and occupy the property adjacent to the lot of interest with no less than a 75% contiguous common boundary line with the side lot.



Adopt-A-Lot Program – This progressive program may be attractive in communities with a lot of vacant land or land that would benefit from a temporary steward until a long-term end use can be realized. The properties that would be eligible for the Adopt-A-Lot program must be composed entirely of vacant land. The program participants would be individuals or non-profit organizations who would serve as responsible stewards of the land. This would provide upkeep on the vacant land while at the same time expanding capacities for individuals or organizations that may be interested in projects such as urban farming or open green spaces.



Figure 2.7 Disposition Process and Programs



Disposition Strategies

As with acquisition, disposition strategies will be contingent on community plans and priorities. Strategies for disposition will vary depending on existing municipal plans and zoning laws, as well as community needs.

Not all municipalities will have the same priorities. There may also be different strategies for different neighborhoods within the same municipality. The TCC Land Bank will be responsive to community priorities and development opportunities. It will remain flexible while fulfilling the ultimate goal of mitigating blight, bringing properties back to productive use and improving communities.

Neighborhood preservation is an important strategy for some municipalities. This may mean targeting abandoned homes in a stable neighborhood. If these properties are not acquired early, there is a high potential of deteriorating surrounding home values. In this case, the TCC Land Bank can intervene and recommend strategies that ultimately prioritize homeownership.

Sample Disposition Priorities

- Plans that are consistent with municipal economic development plans and priorities
- Neighborhood preservation, restoration and overall mitigation of blight
- Homeownership and affordable housing
- Returning properties to productive tax paying status
- Land assemblage for economic development
- Development of green infrastructure or public space
- Provision of financial resources for the operational functions of the Land Bank

Figure 2.8



Figure 2.9

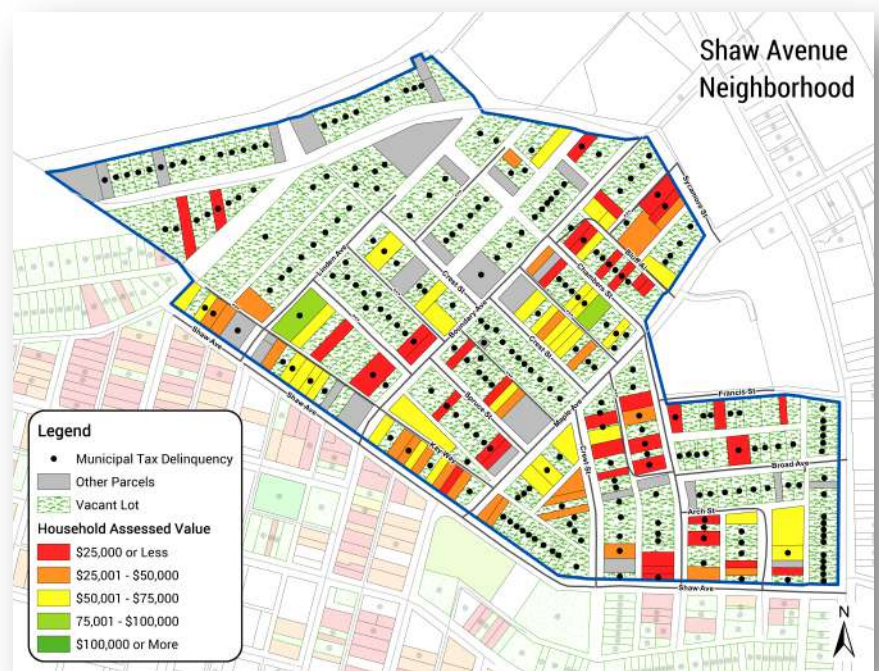


Vacant lots mixed into residential neighborhoods can be unpalatable for private development especially when the lots are small.

Therefore, “greening” vacant lots may be an important strategy. This can be done through the Land Bank’s side lot program or the adopt-a-lot program.

Acting as a vehicle for economic development the TCC Land Bank has the potential to assemble and acquire multiple lots. Areas, like the Shaw Avenue in the City of Clairton shown here, illustrate a case where there are many vacant lots but where there are also numerous tax delinquent owners. This is a significant deterrent to development. The TCC Land Bank could intervene to assemble the lots, clear title and allow for comprehensive economic development.

Figure 2.10



Ultimately, the Land Bank’s disposition decisions will have a significant impact in revitalizing neighborhoods, bringing properties back to beneficial reuse and reducing the effects of blight in the region. Since the title will have already been cleared in the acquisition phase, properties will be ready for a new use.

Pricing Policies

The TCC Land Bank will need to institute pricing policies to ensure appropriate payment for properties from prospective transferees. Policies on pricing or other non-monetary consideration for property transfer will vary from nominal to fair market value. Therefore, it is important to develop appropriate policies to guide this activity. The following are definitions of the types of considerations that are possible for the Land Bank to consider:

- ✓ **Transfer Closing Costs:** All costs incurred by the Land Bank in the sale of the property including but not limited to transfer taxes, legal fees, filing fees, notary fees, title fees, etc.
- ✓ **Property Costs:** The aggregate costs and expenses attributable to Land Bank acquiring the 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.
- ✓ **Nominal Costs:** Some amount less than Property Costs.
- ✓ **Market Price:** Correlated with a property's appraised market value. This figure will always be equal to or more than Property Costs.

Different pricing options could be determined based on strategic disposition priorities. For example, reduced prices to promote homeownership in areas with a large concentration of rental properties may be desirable for some communities. Listed below are suggestions for pricing and consideration options based on the three disposition programs described above:

Residential and Commercial Property Transfer Program

- Any individual who has agreed to make the Land Bank's property his or her primary residence for at least 3 years must submit a minimum bid at **Property Costs**.
 - Everyone else must submit a minimum bid at **Market Price** unless otherwise specified in the Development agreement.
- Nonprofits and Government agencies must submit a minimum bid at **Property Costs**.
- For Profit Entities must submit a minimum bid at **Market Price**.
- All Transferees must submit a minimum bid at **Transaction Fee** and **Transfer Closing Costs**

Side Lot Program

- Parcels left unimproved: **Nominal Costs**
- Parcels for improvement: **Property Costs**

Adopt-a-Lot Program

- Consideration for the leasing amount for the vacant lot will be determined by the location, size and location of the plot.

The proposed Policies and Procedures listed in Appendix III provide general procedures for disposition. The general process for disposition is described below:

All properties eligible for disposition will be publicly listed with minimum bid amounts for consideration. An appraisal will be completed on the property to determine appropriate consideration for the property.



Interested Parties must complete a program application associated with each eligible property and submit it to the Land Bank.



The Land Bank staff conducts due diligence to ensure the transfer is eligible based on the Transferee Eligible Policies, and Program Policies

At the same time the Land Bank staff will provide the municipality notification of intended transfer. The municipality has 30 days to respond.



The Land Bank board will be responsible for selecting the transferee, if any, among the eligible candidates. The Land Bank board will approve the disposition of the property.



The Land Bank will enter into an agreement with the transferee. Once both parties have signed the property is transferred.

Owner Occupied Properties

The vast majority of the properties the TCC Land Bank 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. The TCC Land Bank, if feasible, may offer to lease the premises to the prior owner-occupant at fair market value for a period not less than six months.

Section 3: Financial Plan

I. Financing Options for the TCC Land Bank

Potential Revenue Options

Blight intervention through land banking is significantly more cost-effective and efficient than current practices. The land bank will require substantial financial resources to begin its work, with an ultimate goal of fiscal sustainability. The PA Land Banks Act defines ways that land banks can generate operational resources, but also allows for versatility in revenue generating activities. The TCC Land Bank will generate its revenue from various sources including: tax recapture, property sales, delinquent real estate tax collection allocation, and grants. While grant funding may play a role in the initial start-up of the TCC Land Bank or when new programs are developed, the goal of this plan is to develop a revenue model that is ongoing so that the TCC Land Bank can be fiscally sustainable.

Tax Recapture: The Land Banks Act allows for local governments to allocate a maximum of 50% of the aggregate property's tax revenue generated by a property conveyed by the Land Bank for up to five years. This mechanism not only acts as an incentive for the Land Bank to revert properties back to a taxable status, generating revenue both for it and local government, but also acts as a mechanism for financing over a period of time.

Property Sales: The sale of properties will be important for generating revenue for the TCC Land Bank. However, there will be different prices depending on the quality and location of the property and on the investment that the Land Bank may make to the property. These are some examples:

- **In-House Renovations:** Where the Land Bank completely renovates a property and puts it back onto the real estate market.
- **End-User Renovations:** Where the Land Bank specifies and holds the transferee responsible for a property's rehabilitation.
- **Adopt-A-Lot:** In this case, the property would not be sold or otherwise transferred to a new owner but, the Land Bank would retain ownership and collect rent.

Allocated Portion of Delinquent Real Estate Tax Collections: One of the challenges of building a land bank is to achieve fiscal sustainability when working with properties that the private market has abandoned. A promise of land banking is that communities can take control of these forgotten properties and revitalize them. Unfortunately, in many cases, the costs to acquire and clear the title on these properties will be higher than the ultimate sale price and near-term tax revenues, through tax recapture, combined. However, the non-monetary benefits to the community and the benefits to the nearby residents, like neighborhood stabilization and increased property values, justify the costs. Therefore, we must identify other revenue to support the TCC Land Bank so that it can do this important work. One option of this financing is the allocation of a percentage of collected delinquent real estate tax revenue. The effectiveness of this model is showcased in the Cuyahoga County Land Bank, which is able to generate considerable funds from this source. This dependable revenue enables that land bank to develop innovative programs and operate at a scale that has tremendous impact for its communities. This is the goal for the TCC Land Bank which will request that the member municipalities, school districts and Allegheny County invest some of these funds in the land bank.

Grants: Grant funds will be sought in the startup phase of the TCC Land Bank as a capital investment that will be matched over time by the revenues from tax recapture, property sales and delinquent real estate tax allocations.

II. Market Analysis

In order to fully understand the costs associated with the acquisition and disposition of properties, a market analysis of the Tri-COG region's real estate market was conducted. In this study, TCC households⁶ were broken up into three distinct Market Types which took both Commercial and Residential factors into account.

Commercial Classes

Business districts are important anchors to any community. Locating and classifying these anchors is key to gain an understanding of regional real estate markets.

In this study, areas of concentrated commercial activity were identified and 108 different business districts were located throughout the TCC. Market strength categories were then developed by finding the assessed land value per square foot of each commercial property and averaging them according to the unique business district they found themselves within. Four distinct **Commercial Classes** emerged with the top three classes being described as “stable”.

Out of 98,577 households in the Tri-COG region, 36,717 fall within a quarter mile of a “stable” business district. From those households:

- 3,197 are in proximity of a **Class A** Business District
- 10,728 within a **Class B** Business District
- 22,792 within a **Class C** Business District

Residential Classes

Commercial business districts are not the only indicator of neighborhood vitality. In fact, a majority of TCC households fall outside quarter mile of a business district and create residential basins which display their own set of qualities and traits.

In order to properly categorize these households, **Residential Classes** were developed and displayed below. Households assessed at:

- \$65,001 and over graded as **Class A**
- \$35,001 - \$65,000 graded as **Class B**
- \$35,000 and below graded as **Class C**

Market Type

An overall **Market Type** of **A**, **B** and **C** for each household was then established which incorporated both classes described above. If a property fell outside a quarter mile of the business district, its residential class was used. Figure 3.1 is provided below to shows how the **Market Type** was found:

⁶ Household were classified using Allegheny County property assessment file which designated parcels as either, single family, two family, three family and four family and row house, townhouse

Figure 3.1 Market Type Analysis

Market Type	Properties within a Quarter Mile of a Business District				Properties outside a Quarter Mile of a Business District	Total
A {\$116,668}	A / A [2,596]	A / B [303]	B / A [5,087]		A [35,165]	43,151
B {\$66,696}	B / B [3,924]	A / C [298]	C / A [9,869]		B [14,569]	28,660
C {\$28,977}	C / C [5,937]	B / C [1,717]	C / B [6,986]		C [12,126]	26,766
					Total:	98,577

*Braces show the average assessed value of the properties within the Market Type.

*Square Bracketed Italics show number of properties which fall within that class.

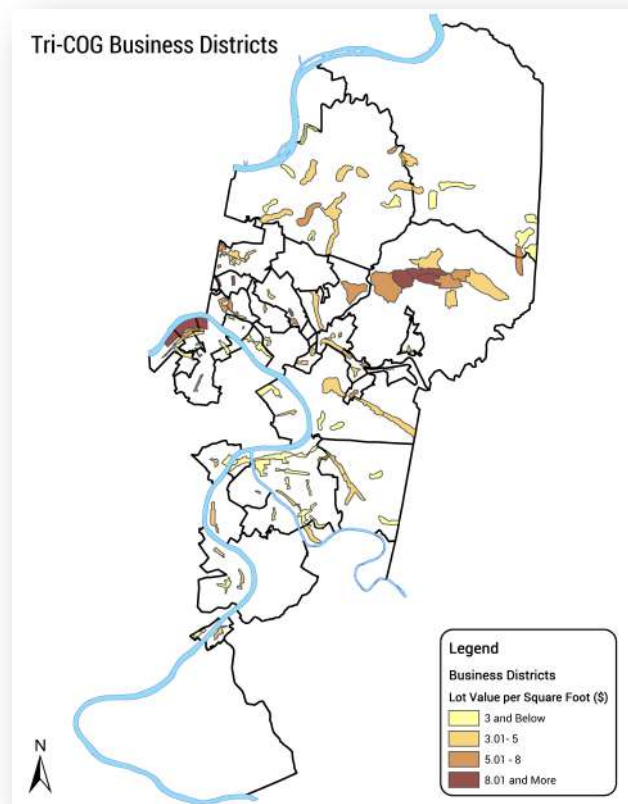
The column shaded in green shows those areas whose residential properties could stand to benefit from a Land Bank intervention because these properties are in proximity to a business district which is in a stronger position than itself. An intervention here takes advantage of the high commercial value and recognizes the low residential value. These places are likely to be a good investment because the commercial district will help bring up the value of the properties in the residential district if they are in the hands of responsible owners. In this case, a concerted effort by the Land Bank should yield an increase in the values of all of the residential properties which both benefits the community and the Land Bank.

The column shaded in blue shows those areas whose residential properties are in a better position than a neighboring business district. An intervention by

the Land Bank here may result in an increase in the property values but may not be as large of an increase as the ones shaded green. Instead of targeting residential properties in this instance, attention to abandoned commercial properties would be a better approach for the Land Bank.

While the above described strategies outline the market-based acquisition matrices that may be developed, the land bank will invest in the places where blight intervention is needed. There may be cases where properties are targeted because the market conditions are poor and no other actor will take on the risk. The Land Bank must balance its mission of acquiring and stabilizing properties that have become blighted and nuisances with the need to sustain a financially viable operating budget.

Figure 3.2 Business Districts within the TCC



III. Expense and Revenue Model for Land Bank Activities in Allegheny County

Predicting future expenses and revenues is challenging. The methods here are based on the condition of the property and the strength of the real estate market that the property is located in. This section anticipates expenses and revenues based on research and analysis of costs along with the modeling based on Market Type as outlined in the prior section.

For the purposes of this plan expenses are divided into four categories:

- Organizational Overhead: Salaries, legal and professional services, IT, office supplies and postage, rent and utilities.
- Acquisition: Taxes, court and attorney fees experienced when acquiring property.
- Operational: Property Maintenance and legal fees to conduct land banking activities.
- Disposition: Taxes, court and attorney fees experienced when disposing property.

Anticipated revenue is based on the sources outlined in Section 3.1. A number of variables were considered in the projected revenue analysis including of property condition, property assessment, market strength and average municipal, school and county millage rates.

Anticipated Acquisition Expenses

The bulk of the annual operational expenses from acquisition activities will be contingent on the number of properties the land bank approves for acquisition. Costs that apply to all properties include deed filing, at \$150, and transfer taxes, which is determined based on property value. The TCC has conducted extensive research to calculate and predict the anticipated costs associated with acquisition of properties, specifically those acquired through sheriff sale.

Expenses for Acquisition through Sheriff's Sale: Since the Sheriff's Sale can result in free and clear title, it is the most reliable method for the Land Bank to acquire abandoned property - especially property that it hopes to deed to a new responsible owner. Unfortunately, it is also an expensive means of acquisition with typical costs ranging from \$5,000 - \$6,000. A schedule of the associated court costs and attorney fees for each of the stages of the tax sale process is outlined in Appendix IV.

There are many factors that can alter the proceedings at the Sheriff's Sale. Property owners, who seemed to have abandoned their property, can pay their delinquent real estate taxes at any time up until the Sheriff's Sale and stop the foreclosure of their property. Any party with an interest in the property, like a bank with a mortgage interest, can bid on the property to protect its interest. Occupied properties can be redeemed by their owners for nine months after the Sheriff's Sale (Although it is important to note, that the TCC Land Bank does not plan to pursue occupied properties routinely). Only after time, when no redemption or claims are made by a party with an interest in the property, can one assume with certainty that a property is indeed abandoned.

The most common scenarios associated with the tax sale process are summarized below:

- **Payment:** All delinquent taxes plus penalty interest, charges, expenses and fees, attorney's fee and costs of sale are paid before the tax sale.
- **Bankruptcy:** Property owner declares bankruptcy before the tax sale.
- **Foreclosure:** Assuming proper notice to parties with an interest in the property, all property interests are divested by free and clear order. For simplicity, property interests include that of the record owner (including heirs to the owner), public liens like real estate taxes and demolition liens and private liens like mortgages.
- **Redemption:** Payment above plus 10% is made within 9 months of the sale of an occupied property.

Acquisition Expenses for Vacant Land: Since single properties of vacant land have low marketability, vacant lots will typically only be acquired when there is an end user in mind. For those lots that are in the name of deceased owner, we are exploring the option of Small Estate Administration which has its own set of expenses that total about \$2,500. While vacant lots do not always have a deceased owner, we will use small estate administration cost as the standard for acquiring vacant land since the majority of the properties will be acquired in that fashion and a direct purchase, if used, will be within that price range. A schedule of the associated court costs and attorney fees for Small Estate Administration is outlined in Appendix V.

Anticipated Operational Expenses

Once a property is in the TCC Land Bank's inventory it is the responsibility of the Land Bank to ensure that the property is properly maintained as defined by local property maintenance codes. In addition, the Land Bank may choose to renovate the property for future sale. Therefore, these activities were quantified and integrated into the budget.

Property Maintenance: The TCC Land Bank, as defined in PA Land Banks Law, is required to maintain properties up to municipal and state codes. This will ultimately require the Land Bank to, at minimum, perform lawn maintenance and snow removal on its entire inventory. An effort to board unsecured structures will also be made. The Land Bank will need to protect its interests against any unforeseen disasters and obtain property insurance on all of its properties. Anticipated expenses on an annual basis per property are as follows:

- Property Insurance from \$500-\$900
- Property Maintenance from \$1,650- \$1,950

Maintenance Expenses on Vacant Land: Vacant land will need to be maintained and insured alongside its other inventory. Anticipated expenses are provided below:

- Annual Maintenance \$1,050
- Annual Property Insurance \$200

Renovations: Many of the properties acquired by the TCC Land Bank will need improvements. In some cases, these improvements will be performed by the new owner or “End User” while the others will be completed “In House” by the Land Bank prior to sale.

To help anticipate the costs the Land Bank will experience during In-House renovations, assumptions based on market type were made and are described below:

Market Type	Rehabilitation Costs ⁷
A	\$10,000
B	\$20,000
C	\$30,000

In cases where an End-User is to complete the necessary renovations, the Land Bank will develop a Specifications List outlining required improvements needed on the property. A condition of the final sale may involve a timeframe and a deadline for which these improvements need to be completed. In this case, the End-User would not take title to the property unless the required improvements are made. If the End-User would fail to make the required improvements in the required period of time, the Land Bank would retain ownership of the property. This is a practice employed by other land banks to guard against property speculation and the perpetuation of blighted property conditions by a new owner.

Demolition: In addition to renovations, some properties will require demolition if they are structurally beyond the point of repair or pose a public safety hazard to the surrounding community. In our model, a portion of Market Type C properties will be considered for they are more likely than the other two types to meet the conditions of demolition. Average demolition costs are \$15,000, which anticipates added costs of asbestos or other hazardous waste cleanup.

Anticipated Disposition Expenses

When the Land Bank eventually disposes its inventory, it must complete preparatory actions to successfully market and transfer its properties. In the following sections these activities are explored.

Assessment Appeals: In general, a property’s assessed value is used directly to determine the amount of taxes due each year to each of the three taxing bodies. These values have been found at times to be inaccurately inflated past the property’s actual market value, thus increasing the burden on future potential homeowners. As a way for the Land Bank to increase the marketability of a portion of its properties, it will appeal for a new assessment for those properties the Land Bank renovates In-House.

- Assessment Appeal Expenses \$925 per appeal

Appraisals: The Land Bank will also privately appraise its properties before disposition in order to determine the consideration. These appraisals will be completed on both In-House and End-User Renovations.

Real Estate Transfer Tax upon Disposition When the Land Bank transfers the title to a third party, the RETT is split between the transferor and the transferee. The Land Bank will need to pay 1% of the final price of all disposed properties.

⁷ These are estimates, using each Market Type's average condition score as bench mark.

Real Estate Agent Fee The Land Bank will choose to market and list its In-House Rehab properties with a reputable real estate agent. The expense associated with this service is typically 3% of the sales price.

Anticipated Disposition Revenue

The Land Bank will generate revenue when properties are deeded to new owners. Some profit may be made from property sale. In addition, revenue will be earned from tax recapture. Anticipating the amount of revenue from each property, the property condition, Market Type, and amount of renovation performed by the Land Bank must be considered. In-House renovation will generate the most revenue and potential for profit. It will also have the potential to increase the assessed value of the property thus increasing the future real estate tax revenue for both the Land Bank and the three taxing jurisdictions.

Disposition Revenue for Vacant Land: According to the proposed Disposition Policies, the degree of consideration for vacant land is set to either “Property” or “Nominal Costs” depending on the proposed use of the lot. Therefore we do not anticipate any meaningful revenue for the disposition vacant lots in terms of their sale. As with the disposition of properties with structures, vacant land once owned by the Land Bank that has been brought to taxpaying status will be eligible for the 50% tax recapture for up to 5 years.

Modeling of these scenarios, their frequency, and potential expenses and revenue the Land Bank may incur are located in a supplemental document titled “Land Banking in Allegheny County: Full Analysis of Expense and Revenue Projections.”

IV. TCC Land Bank Budget

This model assumes the Land Bank will have a stronger emphasis on the acquisition of higher market value parcels in its first years, with the emphasis shifting to lower market value parcels as the organization progresses.

Projected Expenses	Year 1 - 2015	Year 2 - 2016	Year 3 - 2017	Year 4 - 2018	Year 5 - 2019	Year 6 - 2020
Projected Number of Parcels Acquired: Structures (Vacant Lots)	20 (10)	25 (15)	30 (20)	35 (25)	40 (30)	45 (35)
<i>Organizational Overhead</i>						
Administration ¹	\$160,000.00	\$160,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00
Legal Services	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
Professional Services	\$10,000.00	\$10,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
IT ²	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
Office Supplies & Postage	\$2,500.00	\$3,000.00	\$3,500.00	\$4,000.00	\$4,000.00	\$4,000.00
Rent & Utilities ³	in-kind	tba	tba	tba	tba	tba
Subtotal:	\$187,500.00	\$188,000.00	\$223,500.00	\$224,000.00	\$224,000.00	\$224,000.00
<i>Acquisition</i>						
At Upset Sale ⁴	\$74,400.00	\$93,000.00	\$111,600.00	\$134,850.00	\$153,450.00	\$172,050.00
At Judicial Sale ⁵	\$22,600.00	\$28,250.00	\$33,900.00	\$33,900.00	\$39,550.00	\$45,200.00
Vacant Land ⁶	\$24,090.00	\$36,135.00	\$48,180.00	\$60,225.00	\$72,270.00	\$84,315.00
Servicing Bankruptcies ⁷	\$18,600.00	\$13,950.00	\$18,600.00	\$23,250.00	\$23,250.00	\$27,900.00
Deed Filing ⁸	\$4,500.00	\$6,000.00	\$7,500.00	\$9,000.00	\$10,500.00	\$12,000.00
Real Estate Transfer Tax ⁹	\$32,346.00	\$38,811.00	\$42,522.00	\$46,969.00	\$53,679.00	\$57,146.00
Subtotal:	\$176,536.00	\$216,146.00	\$262,302.00	\$308,194.00	\$352,699.00	\$398,611.00
<i>Operational</i>						
Property Maintenance ¹⁰	\$45,300.00	\$78,900.00	\$105,600.00	\$132,150.00	\$159,450.00	\$187,800.00
Property Insurance ¹¹	\$16,400.00	\$27,900.00	\$36,400.00	\$43,900.00	\$52,000.00	\$60,600.00
Land Bank In-House Renovations ¹²	\$70,000.00	\$140,000.00	\$190,000.00	\$220,000.00	\$270,000.00	\$310,000.00
Specification Lists for End-User Renovations ¹³	\$6,500.00	\$11,000.00	\$14,000.00	\$16,500.00	\$19,500.00	\$23,000.00
Demolitions ¹⁴	\$15,000.00	\$30,000.00	\$45,000.00	\$60,000.00	\$75,000.00	\$75,000.00
Subtotal:	\$153,200.00	\$287,800.00	\$391,000.00	\$472,550.00	\$575,950.00	\$656,400.00

<i>Disposition</i>						
Assessment Appeals ¹⁵	\$3,700.00	\$6,475.00	\$8,325.00	\$9,250.00	\$11,100.00	\$12,950.00
Appraisals ¹⁶	\$5,100.00	\$8,700.00	\$11,000.00	\$12,900.00	\$15,300.00	\$18,000.00
Real Estate Transfer Tax ¹⁷	\$6,297.00	\$10,638.00	\$12,681.00	\$14,347.00	\$15,588.00	\$18,373.00
Real Estate Agent Fee ¹⁸	\$3,929.00	\$8,505.00	\$10,594.00	\$12,683.00	\$13,329.00	\$16,215.00
Subtotal:	\$19,026.00	\$34,318.00	\$42,600.00	\$49,180.00	\$55,317.00	\$65,538.00
Total Expenses:	\$536,262.00	\$726,264.00	\$919,402.00	\$1,053,924.00	\$1,207,966.00	\$1,344,549.00
Projected Revenues	Year 1 (2015)	Year 2 (2016)	Year 3 (2017)	Year 4 (2018)	Year 5 (2019)	Year 6 (2020)
<i>Land Bank Activity</i>						
Sale of In-House Renovations ¹⁹	\$130,982.00	\$283,507.00	\$353,139.00	\$422,771.00	\$444,314.00	\$540,492.00
50% Tax Recapture From In-House ²⁰	\$3,148.00	\$6,813.00	\$8,486.00	\$10,159.00	\$10,676.00	\$12,988.00
Sale of End-User Renovations ²¹	\$93,000.00	\$153,000.00	\$177,000.00	\$198,000.00	\$219,000.00	\$255,000.00
50% Tax Recapture From End-User ²²	\$10,797.00	\$16,774.00	\$19,086.00	\$20,759.00	\$22,432.00	\$25,900.00
Sale of Vacant Land ²³	\$4,500.00	\$7,500.00	\$11,000.00	\$16,857.00	\$19,857.00	\$23,357.00
50% Tax Recapture From Vacant Land ²⁴	\$837.00	\$1,395.00	\$2,046.00	\$2,484.00	\$3,069.00	\$3,627.00
Tax Recapture From Prior Years ²⁵	-	\$14,782.00	\$39,764.00	\$69,382.00	\$102,784.00	\$124,179.00
Subtotal:	\$243,264.00	\$483,771.00	\$610,521.00	\$740,412.00	\$822,132.00	\$985,543.00
Grants ²⁶	\$500,000.00	\$500,000.00	\$500,000.00	\$-	\$-	\$-
Delinquent Real Estate Tax Allocation ²⁷	\$200,000.00	\$250,000.00	\$300,000.00	\$300,000.00	\$350,000.00	\$350,000.00
Balance From Year Prior ²⁸	-	\$407,002.00	\$914,509.00	\$1,405,628.00	\$1,392,116.00	\$1,356,282.00
Total Revenue:	\$943,264.00	\$1,640,773.00	\$2,325,030.00	\$2,446,040.00	\$2,564,248.00	\$2,691,825.00
Net Balance:	\$407,002.00	\$914,509.00	\$1,405,628.00	\$1,392,116.00	\$1,356,282.00	\$1,347,276.00

Footnotes from Land Bank Budget

- ¹ Administration – 2.75 Full Time Employees in Years 1 and 2 then expanded to 3.75 Full Time Employees in Year 3 and 4 and again to 4.75 in Years 5 and 6
- ² IT – Includes the development and maintenance of a Land Bank website & a property inventory database plus the renewal of software packages including: Microsoft Word, Arc GIS, and Adobe Suit etc.
- ³ Rent and Utilities – Operational space will be shared between the three COGs. Depending on Land Bank's growth a new location may be acquired, future location yet to be determined.
- ⁴ The aggregate court costs and typical attorney's fees associated with acquiring a property at the first stage of Sheriff Sale. \$4,650 per property.
- ⁵ The aggregate court costs and typical attorney's fees associated with acquiring a property at the second stage of Sheriff Sale. This option is taken when a property is burdened with private liens in addition to any preexisting public claims. \$5,650 per property
- ⁶ Assumes acquisition through Small Estate Administration. \$2,409 per parcel
- ⁷ Assumes defendant declares bankruptcy just prior to Upset Sale. \$4,650 per property
- ⁸ Paid to Allegheny County. \$150 per property.
- ⁹ The tax split among taxing bodies upon acquisition, calculated at a county wide average of 2%. (Combined acquisition prices of all properties) * .02
- ¹⁰ Expense associated with maintaining the Land Bank's Inventory. Includes lawn care on all parcels, snow removal on properties with structures and the boarding of Type C properties. \$1,650 per Market Type A property; \$1,650 per Market Type B property; \$1,950 per Market Type C property; \$1,050 per Vacant Lot
- ¹¹ Expense associated with insuring the Land Bank's Inventory. \$900 per Market Type A property; \$700 per Market Type B property; \$500 per Market Type C property; \$200 per Vacant Lot
- ¹² Expense associated with renovating a portion of the Land Bank's Inventory. \$10,000 per Market Type A property; \$20,000 per Market Type B property; \$30,000 per Market Type C property
- ¹³ Expense associated with identifying all the necessary structural items which need to be resolved by the End-User. \$500 per property
- ¹⁴ Base \$10,000 with an additional \$5,000 for potential expenses incurred upon discovery of asbestos or other harmful substances during demolition. \$15,000 per property
- ¹⁵ Expense associated with appealing the assessment values of all newly acquired In-House Renovations. \$925 per property.
- ¹⁶ Expense associated with appraising all In-House and End-User Renovations. \$300 per property.
- ¹⁷ The tax split among taxing bodies when property is transferred, calculated at a county wide average of 2%. The tax upon disposition is shared equally between transferor and transferee.
- ¹⁸ Real Estate agent fee of 3% on all Land Bank's In-House Renovations listed.. (Combined price of all In-House properties disposed) * .03
- ¹⁹ Revenue generated from the disposition of property renovated by the Land Bank. \$82,893 per Market Type A property; \$48,089 per Market Type B property; \$21,543 per Market Type C property.
- ²⁰ Annual real estate taxes shared with the Land Bank. \$1,992 per Market Type A property; \$1,156 per Market Type B property; \$517 per Market Type C property.
- ²¹ Sale of property renovated by the end-user. \$15,000 per Market Type A property; \$12,000 per Market Type B property; \$9,000 per Market Type C property.
- ²² Same as "50% Tax Recapture from In-House Renovations".
- ²³ Properties sold at "Property Costs": \$3,857 per Vacant Lot; Parcels sold at "Nominal Costs": \$500 per Vacant Lot.
- ²⁴ Annual real estate taxes shared with the Land Bank. \$92 per Vacant Lot.
- ²⁵ Projected Grant Funds from Foundation Community.
- ²⁶ Anticipated allocation from percentage of committed delinquent tax that has been collected.

Section 4: Moving Forward

I. Action Plan

Engage municipal leaders, taxing jurisdictions, municipal solicitors and stakeholders to obtain feedback on Proposed Business Plan. COG staff to revise plan based on engagement feedback.	July 14th- December 31st 2014
Finalize Intergovernmental Cooperation Agreement and Municipal Ordinance.	November 2014
Municipalities that are interested in joining the Land Bank must pass Ordinance and sign Intergovernmental Cooperation Agreement.	December 2014
Taxing Jurisdictions interested in participating in the Land Bank must sign Intergovernmental Cooperation Agreement.	December 2014
Founding Board is selected.	January 2015
The Land Bank applies for incorporation with the State of Pennsylvania.	January 2015
Land Bank works alongside participating municipalities and taxing jurisdictions to identify potential properties for acquisition.	January 2015- ongoing
Initial startup funds are secured.	February 2015
Governing documents are approved including <ul style="list-style-type: none"> • By laws • Policies and Procedures 	March 2015
Land Bank approves acquisition of property.	April 2015

II. Other Programs and Goals

While land banking is a powerful tool to help mitigate the damaging effects of blight and abandonment, a comprehensive approach is still needed in order to successfully revitalize communities. The TCC has taken on many endeavors to reverse the effects of blight and realize economic growth in the Mon Valley and eastern suburban communities of Allegheny County. These programs include Code Enforcement, Brownfield Reclamation, and Blight Busters.

Code Enforcement: Code enforcement is a powerful tool that can work to stop the spread of blight and even revitalize some communities. The COGs have sponsored events on code enforcement and provided forums for engagement among practicing code enforcement officers.

- The Turtle Creek Valley COG is working on establishing an in-house code enforcement program which is set to be completed January of 2015.
- Currently, the Twin Rivers COG provides Third Party Code Enforcement inspection services specifically to the Uniform Construction Code. Included with the inspection services is the enforcement of the Property Maintenance Code, when requested.
- The Twin Rivers and Steel Valley COG are currently investigating potential in-house programs and a joint UCC appeals board.

The TCC presented at the quarterly Magisterial District Judges meeting surrounding issues of blight.

Brownfield Reclamation: The TCC was granted \$600,000 from the EPA to perform strategic brownfield site assessments to help promote the redevelopment of these properties.

- Completed 4 of Phase I site assessments, 2 Phase II assessments.
- 4 of Phase I site assessments, 2 Phase II assessments have been sent to EPA for review.
- Identified 269 Brownfield parcels.
- 18 developable sites have been identified as 15 acres or more of assembled land.

Blight Busters: Each month a different speaker is featured. Some of the topics discussed include: land banking, storm water mitigation through low impact development, dealing with bank owned properties, delinquent tax collection, brownfield development, vacant lot assessment techniques, calculating the cost of blight.

- Monthly meetings since March 2012 with growing attendance.
- Core group of 20-30 stakeholders.
- Attendees include: 121 individuals representing 29 different local governments, 19 nonprofits and community groups, three state representatives and one congressman.

Comprehensive Blight Program Goals

Goals for Year 1

- Incorporate as a Land Bank and begin actively acquiring and disposing of properties.
- Develop strategies for standardizing data and property characterization in partnership with municipalities and regional organizations.
- Work with Magisterial District Judges on issues of property ownership negligence, foreclosures and blight.
- Standardize the code enforcement preparation process and materials for citations and other judicial actions.
- Demonstrate success in first round of Phase I Brownfield Assessments and expand brownfield program by vying for additional EPA funding.

Goals for Years 2- 5

- Increase capacity of the Land Bank and work in tandem with local community plans to revitalize communities.
- Strategically target areas for housing and commercial development.
- Expand COG-based Code Enforcement programs to increase member municipalities' participation.
- Establish permanent avenues for dialogue between code enforcement officers and Magisterial District Judges.
- Develop ways to more efficiently clear title for vacant land for commercial and residential development.
- Successfully engage developers of brownfield reclamation on commercial brownfield sites.

Long Term Goals

- Establish a comprehensive strategy for addressing issues of blight and economic development through active participation, engagement among community leaders in all sectors, and sustainable cooperation.
- Strengthen public partnerships with municipalities, school districts, Allegheny County, and Magisterial District Judges and unite on the common concerns of mitigating blight.
- Strengthen partnerships with community minded organizations.
- Forge new alliances with regional actors who are committed and have expertise in community engagement, economic development, home ownership, green space development, and those yet to be identified.

Appendix

Appendix I: Proposed ICA for Creating and Organization the Land Bank

INTERGOVERNMENTAL COOPERATION AGREEMENT CREATING AND ORGANIZING THE

_____ LAND BANK

This Intergovernmental Cooperation Agreement (the “Agreement”) is made by and among the following municipalities located in Allegheny County, Pennsylvania and existing by virtue of the various municipal laws of Pennsylvania (hereinafter referred to as the “Parties”) on the dates indicated pursuant to the authority granted by the referenced ordinance for the purpose of establishing and creating and organizing the _____ Land Bank, a separate legal entity and public body corporate and politic to administer and implement the purposes and objectives of this Agreement:

Name and Address of Municipal Party	Date Agreement Signed	Ordinance No. & Date
{Municipality} Address Post Office, PA Zip		
{Municipality} Address Post Office, PA Zip		
{Municipality} Address Post Office, PA Zip		
{Municipality} Address Post Office, PA Zip		
{Municipality} Address Post Office, PA Zip		
Municipality of Address Post Office, PA Zip		

WHEREAS, This Agreement is enacted in accordance with the provisions of Act 153 of 2012, enacted by the Pennsylvania General Assembly and signed into law by the Governor on October 24, 2012, and codified at 68 Pa.C.S. §2101 et. seq.

WHEREAS, the Parties, with full awareness of the cost of blight to their respective communities, join together to address blight and to transition abandoned properties to beneficial reuse using a unified, predictable, and transparent process in order to revitalize neighborhoods and strengthen the tax base;

WHEREAS, the Parties desire to create the _____ Land Bank as a public body corporate and politic within the Commonwealth of Pennsylvania to exercise the powers, duties, functions, and responsibilities of a land bank under the Land Banks Act.

Accordingly, the Parties incorporate herein by reference the Title, Preamble and Recitals of this Agreement as set forth above and agree as follows:

Article I

DEFINITIONS

As used in this Agreement, the following terms shall have the meanings provided in this Article.

Section 1.1. "Agreement" means this Intergovernmental Cooperation Agreement.

Section 1.2. "Board of Directors" or "Board" means the Board of Directors of the _____ Land Bank.

Section 1.3. "County" means County of Allegheny.

Section 1.4. "Department" The Department of Community and Economic Development of the Commonwealth.

Section 1.5. "Effective Date" means....

Section 1.6. "Fiscal Year" means the fiscal year of the Land Bank, which shall begin on _____ 1st of each year and end on the following _____.

Section 1.7. "Land Banks Act" means Act 153 of 2012 codified at Title 68 Pa.C.S.A. §2101 et seq. of Purdon's Pennsylvania Statutes and Consolidated Statutes as it exists on the Effective Date, and as it may be hereafter amended or replaced.

Section 1.8. "Land Bank" means the public body corporate and politic established pursuant to and in accordance with the provisions of this Agreement and known as the _____ Land Bank.

Section 1.9. "Land Bank Jurisdiction" means (1) a county, a city, a borough, a township and an incorporated town with a population of more than 10,000; or (2) two or more municipalities with populations less than 10,000 that enter into an intergovernmental cooperation agreement to establish and maintain a land bank as defined in the Land Banks Act.

Section 1.10. "Low income" means a household with total income at or below 80% of the area median income, adjusted for household size, as defined annually by the United States Department of Housing and Urban Development as defined in the Land Banks Act.

Section 1.11. “Members of the Land Bank” means the Parties and any Taxing Jurisdiction that participates with the Land Bank for the purpose, without limitation, of effectuating the power to discharge liens and claims provided in section 2117(a) of the Land Banks Act.

Section 1.12. “Owner-occupant” means a natural person with a legal or equitable ownership interest in property which was the primary residence of the person for at least three consecutive months at any point in the year preceding the date of initial delinquency as defined in the Land Banks Act.

Section 1.13. “Party” or “Parties” means either individually or collectively, as applicable, as each is a signatory to this Agreement, and any other land bank jurisdiction or municipality that becomes a Party to this Agreement after the Effective Date.

Section 1.14. “Person” means an individual, authority, limited liability company, partnership, firm, corporation, organization, association, joint venture, trust, governmental entity or other legal entity.

Section 1.15. “Quorum” means a simple majority of the Board members then in office, excluding vacancies. Physical presence is required in accordance with the Land Banks Act section 2105(g).

Section 1.16. “Real Property” means land and all structures and fixtures thereon and all estates and interests in land, including easements, covenants and leaseholders as defined in the Land Banks Act.

Section 1.17. “School District” means any of the classifications of school districts specified in section 202 of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949. The term includes, as to any real property acquired, owned or conveyed by a land bank, the school district within whose geographical jurisdiction the real property is located as defined in the Land Banks Act.

Section 1.18. “State” means the Commonwealth of Pennsylvania.

Section 1.19. “Taxing Jurisdiction” means a county, city, borough, incorporated town, township, school district, or a body politic and corporate created as a municipal authority pursuant to law. The term includes, as to any real property acquired, owned or conveyed by a land bank, the taxing jurisdiction within whose geographical jurisdiction any real property is located.

ARTICLE II

PURPOSE

Section 2.1. Purpose. The purpose of this Agreement is to create and empower the _____ Land Bank to exercise the powers, duties, functions and responsibilities of a land bank under the Land Banks Act.

Section 2.2. Programs and Functions. The _____ Land Bank shall endeavor to carry out the powers, duties, functions and responsibilities of a land bank under the Land Banks Act consistent with this Agreement, including, but not limited to, the power, privilege and authority to acquire, manage and dispose of interests in Real Property, and to do all other things necessary or convenient to implement the purposes, objectives and provisions of the Land Banks Act and the purposes, objectives and powers delegated to a land bank under other laws or executive orders.

ARTICLE III

CREATION OF LAND BANK

Section 3.1. Creation and Legal Status of Land Bank. The Land Bank is established as a separate legal entity and a public body corporate and politic, to be known as the “_____ Land Bank” for the purposes of acting as a land bank under the Land Banks Act and implementing and administering this Agreement. The Land Bank shall have duration until terminated and dissolved under section ____ of this Agreement.

Section 3.2. Participation by Taxing Jurisdictions. A Taxing Jurisdiction may participate in the Land Bank pursuant to an intergovernmental cooperation agreement. The agreement must specify the membership, if any, of the Taxing Jurisdiction on the Board. The agreement with a school district must specify the actions of the Land Bank which are subject to approval by the school district.

Section 3.3. By-Laws, and Policies and Procedures. The Board shall adopt by-laws consistent with the provisions of this Agreement and the Land Banks Act within _____ days after the Board is appointed. The Board shall adopt policies and procedures consistent with the provisions of this Agreement and the Land Banks Act within _____ days after the Board is appointed. The Board shall hold public hearings prior to the adoption of its Policies and Procedures.

Section 3.4. Principal Office. The principal office of the Land Bank shall be at a location within the geographical boundaries of the Parties as determined by the Board.

Section 3.5. Title to Land Bank Assets. Except as otherwise provided in this Ordinance, the Land Bank shall have title to all of its Real Property and the Parties shall not have an ownership interest in Real Property owned by the Land Bank.

Section 3.6. Tax Exemption. The Real Property of a Land Bank and its income and operations are exempt from State and local tax pursuant to section 2109 of the Land Banks Act. Accordingly, tax exemption does not apply to real property of the Land Bank after the fifth consecutive year in which the Real Property is continuously leased to a private third party. However, real property shall continue to be exempt from State and local taxes if it is leased to a nonprofit or governmental agency at substantially less than fair market value.

Section 3.8. Compliance with Law. The Land Bank shall comply with all federal and state laws, rules, regulations and orders applicable to this Agreement.

Section 3.9. Relationship of Parties. The Parties agree that no Party shall be responsible, in whole or in part, for the acts of the employees, agents, and servants of any other Party, whether acting separately or in conjunction with the implementation of this Agreement. The Parties shall only be bound and obligated under this Agreement as expressly agreed to by each Party. The Land Bank shall not obligate any Party nor shall any obligation of the Land Bank constitute an obligation of any Party.

Section 3.10. No Third-Party Beneficiaries. Except as otherwise specifically provided, this Ordinance does not create in any Person, other than the Parties, and is not intended to create by implication or otherwise, any direct or indirect benefit, obligation, duty, promise, right to be indemnified (such as contractually, legally, equitably or by implication), right to be subrogated to the Parties’ rights under this Agreement, or any other right or benefit.

Section 3.11. Additional Parties to Agreement. At any time subsequent to the Effective Date, in accordance with the Land Banks Act, an additional land bank jurisdictions located within Allegheny County may become a Party to the Agreement by completing the following requirements:

- (a) *Unanimous approval* of the Board as it exists before the addition of the applicable Land Bank Jurisdiction and execution by the Board chairperson of the signature page attached hereto as *Appendix X*;
- (b) Adoption of an ordinance; and
- (c) Execution by an authorized representative of the applicable Land Bank Jurisdiction of the signature page attached hereto as *Appendix X*.

ARTICLE IV

BOARD, EXECUTIVE DIRECTOR AND STAFF

Section 4.1. Board, Number and Qualifications. The Land Bank shall be governed by a Board of Directors comprised of {*odd # between 5-11*} (#) members. The Board of Directors of the Land Bank {*shall/shall not*} have authority to modify the size of the Board under {*the applicable/any*} provision of the Bylaws of the Land Bank Board of Directors.

{Pursuant to the Land Banks Act, this Agreement must specify the number of members of the board; The names of individuals to serve as initial members of the board and the length of terms which they will serve; The qualifications, manner of selection or appointment and terms of office of members of the board. The Board must be comprised of an odd number of members between 5 and 11. The source of appointments is in the discretion of the forming land bank jurisdictions and municipalities. Unless restricted by the actions or agreements specified in section 2104 (relating to creation and existence) and subject to the limits stated in this section, the size of the board may be adjusted in accordance with bylaws of the land bank. Typical appointing parties include local government councils and school districts. The initial board appointments should provide for staggered terms.}

Section 4.2. Initial Board members: The initial members of the Board of Directors of the _____ Land Bank shall be The names of the initial Land Bank Board members and the length of terms which they will serve are as follows:

- (a) _____ () member(s) appointed by _____ for a term ending {date};
- (b) _____ () member(s) appointed by _____ for a term ending {date};
- (c) _____ () member(s) appointed by _____ for a term ending {date};
- (d) _____ () member(s) appointed by _____ for a term ending {date};
- (e) _____ () member(s) appointed by _____ for a term ending {date};
- (f) _____ () member(s) appointed by _____ for a term ending {date};
- (g) _____ () member(s) appointed by _____ for a term ending {date};
- (h) _____ () member(s) appointed by _____ for a term ending {date};
- (i) _____ () member(s) appointed by _____ for a term ending {date};
- (j) _____ () member(s) appointed by _____ for a term ending {date};
- (k) _____ () member(s) appointed by _____ for a term ending {date}.

{Land Banks Act Eligibility to serve on board.--

- (1) *Notwithstanding any law to the contrary, a public officer shall be eligible to serve as a board member, and the acceptance of the appointment shall neither terminate nor impair that public office.*
- (2) *A municipal employee shall be eligible to serve as a board member.*
- (3) *An established land bank board shall include at least one voting member who:*
 - (i) *is a resident of the land bank jurisdiction;*
 - (ii) *is not a public official or municipal employee; and*
 - (iii) *maintains membership with a recognized civic organization within the land bank jurisdiction.*

(4) A member removed under subsection (d)(3) shall be ineligible for reappointment to the board unless the reappointment is confirmed unanimously by the board.

(5) As used in this subsection, the term "public officer" means an individual who is elected to a municipal office.}

Section 4.3. Term of Office. Except as otherwise provided in this section, the members of the Board appointed under Section ____ shall be appointed for staggered terms. All subsequent Board appointments and re-appointments shall be for terms of _____ years.

Section 4.4. Officers. The members of the Board shall select annually from among their members a chair, vice chair, secretary, treasurer and other officers as the board determines.

Section 4.5. Rules. The board shall establish rules on all of the following:

- (1) Duties of officers under subsection ____.
- (2) Attendance and participation of members in its regular and special meetings.
- (3) A procedure to remove a member by a majority vote of the other members for failure to comply with a rule.
- (4) Other matters necessary to govern the conduct of a land bank.

Section 4.6. Removal. Board members serve at the pleasure of their appointing entity and may be removed by the appointing entity at any time with or without cause, or may be removed pursuant to any other provision of Pennsylvania law.

Section 4.7. Vacancies. A vacancy among the members of the Board appointed under Section _____, whether caused by the death, resignation or removal of a Board member, shall be filled in the same manner as the original appointment for the balance of the unexpired term. Such vacancy shall be filled as soon as practicable. Upon removal under section _____, the position shall become vacant pursuant to section 2105(e) of the Land Banks Act.

Section 4.8. Meetings. The Board shall conduct its first meeting no later than _____ calendar days after the Board is appointed. The Board shall meet in regular session according to a schedule adopted by the board and in special session as convened by the Chair, or upon written notice signed by a majority of the members pursuant to Section 2105(g) of the Land Banks Act.

Section 4.9. Records of Meetings. The board shall keep minutes and a record of its proceedings and all meetings of the Board shall comply with the provisions of 65 Pa.C.S. Ch. 7 (relating to open meetings) and the act of February 14, 2008 (P.L.6, No.3), known as the Right-to-Know Law pursuant to section 2113 of the Land Banks Act..

Section 4.10. Voting. All actions of the Board shall be approved by the affirmative vote of a majority of the members of the Board present and voting; provided, however, that action of the Board shall be authorized on the following matters must be approved by a majority of the entire Board membership:

- (1) Adoption of by-laws, policies, and other rules and regulations for conduct of the Land Bank's business;
- (2) Hiring or firing of any employee or contractor of the Land Bank. This function may, by a majority vote of the total Board membership, be delegated to a specific officer or committee of the Land Bank, under such terms and conditions and to the extent that the Board may specify;
- (3) Incurring of debt;
- (4) Adoption or amendment of the annual budget;
- (5) Sale, lease, encumbrance, or alienation of real property, improvements or personal property {WITH A VALUE OF MORE THAN \$_____}; and

(6) Discharge and extinguishment of liens or claims for real property taxes owed to one or more of the Parties on Real Property acquired by the Land Bank.

A member of the board may not vote by proxy. A member may request a recorded vote on any resolution or action of the land bank.

Section 4.11. Resident input. *[Pursuant to the Land Banks Act, the ICA must specify the manner by which residents will be provided an opportunity to have input into the land bank decision-making process.]*

Section 4.12. Board Responsibilities. The Board shall have all powers necessary to carry out and effectuate the purposes and provisions of this Agreement and the Land Banks Act, including, but not limited to, the powers set forth in Sections 2107 and 2117(a) of the Land Banks Act.

Section 4.13. Fiduciary Duty. The members of the Board are under a fiduciary duty to conduct the activities and affairs of the Land Bank in the best interests of the Land Bank, including the safekeeping and use of all Land Bank monies and assets. The members of the Board shall discharge their duties in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

Section 4.14. Compensation. The members of the Board shall receive no compensation for the performance of their duties. A Board member may engage in private or public employment, or in a profession or business, except to the extent prohibited by Pennsylvania law. The Land Bank may reimburse members of the Board for actual and necessary expenses incurred in the discharge of their official duties on behalf of the Land Bank.

Section 4.15. Staff. The land bank may employ or enter into a contract for an executive director, counsel and legal staff, technical experts and other individuals and may determine the qualifications and fix the compensation and benefits of those employees. The Land Bank may enter into contract with Taxing Jurisdictions and Councils of Governments for Land Bank staffing and operations needs.

Section 4.16. Executive Director. The Board may select and retain an executive director. An executive director selected and retained by the Board shall administer the Land Bank in accordance with the operating budget adopted by the Board, general policy guidelines established by the Board, other applicable governmental procedures and policies and this Agreement. The executive director shall be responsible for the day-to-day operations of the Land Bank, the control, management, and oversight of the Land Bank's functions, and supervision of all Land Bank employees. All terms and conditions of the executive director's length of service shall be specified in a written contract between the executive director and the Board, provided that the executive director shall serve at the pleasure of the Board. The Board may delegate to the executive director any powers or duties it considers proper, under such terms, conditions and to the extent that the Board may specify.

Section 4.17. Expertise of Land Bank Staff. The staff of the Land Bank shall be persons who have demonstrated special interest, experience or education in urban planning, community development, real estate, law, finance or related areas.

Section 4.18. Ethics. Board members and land bank employees are subject to 65 Pa.C.S. Ch. 11 (relating to ethics standards and financial disclosure). The Board may adopt ethical guidelines for members of the Board and land bank employees.

Section 4.19. Conflicts of Interest. The acts and decisions of members of the Board and of employees of the Land Bank shall be subject to the act of July 19, 1957 (P.L.1017, No.451), known as the State Adverse Interest Act. The Board may adopt supplemental rules addressing potential conflicts of interest.

ARTICLE V

GENERAL POWERS OF LAND BANK

Section 5.1. General Powers. The Land Bank may exercise all of the powers, duties, functions and responsibilities of a land bank under the Land Banks Act to the extent authorized by the Land Banks Act and any other Pennsylvania law.

Section 5.2. Tax Limitation. The Land Bank shall not levy any type of tax or special assessment.

Section 5.3. Eminent Domain Prohibited. The Land Bank shall neither possess nor exercise the power of eminent domain.

Section 5.4. Limitation on Political Activities. The Land Bank shall not spend any public funds on political activities. Subject to the foregoing, this section is not intended to prohibit the Land Bank from engaging in activities authorized by applicable law.

Section 5.5. No Waiver of Governmental Immunity. No provision of this Agreement is intended, nor shall it be construed, as a waiver by any Party of any governmental immunity provided under any applicable law.

Section 5.6. Non-Discrimination. The Land Bank shall comply with all applicable law prohibiting discrimination.

(a) The Land Bank shall not provide services in a manner that discriminates against an individual because of religion, race, color, national origin, age, sex, sexual orientation, height, weight, marital status, partisan considerations, disability or genetic information.

(b) The Land Bank shall not fail or refuse to hire, recruit, promote, demote, discharge or otherwise discriminate against an individual with respect to employment, compensation, or a term, condition or privilege of employment because of religion, race, color, national origin, age, sex, sexual orientation, height, weight, marital status, partisan considerations, disability or genetic information.

ARTICLE VI

SPECIFIC POWERS OF THE LAND BANK

Section 6.1. Acquisition of Real Property. Except as otherwise provided in this Agreement or under the Land Banks Act, the Land Bank may acquire, by gift, devise, transfer, exchange, foreclosure, purchase or otherwise, Real Property or personal property, or rights or interests in Real Property or personal property, by any means on terms and conditions and in a manner the Board considers is in the best interest of the Land Bank. The Land Bank may purchase Real Property by purchase contract, lease purchase agreements, installment sales contracts and land contracts and may accept transfers from any Party upon terms and conditions as agreed to by the Land Bank and the Party. The Land Bank may acquire Real Property or rights or interests in Real Property for any purpose the Land Bank considers necessary to carry out the purposes of the Land Banks Act.

A Party may transfer to the Land Bank real property and interests in real property of the Party on terms and conditions and according to procedures determined by the Party as long as the real property is located within the Land Bank jurisdiction.

The Land Bank may bid on and acquire title to Real Property in judicial and nonjudicial tax enforcement proceedings in accordance with Section 2117(d), procedures relating to Municipal Claim and Tax Lien Law, of the Land Banks Act or such other general, special or local laws as may be applicable to the property tax enforcement procedures of the land bank jurisdictions and municipalities forming and joining the Land Bank.

Section 6.2. Title to be held in its name. The Land Bank shall hold in its own name all real property it acquires.

Section 6.3. Prohibition on Acquisition of Real Property. A land bank may not own or hold real property located outside the jurisdictional boundaries of the Parties. The Land Bank may, pursuant to an intergovernmental cooperation agreement with a Taxing Jurisdiction, manage and maintain real property located within the jurisdiction of the Taxing Jurisdiction.

Section 6.5. Donation of tax delinquent properties. The Land Bank is authorized but not obliged to accept donations of real property and extinguish delinquent claims for taxes as to the property under section 5.1 of the act of May 16, 1923 (P.L.207, No.153), referred to as the Municipal Claim and Tax Lien Law. For the purposes of this subsection, the Land Bank shall have all rights and obligations of the municipality provided for in section 5.1 of the Municipal Claim and Tax Lien Law.

Section 6.6. Discharge of Tax Claims, Tax Liens or Municipal Claims. Members of the Land Bank authorize the discharge and extinguishment of tax liens and municipal claims owed to the Parties that encumber Real Property owned by the land Bank by resolution of the Board subject to the voting requirements of Section ____ of this Agreement pursuant to section 2117(a)(1) of the Land Banks Act.

No later than the earlier of ten days prior to the conveyance of the property or within 30 days after the discharge, the Land Bank shall file evidence of the extinguishment and discharge of tax liens or municipal claims with the County Department of Court Records and any other appropriate public office where such liens or other claims are filed, including copies of the resolution by the Board, any intergovernmental cooperation agreements, receipt of payment and other necessary and appropriate documentation.

To the extent that the Land Bank receives payments attributable to a lien or claim for Real Property taxes owed to a Party or Taxing Jurisdiction on property acquired by the land bank, the land bank shall remit the full amount of the payments to the Party or Taxing Jurisdiction.

Section 6.7. Bidding. Each of the Parties agree that each of the Parties and/or the Land Bank may bid on and acquire title to Real Property in the name of the Land Bank in judicial and non-judicial tax enforcement proceedings in accordance with Section 2117(d) of the Land Banks Act entitled, procedure relating to Municipal Claims and Tax Lien Law and any other such general, special or local laws as may be applicable.

Section 6.8. Tax Claims, Tax Liens, Municipal Claims Assignment. The Parties authorize the assignment and transfer of tax claims and liens and municipal claims upon terms and conditions mutually acceptable to each party and the Land Bank pursuant to Section 2117(d)(1) of the Land Banks Act and such other general, special or local laws as may be applicable to the Parties' real estate tax collection and enforcement procedures.

Section 6.9. Quiet Title Actions. The Land Bank may initiate a quiet title action to quiet title to interests in Land Bank Real Property in accordance expedited quiet title proceedings set out in section 2118 of the Land Banks Act.

Section 6.10. Execution of Legal Documents Relating to Real Property. All deeds, mortgages, contracts, leases, purchases or other contracts regarding Real Property of the Land Bank, including contracts to acquire or dispose of Real Property, shall be approved by the Board or by a Land Bank staff member designated by the Board, and executed in the name of the Land Bank.

Section 6.11. Holding and Managing Real Property. The Land Bank may hold and own in its name any Real Property acquired by the Land Bank or transferred to the Land Bank by the State or Taxing Jurisdiction, local unit of government, an intergovernmental entity created under the laws of the State, or any other public or private Person, including, but not limited to, Real Property with or without clear title. The Land Bank may, without the approval of the Parties, control, hold, manage, maintain, operate, repair, lease as lessor, secure, prevent the waste or deterioration of, demolish, and take all other actions necessary to preserve the value of the Real Property it holds or owns. The Land Bank shall maintain all Real Property held by the Land Bank in accordance with the applicable Party's Code of Ordinances and other applicable statutes, laws and codes. The Land Bank may take or perform actions with respect to Real Property held or owned by the Land Bank, including, but not limited to, the following:

- (a) grant or acquire a license, easement, or option with respect to Real Property as the Land Bank determines is reasonably necessary to achieve the purposes of this Agreement and the Land Banks Act;
- (b) fix, charge, and collect rents, fees, and charges for use of Land Bank Real Property or for services provided by the Land Bank;
- (c) pay any tax or special assessment due on Real Property acquired or owned by the Land Bank;
- (d) take any action, provide any notice, or institute any proceeding required to clear or quiet title to Real Property held by the Land Bank in order to establish ownership by and vest title to Real Property in the Land Bank; and
- (e) remediate environmental contamination on any Real Property held by the Land Bank.

Section 6.12. Owner-occupant policies . *[Pursuant to the Land Banks Act, the Agreement must specify policies regarding former owner-occupants who are occupying homes acquired by the land bank. These policies shall show a preference for keeping the former owner-occupants in their homes, whenever feasible.]*

Section 6.13. Civil Action to Protect Land Bank Real Property. The Land Bank may institute a civil action to prevent, restrain or enjoin the waste of or unlawful removal of any Real Property held by the Land Bank.

Section 6.14. Environmental Contamination. If the Land Bank has reason to believe that Real Property held by the Land Bank may be the site of environmental contamination, the Land Bank shall provide the Pennsylvania Department of Environmental Protection (DEP) with any information in the possession of the Land Bank that suggests that the Real Property may contain such conditions. The Land Bank shall cooperate with the DEP with regard to any request made or action taken by the DEP.

Section 6.15. Public access to inventory. The Land Bank shall maintain and make available for public review and inspection an inventory of real property held by the land bank. The inventory shall be maintained as a public record and shall be filed in the principal office of the Land Bank.

Section 6.16. Transfer of Interests in Real Property by Land Bank. Subject to the policies and procedures of the Board, provisions of this Agreement and the Land Banks Act and other applicable laws, the Land Bank may convey, exchange, sell, transfer, lease, grant or mortgage interests in real property of the land

bank to any public or private Person on terms and conditions, in the form and by the method determined to be in the best interests of the Land Bank, and for an amount of consideration the Land Bank considers proper, fair and reasonable including for no monetary consideration.

Section 6.17. Consideration. The Board shall state in the Land Bank policies and procedures the general terms and conditions for consideration to be received by the Land Bank for the transfer of Real Property and interests in Real Property. The Board shall determine the amount and form of consideration necessary to convey, exchange, sell, transfer, lease, grant or mortgage interests in real property. Consideration may take the form of monetary payments and secured financial obligations, covenants and conditions related to the present and future use of the property, contractual commitments of the transferee and other forms of consideration as determined by the board to be in the best interest of the land bank.

Section 6.18. Municipal Disposition Requirements Not Applicable. Requirements which may be applicable to the disposition of real property and interests in real property by any Party shall not be applicable to the disposition of real property and interests in real property by a land bank pursuant to section 2110(d)(2) of the Land Banks Act.

Section 6.19. Board Disposition Policies. The Land Bank Real Property shall be conveyed in accordance with the Land Banks Act and according to criteria determined in the discretion of the Board and contained in the policies and procedures adopted by the Board. The Board may adopt policies and procedures that set forth priorities for a transferee's use of Real Property conveyed by the Land Bank. The priorities established may be for the entire land bank jurisdiction or may be set according to the needs of different neighborhoods or other locations within the land bank jurisdiction, or according to the nature of the real property.

Section 6.12. *Disposition Ranking of Priorities.--*

(1) A land bank jurisdiction may establish a hierarchical ranking of priorities for the use of real property conveyed by a land bank, including use for:

- (i) Purely public spaces and places.*
- (ii) Affordable housing.*
- (iii) Retail, commercial and industrial activities.*
- (iv) Conservation areas.*

(2) The priorities established may be for the entire land bank jurisdiction or may be set according to the needs of different neighborhoods, municipalities or other locations within the land bank jurisdiction, or according to the nature of the real property.

Section 6.21. Land use plans. The land bank shall consider all duly adopted land use plans and make reasonable efforts to coordinate the disposition of Real Property with such land use plans pursuant to section 2110(f) of the Land Banks Act.

Section 6.22. [Specific voting and approval requirements. *(Intergovernmental Cooperation Agreements may require that a particular form of disposition of real property or a disposition of real property located within specified jurisdictions be subject to specified voting and approval requirements of the board. Except as restricted or constrained under such specified voting and approval requirements of the Board created by the land bank jurisdiction, the board may delegate to officers and employees the authority to enter into and execute agreements, instruments of conveyance and other related documents pertaining to the conveyance of real property by the land bank.)*]

Section 6.23. Structure of Conveyances. Transactions shall be structured in a manner that permits the Land Bank to enforce contractual agreements, real covenants and the provisions of any subordinate financing held by the Land Bank pertaining to development and use of the Real Property.

Section 6.24. Disposition of Proceeds. Any proceeds from the sale or transfer of Real Property by the Land Bank shall be retained, expended, or transferred by the Land Bank as determined by the Board in the best interests of the Land Bank and in accordance with the Land Banks Act.

ARTICLE VII

BOOKS, RECORDS, AND FINANCES

Section 7.1. Land Bank Records. The Land Bank shall keep and maintain at the principal office of the Land Bank all documents and records of the Land Bank. The records of the Land Bank shall include, but not be limited to, a copy of this Agreement along with any amendments to the Agreement. The records and documents shall be maintained until the termination of this Agreement and shall be delivered to any successor entity.

Section 7.2. Financial Statements and Reports. The Land Bank shall cause to be prepared, at the Land Bank's expense, audited financial statements (balance sheet, statement of revenue and expense, statement of cash flows and changes in fund balance) on an annual basis. Such financial statements shall be prepared in accordance with generally accepted accounting principles and accompanied by a written opinion of an independent certified public accounting firm.

Section 7.3. Annual Budget. The executive director, or other individual designated by the Board, shall prepare annually a budget for the Land Bank. The Board shall review and approve a budget for the Land Bank immediately preceding each Fiscal Year.

Section 7.4. Deposits and Investments. The Land Bank shall deposit and invest funds of the Land Bank, not otherwise employed in carrying out the purposes of the Land Bank, in accordance with an investment policy established by the Board consistent with laws and regulations regarding investment of public funds.

Section 7.5. Disbursements. Disbursements of funds shall be in accordance with guidelines established by the Board.

Section 7.6. Performance Objectives. Each Fiscal Year, the executive director, or other individual designated by the Board, shall prepare, for review and approval by the Board, objectives for the Land Bank's performance.

ARTICLE VIII

FINANCING AND EXPENDITURES

Section 8.1. Funding land bank operations. The Land Bank may receive funding through grants and loans from the Federal Government, the State, Members of the Land Bank, Taxing Jurisdictions and private sources. The Land Bank may receive and retain payments for services rendered, for rents and leasehold payments received, for consideration for disposition of real and personal property, for proceeds of insurance coverage for losses incurred, for income from investments and for an asset and activity lawfully permitted to the Land Bank pursuant to the Land Banks Act.

Section 8.2. Allocation of real estate tax collections. Each of the Parties authorize the remittance or dedication to the Land Bank of

- (a) *{specify portion}*%, not to exceed \$*{specific dollar amount cap}*, of delinquent real estate taxes collected pursuant to the laws of the Commonwealth; and
- (b) Fifty percent (50%) of the real estate taxes collected on Real Property conveyed by the Land Bank commencing with the first taxable year following the date of conveyance and continuing for a period of five years.

Section 8.3. Borrowing and issuance of bonds.

- (a) Authority for borrowing an issuance of bonds is pursuant to section 2112 of the Land Banks Act.
 - (1) The Land Bank may issue a bond for any of its corporate purposes by authorizing resolution of the Board.
 - (2) The principal and interest of a bond shall be payable from the Land Bank's general revenue.
 - (3) The bond may be secured by any of the following:
 - (i) A pledge of revenue. This subparagraph includes a grant or contribution from:
 - (A) The Federal Government or a Federal agency or instrumentality.
 - (B) The Commonwealth, a Commonwealth agency or an instrumentality of the Commonwealth.
 - (ii) A mortgage of property of the land bank.
 - (b) Nature. The bond must meet the requirements of 13 Pa.C.S. § 3104 (relating to negotiable instrument).
 - (c) Tax exempt. A bond and the income from the bond is exempt from taxation by:
 - (1) the Commonwealth; or
 - (2) a political subdivision.
 - (d) Procedure.--
 - (1) A bond must be authorized by resolution of the Board and shall be a limited obligation of the Land Bank.
 - (2) The principal and interest, costs of issuance and other costs incidental to the bond shall be payable solely from the income and revenue derived from the sale, lease or other disposition of the assets of the Land Bank. The land bank may secure the bond by a mortgage or other security device covering all or part of the project from which the pledged revenues may be derived.
 - (3) A refunding bond issued under this section:
 - (i) shall be payable from:
 - (A) *{specify a source described in this Agreement}*; or
 - (B) the investment of the proceeds of the refunding bonds; and
 - (ii) shall not constitute an indebtedness or pledge of the general credit of a political subdivision within the meaning of a constitutional or statutory limitation of indebtedness and shall contain a recital to that effect.
 - (4) A bond must comply with the authorizing resolution as to:
 - (i) form;
 - (ii) denomination;
 - (iii) interest rate;
 - (iv) maturity; and
 - (v) execution.
 - (5) A bond may be subject to redemption at the option of and in the manner determined by the Board in the authorizing resolution.
 - (e) Powers of the Members of the Land Bank.—Members of the Land Bank may elect to guarantee, insure or otherwise become primarily or secondarily obligated on the indebtedness of the Land Bank subject, however, to all other provisions of law of this State applicable to municipal indebtedness.
 - (f) Sale.--
 - (1) A bond shall be issued, sold and delivered in accordance with the terms and provisions of the authorizing resolution. The board, to effectuate its best interest, may determine the manner of sale, public or private, and the price of the bond.

(2) The resolution issuing a bond must be published in a newspaper of general circulation within the jurisdiction in which the land bank is located.

(g) Liability.

(1) Neither the members of the Land Bank nor a person executing the bond shall be liable personally on the bonds by reason of the issuance of the bond.

(2) The bond or other obligation of the Land Bank related to a bond shall not be a debt of a Member of the Land Bank or of the State. A statement to this effect shall appear on the face of the bond or obligation.

(3) On the bond or other obligation of the Land Bank related to a bond, all of the following apply:

(i) The State has no liability. This subparagraph applies to the revenue and property of the State.

(ii) A Member of the Land Bank has no liability. This subparagraph applies to the revenue and property of a Member of the Land Bank.

Section 8.4. Management of Funds. The Land Bank executive director, or other individual designated by the Board, shall be designated the fiscal agent of the Land Bank's account established for the management of sales proceeds, monetary contributions made by the Parties, and other Land Bank funds. Standard accounting procedures shall be used in the management of the accounts.

Section 8.5. Authorized Expenditures. The Land Bank shall in its sole discretion and within its budget expend such funds as necessary to carry out the powers, duties, functions and responsibilities of a land bank under the Land Banks Act consistent with this Agreement.

Section 8.6. Annual audit and report. The Land Bank shall annually, within 120 days after the end of the fiscal year, submit an audit of income and expenditures, together with a report of its activities for the preceding year, to the Department. A duplicate of the audit and the report shall be filed with the Members of the Land Bank.

ARTICLE IX

DURATION AND DISSOLUTION

Section 9.1. Duration. This Agreement shall commence on the Effective Date and shall remain in full force and effect until such time as the Land Bank is terminated and dissolved.

Section 9.2. Dissolution of the Land Bank. A Board resolution must be approved by two-thirds of the entire board membership to dissolve the Land Bank pursuant to section 2105(h)(3). Dissolution shall be pursuant to section 2114 of the Land Banks Act.

ARTICLE X

MISCELLANEOUS

Section 10.1. Filing. The Land Bank shall file a copy of this Agreement with the Department and with the Department of State and provide to the Parties the certificate of incorporation issued by the Secretary of the Commonwealth after receipt of this Agreement.

Section 10.2. Notices. Any and all correspondence or notices required, permitted or provided for under this Agreement to be delivered to any Party shall be sent to that Party by first-class mail. All such written notices shall be sent to each Party's signatory to this Agreement, or that signatory's successor, at the address provide with the signature. All correspondence shall be considered delivered to a Party as of the date that such notice is deposited with sufficient postage with the United States Postal Service. Notices to

the Land Bank shall be sent to the Land Bank Principal Office. All notices sent to the address provided with the Party's signatory shall be binding unless said address is changed in writing.

Section 10.3 Entire Agreement. This Agreement set forth the entire agreement between the Parties and supersedes any and all prior agreements or understandings between them in any way related to the subject matter of this Agreement. It is further understood and agreed that the terms and conditions of the Agreement are not a mere recital and that there are no other agreements, understandings, or representations between the Parties in any way related to the subject matter of this Agreement, except as expressly stated in this Agreement.

Section 10.4. Interpretation of Agreement. The Parties intend that this Agreement shall be construed liberally to effectuate the intent and purposes of this Agreement and the legislative intent and purposes of the Land Banks Act as complete and independent authorization for the performance of each and every act and thing authorized by this Agreement and the Land Banks Act. All powers granted to the Land Bank under this Agreement and the Land Banks Act shall be broadly interpreted to effectuate the intent and purposes and not as a limitation of powers.

Section 10.5. Severability of Provisions. If any provision of this Agreement, or its application to any Person or circumstance, is invalid or unenforceable, the remainder of this Agreement and the application of that provision to other Persons or circumstances are not affected but will be enforced to the extent permitted by law.

Section 10.6. Governing Law. This Agreement is made and entered into in the Commonwealth of Pennsylvania and shall in all respects be interpreted, enforced and governed under the laws of the Commonwealth of Pennsylvania.

{MUNICIPALITY}

By: _____

Attest: _____

Mailing address for notices:
Signatory Name
Address
Post Office, PA Zip

{MUNICIPALITY}

By: _____

Attest: _____

Mailing address for notices:
Signatory Name
Address
Post Office, PA Zip

{MUNICIPALITY}

By: _____

Attest: _____

Mailing address for notices:

Signatory Name

Address

Post Office, PA Zip

{MUNICIPALITY}

By: _____

Attest: _____

Mailing address for notices:

Signatory Name

Address

Post Office, PA Zip

{MUNICIPALITY}

By: _____

Attest: _____

Mailing address for notices:

Signatory Name

Address

Post Office, PA Zip

Appendix II: Proposed Municipal Ordinance

OFFICIAL

{MUNICIPALITY}

COUNTY OF ALLEGHENY, PENNSYLVANIA

ORDINANCE NO. _____ of 2014

AN ORDINANCE OF THE {MUNICIPALITY}, COUNTY OF ALLEGHENY, COMMONWEALTH OF PENNSYLVANIA, AUTHORIZING THE {MAYOR AND/or MUNICIPAL MANAGER} ON BEHALF OF THE {MUNICIPALITY} TO ENTER INTO AN INTERGOVERNMENTAL COOPERATION AGREEMENT, OR AGREEMENTS WITH OTHER PARTICIPATING MUNICIPALITIES AND TAXING JURISDICTIONS OF ALLEGHENY COUNTY FOR THE PURPOSE OF FORMING, ESTABLISHING AND JOINING A LAND BANK TO BE KNOWN AS _____ LAND BANK.

WHEREAS, {MUNICIPALITY} is fully aware of the cost of blight and desires to join with other municipalities to address blight and to transition abandoned properties to beneficial reuse using a unified, predictable, and transparent process in order to revitalize neighborhoods and strengthen the tax base;

WHEREAS, [Section _____ of the First Class Township Code] [Section 66803(c) of the Second Class Township Code] [Section 46202(35) of the Borough Code] [Section _____ of the Third Class Cities Code] [home rule municipalities] authorizes {MUNICIPALITY} to enter into a contract with....for..., and to make appropriations therefor, through an Intergovernmental Cooperation Act, 53 Pa.C.S. §2301, et seq., as amended (the ‘Act’); and

WHEREAS, the Land Bank Act, Act 153 of 2012, enacted by the Pennsylvania General Assembly and signed into law by the Governor on October 24, 2012 and codified at 68 Pa.C.S. §2101 et. seq. authorizes {MUNICIPALITY} to create a land bank in combination with other municipalities pursuant to an intergovernmental cooperation agreement pursuant to the Land Bank Act, 68 PA.C.S. §2104(c) (the ‘Agreement’); and

WHEREAS, a municipality may enter into an intergovernmental cooperation agreement upon the passage of an ordinance by its governing body pursuant to the Act;

WHEREAS, {MUNICIPALITY} desires to enter into the (“Agreement”) with other participating municipalities to establish and join the _____ Land Bank.

NOW, THEREFORE, BE IT ENACTED and ORDAINED by the {GOVERNING BODY} of {MUNICIPALITY}, Allegheny County, as follows:

Section 1. The Title and Background of this Ordinance as set forth above are incorporated herein by reference.

Section 2. The {GOVERNING BODY} of {MUNICIPALITY} hereby approves entering into the Agreement, a copy of which is attached hereto and incorporated herein by reference (and which shall be filed with the minutes of the meeting at which this Ordinance was enacted), with the intent and effect that the {MUNICIPALITY} shall be bound by the Agreement.

Section 3. The _____ is hereby authorized and directed on behalf of the _____: (i) to execute and deliver the Agreement; and (ii) to execute and deliver such additional instruments, and to take such further actions, as may be necessary or appropriate to carry forth the Agreement and the transactions to be effected under the Agreement, including payment of membership fees, as may be due from the _____ under the Agreement.

Section 4. All action of any officer, agent or other representative of the _____ heretofore taken in the pursuit of the establishment of the _____ Land Bank and or the _____'s participation therein are hereby ratified and approved in all respects.

Section 5. The _____ is hereby authorized to take such other action as may be necessary or appropriate to carry out the purposes of this Ordinance and of the Agreement.

Section 6. As required by the Act, the following matters are specifically found and determined:

- (a) The conditions of the Agreement are set forth in the Agreement;
- (b) The duration of the Agreement is set forth in the Agreement;
- (c) The purposes, objectives, powers and scope of authority granted in the Agreement are set forth in the Recital clauses of the Ordinance and in the Agreement;
- (d) The manner and extent of financing the Agreement is through the allocation of real estate taxes and budgetary contributions set forth in Sections ____, ____, respectively, of the Agreement, among other things;
- (e) The corporate organizational structure of the _____ Land Bank shall be comprised of a Board of Directors in accordance with its Bylaws as a Land Bank (the "Bylaws");
- (f) All property, real or personal, of the _____ Land Bank shall be acquired, managed, licensed or disposed of in accordance with the terms of the Agreement and the Bylaws;
- (g) The _____ Land Bank is empowered to enter into contracts for policies for group insurance and employee benefits for its employees, if any, pursuant to the Agreement.

Section 7. Repeal of Ordinances. Any ordinance or part of ordinances conflicting with the provisions of the Ordinance are hereby repealed insofar as they are inconsistent with the Ordinances provisions.

Section 8. Severability. If any article, section, subsection, provision, regulation, limitation, restriction, sentence, clause, phrase or word in this Ordinance, is, for any reason declared to be illegal, unconstitutional or invalid, by any Court of competent jurisdiction, this decision shall not affect or impair the validity of the Ordinance as a whole, or any other article, section, subsection, provision, regulation, limitation, restriction, sentence, clause, phrase, word, or remaining portion of the within Ordinance. The _____ of the _____ declares that it would have adopted the within Ordinance and each article, section, subsection, provision, regulation, limitation, restriction, sentence, clause, phrase or word thereof, irrespective of the limitations, restrictions, sentences, clauses, phrases, or word that may be declared illegal, unconstitutional or invalid.

Section 9. Effective Date. This Ordinance shall become effective [at the earliest date permitted by law] [five (5) days from the enactment].

Section 10. Code of Ordinances. The Code of Ordinances, as amended, of the _____, Allegheny County, Pennsylvania shall be and remain unchanged and in full force and effect except as amended, supplemented, and modified by this Ordinance. This Ordinance shall become a part of this Code of Ordinances upon adoption.]

DULY ORDAINED and ENACTED as an Ordinance this _____ day of _____, 2014.

{Signature Block}

Appendix III: Examples of Policies, Priorities and Procedures

Preface

This document provides a sample of the Policies and Procedures that the still-to-be formed TCC Land Bank may wish to consider. These policies were drafted as part of a process of review of policies and procedures that are used by the following land banks: Genesee County Land Bank, Ingham County Land Bank, Westmorland County Land Bank, Kansas City Land Bank, Chautauqua County Land Bank, and Buffalo Erie Niagara Land Improvement Corporation. The policies in this document are to be used as a tool to guide discussion.

All policies are ultimately approved by the yet to be determined Board of Directors of the future land bank. Furthermore all acquisition and disposition priorities will be determined in unison with the municipality in which the property resides.

Section 1: Land Bank as a Multi-Municipal Entity

- 1.1. The Land Bank shall be subject to all applicable municipal and borough zoning laws and land use controls in its use and disposition of real property owned by the Land Bank, and to the terms and conditions of any applicable Intergovernmental Cooperation Agreement.
- 1.2. The Land Bank shall actively consult with municipalities in respect to the selection of properties to be acquired and policies, plans and procedures to dispose of such properties.
- 1.3. Act 153 of 2013 Section 2110 (E) provides that the Land Bank may also include hierarchical ranking of priorities including purely public spaces and places, affordable housing, retail, commercial and industrial activities. The priorities may be set according to the need of different neighborhoods, municipalities or other locations within the land bank jurisdiction, or according to the nature of the real property.
- 1.4. The Land Bank will defer to municipal priorities and development needs before any acquisition or disposition action is finalized.

Section 2: Acquisition

2.1 Policies/Priorities

- A. Properties that would be in support of strategic neighborhood stabilization and revitalization plans.
- B. Proposals and requests by governmental, nonprofit, and for-profit entities that identify specific properties for ultimate acquisition and redevelopment which:
 - i. Act as a catalyst for further development
 - ii. Are part of a comprehensive development plan
 - iii. Support infrastructure, public and green space development
 - iv. Reduce blight in the community.
- C. The property is a vacant structure and is being sought out by a resident who has agreed to renovate, maintain and accept ownership of the site.

- D. Vacant properties that could be placed into a Side Lot Disposition Program
- E. Properties that would form a part of a land assemblage development plan
- F. Properties that will generate operating resources for the functions of the Land Bank

2.1 *Process/Procedure*

- 2.1.2 Methods of Acquisition: The Land Bank may acquire real property or interests in real property by gift, transfer, exchange, tax foreclosure, purchase or otherwise on the terms and conditions and in the manner the land bank considers proper.
- 2.1.3 Acquisition Application Form: The Acquisition Application Form must be completed by the requestor of the property acquisition. The form must be completed to the best of the applicant's ability. The form will consist of, but not limited to, the following:
 - A. Lot and Block or PIN number
 - B. Legal address
 - C. Owner Information
 - D. Delinquency on Taxes
 - E. Balance
 - F. Duration of Delinquency
 - G. Description of property condition
 - H. A Disposition/Reuse Report revealing end-use the property if and when the Land Bank were to transfer the property
- 2.1.4 Identification of Property by entity other than the Land Bank: Any entity wishing to have the Land Bank consider acquisition of vacant, abandoned, tax-delinquent or tax foreclosed property within the Land Bank's jurisdiction must submit an Acquisition Application form. To be eligible, the property and entity requesting, must be in compliance to the policies outlined in sections 3.4 and 3.5. If eligible, the following entities may apply:
 - A. Municipality
 - B. School District
 - C. Allegheny County
 - D. An Interested Party which includes:
 - i. Individual
 - ii. Non Profit entity
 - iii. For Profit entity
- 2.1.5 Identification of Property by the Land Bank: If the Land Bank would like to actively pursue a property or bundle of properties, the Land Bank must perform its proper due diligence and notify any relevant taxing body or municipal entity in which the acquisition is to be made.
- 2.1.6 Notice to Taxing Jurisdiction: The Land Bank must send notice to all taxing bodies which have taxing jurisdiction over the property proposed for acquisition. The taxing jurisdiction has no more than 30 days to respond in opposition to the notice.
- 2.1.7 Board Approval: Acquisition of Properties will be voted on at regularly scheduled board meetings.

- A. Once properties have been approved by the Land Bank Board, The Land Bank Staff is authorized to actively begin pursuing the approved properties.
- B. The Land Bank Staff will provide current updates on the status of every property approved for acquisition. Notice will be sent to the appropriate parties if the Land Bank terminates or successfully acquires the property

Section 3: Disposition

The Land Bank's disposition decisions will, above all, be based upon an assessment of the most efficient and effective way to maximize the aggregate policies and priorities set forth within this section.

3.1 Priorities for the Use of Property

- A. Plans that are consistent with municipal economic development plans and priorities
- B. Neighborhood preservation, restoration and overall mitigation of blight
- C. Homeownership and affordable housing
- D. Returning properties to productive tax paying status
- E. Land assemblage for economic development
- F. Development of green infrastructure or public space
- G. Provision of financial resources for the operational functions of the Land Bank

3.2 Priorities as to the Nature of the Transferee

- A. Any individual or family which demonstrates a commitment to properly upkeep and maintain the transferred property.
- B. Any governmental entity willing to properly maintain the property and use it for a public purpose, preferably one that facilitates the economic growth of the surrounding area
- C. Any qualified non-profit corporation who is willing to redevelop the property for housing or economic revitalization initiatives.
- D. Private businesses whose redevelopment plan is consistent with the economic development priorities of the municipality.
- E. Any reputable and qualified real estate investor with the interest in providing and maintaining quality housing

3.3 Policies Governing Consideration

3.3.1. Definitions

In each and every transfer of real property from Land Bank to Transferee, the Land Bank shall require good and valuable consideration in an amount determined by the Land Bank. In the following section, a difference in consideration amounts are made:

1. **Transfer Closing Costs:** All costs incurred by the Land Bank 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.
 2. **Property Costs:** The aggregate costs and expenses attributable to Land Bank acquiring the 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.
 3. **Nominal Costs:** Some amount less than Property Costs
 4. **Market Price:** Correlated with a property's appraised market value. This figure will always be equal to or more than Property Costs.
- 3.3.2** The consideration provided by the 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.
- 3.3.3** The following policies will be followed when determining the degree of consideration unless explicitly stated otherwise in a Land Bank Development Agreement:
- I. Transfers to Individuals:
 - a. Any properties which have been identified by the individual as a property which he or she will occupy for 3 or more years will have to provide consideration no less than Property Costs.
 - b. All properties approved for disposition for any purpose other than home ownership will have to provide consideration no less than Market Price.
 - II. Transfers to Non-Profit or Governmental Entities:
 - a. Shall require consideration no less than Property Costs pertaining to the properties or bundle of properties which are to be transferred.
 - III. Transfers to For-Profit Entities:
 - a. Shall require consideration no less than Market Price
 - IV. All parties will be subject to both the Transaction Fee and Transfer Closing Cost.
- 3.3.4** Any consideration amount that does not adhere to the above listed policies must have a super majority approval by the Land Bank Board

3.4 Transferee Eligibility Policies

In order to ensure that properties in the Land Bank's Inventory are to be transferred to the most qualified and reputable transferee, the following requirements will be considered:

- 3.4.1** Any individual or entity who owns or at any point in time owned property that has gone through Allegheny County's property tax foreclosure system, will not be eligible to purchase Land Bank owner properties.

3.4.2 Any Individual or entity will not be eligible to purchase Land Bank owned property if that individual or entity owns property which is:

- I. Delinquent on its Municipal, School, or County taxes
- II. Delinquent on municipal authorities' fees
- III. Has un-remedied code violations or unfulfilled state and local fines

3.4.3 No property will be approved for disposition if the transferee reveals plans to maintain or develop a property in a fashion which breaks or violates Local, Federal or State Codes or Laws.

3.5 Pre-Disposition Policies

3.5.1 No property will be approved for disposition unless an appropriate Development Agreement has been executed by both the Land Bank and the Transferee.

3.5.2 An appraisal of every property shall be conducted before the property is listed and disposed of.

3.5.3 Any exceptions to the policies and requirements which govern disposition shall be taken to the Land Bank Board for approval.

3.6 Procedure for Disposition

3.6.1 All properties eligible for disposition will be publicly listed with minimum bid amounts for consideration.

3.6.2 Interested Parties must complete the specific program application associated with each eligible property and submit it to the Land Bank. Each program application will be composed of the following:

- A. Name of the individual, business, development agency, or community group
- B. Address and Parcel ID of the property
- C. A description of intended use of property which, when applicable , includes:
 - a. Improvement specifications
 - b. Timeline for improvements
 - c. Development budget
 - d. Proof of necessary finances
- D. Bid Amount
- E. Contact Information and Photo ID

3.6.3 The Land Bank Staff screens applicants to ensure that they qualify on Transfer Eligibility and Program Policies.

3.6.4 The Land Bank notifies municipality of potential disposition of properties and applicants. The municipality then has 30 days to respond.

3.6.5 The Land Bank board will be responsible for selecting the transferee, if any, among the eligible candidates. The Land Bank board shall approve the disposition of the property.

3.6.6 The Land Bank will execute an appropriate Land Bank Development Agreement between the potential Transferee and the Land Bank. A Land Bank Development Agreement will be composed of but not limited to, the following:

- A. A determined use of the property in accordance with information provided by the transferee, Land Banking disposition policies, and any municipal land zoning or building codes.
- B. An amount disclosing the proper consideration and payment method for the property.
- C. A reverter clause outlining the rights the Land Bank has to remedy any terms unfulfilled by the transferee.

3.6.7 In the event that the Land Bank Development Agreement is not accepted by both parties, the Land Bank shall reconsider applicants using the procedures for disposition list above.

3.7 Residential and Commercial Property Transfers

3.7.1 Policies

- A. Qualified Properties
 - I. Any Residential or Commercial improved or unimproved properties owned by the Land Bank.
- B. Qualified Transferees:
 - I. The transferee must provide a Land Bank Residential or Commercial Information Form completed in its entirety.
 - II. The Transferee must comply with the Transferee Eligibility, Pre-Disposition and Residential and Commercial Property Transfers Policies.
- C. Consideration
 - I. All consideration decisions will be governed by the Policies for Consideration Section 3.3.3.
 - II. In the event there is more than one prospective Transferee the land bank will allow for multiple bids on the property.

3.8 Side Lot Development Program

3.8.1 Policies

- A. Qualified Lots:
 - I. The Side lot is composed entirely of unimproved vacant Land and is clear of any structure.
 - II. The property for transfer is adjacent to the transferee owned property with no less than a 75% contiguous common boundary line with the side lot.
 - III. Only one vacant property per application.
- B. Qualified Transferees
 - I. Transferees must own and occupy the contiguous property adjacent of the side lot of interest.
 - II. Transferees must provide a Land Bank Side Lot Application completed in its entirety.
 - III. The Transferee must comply with the Transferee Eligibility, Pre-Disposition, Side Lot Disposition Policies
- C. Consideration
 - I. If there is only a single qualified Transferee, consideration will be contingent upon the agreed upon use within the Side Lot Development Agreement:
 - i. Parcels left unimproved: Nominal Costs
 - ii. Parcels for improvement: Property Costs

3.9 Adopt-a-Lot Leasing Program

3.9.1 Policies

- A. Qualified Lots
 - I. The property is composed entirely of unimproved vacant Land and is clear of any structure.
- B. Qualified Lessees:
 - I. The lessee must provide a Land Bank Adopt-a-Lot Lease Form completed in its entirety
 - II. The lessee must comply with the Transferee Eligibility, Pre-Disposition and Adopt-A-Lot Disposition Policies.
- C. Consideration
 - I. Consideration will be contingent upon the proposed use of the property, its condition and location and the length of lease.

Section 4: Owner Occupied Properties

- 4.1 The vast majority of the properties the TCC Land Bank 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. The TCC Land Bank, if feasible, may offer to lease the premises to the prior owner-occupant at fair market value for a period not less than six months.

Appendix IV: Sheriff Sale Court Costs and Typical Attorney's Fee Schedule

MCTLL Tax Enforcement Stages	Typical Costs	Further Actions
Title Exam	\$250	
Writ of Sci Fa Prep, Online Filing and Service	\$450	
Federal Tax Liens, Judgments & Mortgages	\$200	
Sheriff Service (Additional Defendants)		\$200
Alternative Service (Advertisement) Affidavit	\$100	
Alternative Service (Advertisement) Motion	\$200	
Advertisement	\$275	
Sheriff's Return/Service Affidavit Filing	\$200	
Consent Judgment	\$400	
Entry of In Rem Judgment	\$225	
Writ of Execution/Sheriff Sale scheduled	\$700	
Notice of Sheriff Sale		
Postponement Fees		\$100
"Bring Down"	\$50	
Sheriff's Poundage	\$1,600	
Free and Clear Sale	\$1,000	
Installment Payment Plan Agreement	\$150	
Motions		\$200
	\$5,800	

Appendix V: Petition to Distribute a Small Estate Fee Schedule

Prepared By George J Pettrone Esquire

Stages and Services	Costs
Tax Return Filing Fee	\$10.00
Petition and case number filing fees	\$104.00
Certified Copy Fees (\$10.00 each)	\$40.00
Advertisement	\$205.00
Appraisal	\$250.00
Attorney Fees (10 hours @ \$180 per hour)	\$1,800
Total:	\$2,409.000

Appendix VI: Diagram: Traditional Tax Sale

