

City of Philadelphia



(Bill No. 130156-A)

AN ORDINANCE

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

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

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

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

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

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

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

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

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

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

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

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

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

CHAPTER 16-700. PHILADELPHIA LAND BANK.

§ 16-701. Preliminary Provision.

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

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

§ 16-702. Creation.

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

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

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

§ 16-704. Board of Directors.

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

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

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

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

§ 16-705. Acquisition.

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

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

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

(3) *Acquisition of tax delinquent properties.*

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

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

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

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

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

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

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

§ 16-706. Inventory.

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

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

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

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

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

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

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

§ 16-707. Disposition of Property.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

§ 16-708. Pricing.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) An aggregated analysis of all maintenance activities;

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

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

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

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

§ 16-710. Financial provisions.

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

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

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

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

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

SECTION 3. This Ordinance shall become effective immediately.

Explanation:

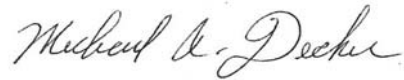
Italics indicate new matter added.

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



Michael A. Decker
Chief Clerk of the City Council