

**HAZLE TOWNSHIP LAND BANK
POLICIES**

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Section 1. General

The Hazle Township Land Bank (hereinafter “Land Bank”) shall develop Policies consistent with the provisions of this Intergovernmental Cooperation Agreement and the Land Bank Law. The Land Bank Policies shall initially be adopted and thereafter reviewed at least every other year by the Land Bank Board.

Section 2. Property Acquisition

Section 2.1. Sources of Property Inventory.

Sources of real property acquisitions by the Land Bank include, but are not limited to, the following:

- (a) Transfers from local and county governments, authorities, or agencies;
- (b) Acquisitions by the Land Bank at tax foreclosure and mortgage foreclosure sales;
- (c) Donations;
- (d) Market purchases; and
- (e) Conduit transfers contemplating the simultaneous acquisition and disposition of property.

Section 2.2. Policies Governing the Acquisition of Properties.

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

- (a) Proposals and requests by Municipalities and other governmental entities that identify specific properties for ultimate use and redevelopment;
- (b) Proposals and requests by private and nonprofit corporations that identify specific properties for ultimate acquisition and redevelopment;
- (c) Improved properties that are appropriate for demolition of the improvements;
- (d) Vacant parcels 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 and activities of the Land Bank;
- (g) Properties that would be in support of strategic neighborhood stabilization and revitalization plans.

In the case of an offer to donate a property to the Land Bank, the Board should consider all of the above factors as well as those described in Section 2.3 below. The Land Bank reserves full and complete

discretion to determine whether to accept an offer to donate a property and include it in the Land Bank's inventory. The Land Bank will not determine the value of the donated property for the purpose of tax benefits but will provide a letter describing the property donated.

Section 2.3. Process for Acquiring Properties.

A transaction agreement must be executed by the Land Bank and the grantor of the property except in those cases when the Land Bank acquires the property at a mortgage or tax foreclosure sale.

In the case of conduit transfers, such a transaction agreement will generally be in the form of an Acquisition and Disposition Agreement prepared in accordance with this Policy. Land Bank staff are authorized to create transaction agreements in the form and content as deemed by the Board to be in its best interest, and shall include to the extent feasible, specification of all documents and instruments contemplated by the transaction as well as the rights, duties, and obligations of the parties. Prior to the execution of an agreement of sale to purchase a property, Land Bank staff shall prepare an underwriting agreement that will:

- (a) Determine that the purchase is consistent with Section 2.2 above.
- (b) Determine if clear title can be conveyed by the transferor to the Land Bank.
- (c) Determine if there are any environmental or structural issues that should be resolved prior to purchase by the Land Bank.
- (d) If the property is not available for nominal consideration, determine a fair value of the property consistent with this Policy.

As noted above, a transaction agreement between the grantor and the Land Bank is not required when the Land Bank acquires a property at a tax foreclosure sale, including a judicial sale. The Land Bank Law grants the Land Bank the power to acquire tax delinquent properties at judicial sales through a negotiated agreement with the Tax Claim Bureau of Luzerne County and without competitive bidding.

The Land Bank's acquisition of property at a tax foreclosure sale shall be at the direction of the Board and in accordance with the Land Banks Law, this Policy, and any agreements negotiated with the Tax Claim Bureau of Luzerne County.

Section 2.4. Title Insurance.

In acquisitions of property by the Land Bank through transaction agreements, the Land Bank shall generally require a certificate of title based upon a full title examination and, in the case of land banking agreements, a policy of title insurance insuring the Land Bank subject to such outstanding title exceptions as are acceptable to the Land Bank in its sole discretion. In those circumstances when the title is not insurable, the Land Bank may elect to acquire the property with the intention of initiating quiet title action to quiet title to interests in Land Bank real property in accordance with expedited quiet title proceedings set out in the Land Banks Act and all other applicable laws.

Section 2.5. Environmental Concerns.

The Land Bank reserves full and complete discretion to require in all transaction agreements that satisfactory evidence be provided to the Land Bank that the property is not subject to environmental contamination as defined by federal or state law. At a minimum, seller shall complete a disclosure noting any known potential environmental issues.

Section 3. Priorities for Property Repurposing

Section 3.1. Community Improvement Purposes.

In transferring properties to organizations or individuals the Land Bank shall keep in mind community improvement purposes consistent with:

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

Section 3.2. Neighborhood and Community Development Considerations.

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

- (a) Improving the quality of neighborhoods and attracting new residents and businesses;
- (b) Increasing the tax base of the Municipalities and creating opportunities for economic development and employment;
- (c) Preservation of existing stable and viable neighborhoods;
- (d) Neighborhoods which have recently experienced or are continuing to experience a rapid decline or deterioration; and
- (e) Geographic areas where market conditions are weak for the purposes of residential or commercial development.

Section 4. Property Disposition

Section 4.1. Introduction.

The purpose of this Disposition Policies document is to guide Land Bank Board disposition decisions. There are several instances that indicate that the Land Bank Board must approve the application with the highest responsible score and/or highest responsible bid. The Land Bank Board, at its discretion, can choose the applicant that proposes a project that best meets the community’s goals. In these instances, the Land Bank Board will document their reasoning for not choosing the application with the highest score and/or highest bid.

Per the Land Bank By-Laws, the Land Bank purpose is to address blighted, vacant, abandoned, and tax delinquent properties and transition these properties to beneficial reuse using a unified, predictable, and transparent process in order to revitalize communities and strengthen their respective tax bases.

Section 4.2. Definitions.

“Evaluators” shall be the Land Bank Board members.

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

“Qualified Applicant” shall be defined as an applicant for the purchase of property determined by the Land Bank to be qualified in accordance with Section 3 below.

“Transfer Closing Costs” shall be defined as 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.

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

Section 4.3. Qualified Applicant.

An individual or entity who seeks to obtain a property must submit an application in such form as is specified by the Land Bank. Properties may only be conveyed to a Qualified Applicant who has submitted a timely and complete application.

An applicant is qualified if:

- A. The applicant has no tax or utility delinquencies, or other delinquencies, or is in a current payment agreement with respect to any such delinquencies with any Land Bank member;
- B. No properties owned by the applicant have outstanding violations with any Land Bank member. A violation shall not be considered outstanding if there is an agreement with the member to come into compliance; and
- C. The applicant does not have a conflict of interest as disclosed on any forms or other documentation provided to the Land Bank.

The Land Bank may request that the Qualified Applicant provide additional documentation and/or a signed affidavit certifying no material changes, among other things, at any time during the disposition process. A Qualified Applicant who is selected/recommended and later becomes non-compliant will be provided a reasonable opportunity to become compliant as determined by the Land Bank, but no less than 30 days.

Section 4.4. Property Disposition.

All property shall be disposed of by either a competitive or non-competitive process.

Competitive Process

The Land Bank shall advertise a property available for a competitive disposition for no less than 30 days, during which time applicants may submit an application for the property.

Advertising such as broker listings, using the Multiple Listing Service, websites, or other methods to encourage broad participation for the competitive disposition of selected properties may be utilized. At a minimum, properties must be advertised prominently on the Land Bank’s website.

Dispositions by competitive process may take one of the following formats including, without limitation, Requests for Proposals (“RFP”) or Requests for Qualifications (“RFQ”). All listings pursuant to a competitive process must clearly state the address of the property, any requirements or preference for the use/reuse of the property, and the applicable evaluation criteria, which may include the applicant’s prior experience in developing and managing real property.

The Land Bank shall evaluate each Qualified Applicant according to the evaluation criteria. In the event of a tie, the Land Bank, in its sole discretion, may ask the tied applicants to provide oral presentations to the evaluators; and ask the evaluators to re-evaluate the tied applications.

The following applies when there is a single Qualified Applicant to be evaluated pursuant to a competitive process:

- The Qualified Applicant may be brought in for an oral presentation before individual evaluation sheets are completed.
- The applicant will be scored as they normally would pursuant to a competitive process. However, because there is a single applicant, each evaluator will also indicate whether the applicant is recommended or not recommended. If a majority of the evaluators recommend the applicant, then the applicant will proceed. If the evaluators do not recommend the applicant, then the applicant will not be permitted to re-submit for the same property for a period of six (6) months.

Non-Competitive Process

The Land Bank may dispose of property to a Qualified Applicant without a competitive process under one of the following circumstances:

Governmental Entities

An applicant is a government entity that proposes to use the property for governmental or community services or to act as a conduit to transfer the property to a third party.

Side/Rear Yard

An applicant seeks property for use as a side or rear yard, provided such property has no permanent structures and the applicant owns the adjacent property as a residential property.

Garden/Open Space/ Recreational Area

An applicant seeks property for use as a community garden, open space or recreational area, provided such applicant is organized as a non-profit organization under Pennsylvania law.

Business Expansion

An applicant seeks property for use as expansion of an existing business in the near vicinity of the property, which is defined as within 1,000 feet of such property if such use is parking, or otherwise within 500 feet of such property.

Development Assemblage

A significant portion of the proposed development site, being at least 50%, is already owned by such applicant and the property will be developed as part of the development project.

Affordable, Mixed Income, and Workforce Housing

At least 51% of the development qualifies as either affordable or workforce housing, under local or federal guidelines, or mixed-income housing.

Community Based Facilities

The development is a community-benefitting use, such as, without limitation, a daycare, healthcare, veterans' center, senior center, or any community-benefitting use that conforms with the local zoning ordinance, that is designed to benefit low-income and moderate-income households.

Applications pursuant to a non-competitive process shall be evaluated as follows:

- The Qualified Applicant may be brought in for an oral presentation before individual evaluation sheets are completed.
- The evaluators will score the applicant using the criteria developed by the Board, to include

meeting the stipulations in each of the previously listed Non-Competitive Process circumstances. However, because there is a single applicant, each evaluator will also indicate whether the applicant is recommended or not recommended.

- If a majority of the evaluators recommend the applicant, then the applicant will proceed. If the evaluators do not recommend the applicant, then the applicant will not be permitted to re-submit for the same property for a period of six (6) months.

Section 4.5. Pricing.

Valuation Price

The Land Bank may determine a Valuation Price, which may include a formal appraisal. Formal appraisals are required for properties that are disposed of through the Competitive Process and may be required for properties disposed of through the Non-Competitive Process, as determined by the Board. An applicant may be required to pay for the cost of the appraisal. When determining the Valuation Price, the Land Bank may consider any factors affecting the property including, without limitation, the cost of any environmental remediation as determined by a third-party engineer or other reputable consultant and the cost to demolish existing structures. The Valuation Price shall include all Property Costs, Transfer Closing Costs, and a Transaction Fee. The Valuation Price and zoning district (including types of permitted and other uses) shall be advertised with competitive process listings and may be used to evaluate the applicant's offer price in response to a competitive process listing.

Offer Price

If all offers in response to a competitive process are below the Valuation Price, the Land Bank may choose to re-list the property for competitive process or proceed with the applications received. At the time of submitting its application, an applicant may submit for consideration information relevant to the value of the property in support of its offer price, including, without limitation, the cost of any environmental remediation as determined by a third-party engineer or other reputable consultant and the cost to demolish existing structures. The Land Bank may negotiate an offer price that considers the cost of addressing such issues. The Land Bank may engage a qualified consultant to peer review any third-party due diligence to substantiate any price reduction.

Nominal and Discounted Pricing

When calculating a discounted price, the Land Bank may consider the benefit provided by the proposed use and, if applicable, the amount of discount needed to make the project both financially feasible and continually sustainable. The Land Bank will strive to apply a discount that is no greater than the minimum reduction necessary to make the project viable while capturing the greatest possible return for the Land Bank, as determined by the Land Bank, in its sole discretion. The following are eligible for nominal or discounted pricing:

- Governmental Entities: Including municipalities, school districts, or as a conduit to transfer the property to a third party.
- Side/Rear Yards: A side or rear yard.
- Gardens/Open Space/Recreational Space: A use that creates a garden, open space, or recreational area.
- Affordable, Mixed Income, and Workforce Housing: Affordable or mixed-income housing.
- Community Benefiting Use
- Economic Development Projects: An economic development project where a significant portion of jobs are created for community residents.
- Other Use: A use that advances the applicable comprehensive plan or any other plans approved by the Land Bank members.

Religious Institutions

Religious Institutions are not eligible for a nominal or discounted sales price. However, non-profit entities affiliated with religious institutions may be eligible for a nominal or discounted sales price if (i) the property will be used for secular purposes only; and (ii) the Qualified Applicant and the proposed use comply with these Disposition Policies.

Section 4.6. Additional Terms.

Timeline for Response and Agreements

Competitive Process

Approximately 120 days after the submission deadline for any property for a competitive process, the Land Bank may provide the Qualified Applicant with the highest score with a proposed agreement. The Qualified Applicant will sign and return the Agreement within 30 days of receipt. Failure to comply with this deadline, as may be extended, will result in the Qualified Applicant being disqualified.

The proposed agreement shall include an offer price and closing date. If the Qualified Applicant signs the agreement within the time prescribed in these Disposition Policies, the offer price shall be valid for at least six (6) months from the date the Qualified Applicant delivers the signed agreement to the Land Bank. This period may be extended by the Land Bank Board. After the conclusion of that six (6) month period, the Land Bank may cancel all rights and reservations for the applicant or extend rights and reservations and keep the original price if it is still deemed appropriate by the Land Bank Board.

Non-Competitive Process

The Land Bank shall advise a Qualified Applicant in writing whether its application has been accepted or denied for a non-competitive process approximately 120 days of receiving an application for property.

The proposed Agreement shall include an offer price and closing date. If the Qualified Applicant signs the Agreement within 30 days from receipt, the offer price set forth in the agreement shall be valid for no more than six (6) months from the date the Qualified Applicant signs the agreement. This period may be extended by the Land Bank Board.

After the conclusion of that six (6) month period, the Land Bank may cancel all rights and reservations for the applicant or extend rights and reservations and keep the original price if it is still deemed appropriate by the Land Bank Board.

Property Reservations

Developers often require legally recognizable site control as part of the development process. Either prior to or concurrent with an agreement, the Land Bank may provide a reservation letter to demonstrate the Land Bank's commitment to an exclusive negotiating relationship with the developer. Any sales price provided in a reservation letter shall be valid for no more than six (6) months from the date of the letter.

Appropriate and Timely Development of Properties

Properties will be timely developed in accordance with a written agreement. Generally, construction will commence within three (3) months from settlement (unless otherwise stated in the agreement) and the property shall be rehabilitated and/or improved within eighteen (18) months of acquisition of title unless the Qualified Applicant has demonstrated practical cause as to why the time for completion should be

extended. Any extension exceeding six (6) months from the initial deadline shall require approval of the Land Bank Board. To ensure these expectations are met, the Land Bank will place conditions or restrictions on property it conveys to achieve the agreed-upon outcome and will monitor these agreements until construction is complete.

Property Restrictions

The agreement and the deed conveying property may contain the following, to the extent feasible in the context of the particular transaction:

- an irrevocable power of attorney, coupled with an interest, appointing the grantor or its designee as true and lawful attorney-in-fact for the grantee to enter into and take possession of such property, with any other necessary provisions, in the event of a failure by the grantee to comply with any term or condition established in connection with the transfer of title; and
- a requirement that failure of compliance with any term or condition established in connection with transfer of title will cause title to the property to revert to the ownership of the Land Bank, automatically, without any conveyance thereof being required, upon notice that such failure exists and such failure is not remedied by the expiration of any applicable cure period.

In addition, unless the Land Bank Board authorizes otherwise, the agreement, the deed, or both, shall contain any and all restrictions, conditions, and covenants deemed appropriate by the Land Bank for the particular transaction, in its sole discretion, including, without limitation, the following:

All Transactions Shall Contain the Following Restrictions

- A. Maintenance of Premises and Improvements.
From and after settlement, applicant shall maintain the property and the improvements thereon in such condition as to remove and keep out the elements of blight and enforce adequate safeguards for the proper maintenance of all parts of the property and the improvements.
- B. Covenant Against Discrimination.
No person shall be deprived of the right to live in the property because of race, creed, color, national origin, gender, sexual orientation, or disability; and there shall be no discrimination against any person in the use or sale of the property because of race, creed, color, national origin, gender, sexual orientation, or disability.

Nominal or Discounted Pricing Restrictions

For property conveyed under the Nominal or Discounted Pricing, the Land Bank may, in its discretion, put in place one or more of the following unless the Land Bank Board authorizes otherwise:

- Deed restrict the property for five (5) years.
- Record a Declaration of Restrictive Covenants, which includes restrictions to ensure project affordability.

For Side/Rear Yards disposed under the Side/Rear Yard section of this document, the applicant must enter into an agreement that the parcel is not subject to sale, subdivision, or partition within a five (5) year period following the date of the transfer. In the event that multiple qualified adjacent property owners desire to acquire the same side parcel, the improved or unimproved parcel shall be transferred to the highest bidder for the property. An unimproved parcel may be subdivided and transferred among the interested contiguous property owners; the cost of the subdivision shall be borne by the property owners. The applicant is encouraged to consolidate the improved or unimproved parcel and the

applicant's property, unless the Board requires the applicant to wait to consolidate for five (5) years for assessment purposes so the Land Bank may benefit from tax recapture going forward.

For Governmental Entities transferring properties to a third-party, depending on the nature of the end use of the property by the third party, the Land Bank reserves the right to sell the property for fair market value plus all fees and costs incurred by the Land Bank related to the property.

For properties sold through a competitive process at an offer price that is below the Valuation Price, the Land Bank may, in its discretion, record a deed restriction, mortgage, or other encumbrances to protect the public's interest.

Workforce Housing Restrictions

A. Declaration of Restrictions.

- All workforce housing transactions will have a declaration of restrictions regarding income eligibility and resale price.

Side/Rear Yard Restrictions

A. Permitted Use.

- Property shall only be used as permitted by the local zoning ordinance.

Deed Without Warranty

All conveyances from the Land Bank to third parties shall be by Quitclaim Deed.

Appeals Process

The Land Bank shall make available an appeals process wherein a Qualified Applicant who has submitted an application for a property transfer may submit evidence relevant to the value of the property. Notwithstanding any appeals process made available by the Land Bank, the Board has the sole discretion to make the final determination regarding the consideration to be provided for any property transfer.

Owner-Occupant and Tenant-Occupant Policy

The vast majority of the properties the Land Bank will acquire will be vacant. However, in the event that it acquires a property that is occupied through the tax or mortgage foreclosure sale process or other means, it shall make best efforts not to displace the occupants and establish payment plans for any delinquent liens that have been acquired by the Land Bank. To this end, if feasible, the Land Bank may offer to lease the premises to the prior occupant at fair market value for a period not less than six (6) months. The residence shall remain the primary residence

Section 5. Member Withdrawal Procedure.

In the instance of additional members being added to the Hazle Township Land Bank, any Party may withdraw their membership and terminate their Intergovernmental Cooperation Agreement by providing the land bank ninety (90) days written notice of its intent to withdraw. In the event of a withdrawal, all of the Party's obligations are terminated, except that the obligations for the real property already obtained by the Land Bank in the jurisdiction, including, but not limited to, the post-Land Bank conveyance five-year allocation of one-half (1/2) of tax revenues to the Land Bank, shall continue.

Section 6. Reservation of Rights.

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

Section 7. Emergency Procurement

This policy establishes a process for emergency procurement to address immediate threats to Land Bank properties, such as fire risks, vandalism, and structural hazards. The Emergency Procurement Committee consists of: the Chair and the Vice Chair, where the procurement occurs. If the Chair and/or Vice Chair are from the municipality, the Chair may appoint another Land Bank member or members to serve on the committee.

The committee may approve a maximum emergency expenditure of \$5,000 per occurrence. Approval requires a majority vote from the committee, and shall be reported to the Land Bank Board at the next regularly scheduled meeting. Where possible, member municipality departments of public works, contractors with existing agreements, and local providers should be utilized.