

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 reduce the administrative cost related to said property, 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 over short-term revenue generation, 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

WHEREAS, A municipal land bank should seek to preserve affordability in neighborhoods, and prioritize development that ensures permanent affordability and socioeconomic diversity within communities; 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 to shield families in need from foreclosure and displacement; 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 City of Philadelphia, facing the economic and social burden posed by tens of thousands of vacant properties, anticipates and hopes that state legislation similar or identical to H.B.1682, authorizing the creation of municipal land banks and granting to them certain powers, will be enacted in the near future, and intends to be prepared in advance for that eventuality; now, therefore,

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Chapter 16-500 of The Philadelphia Code, entitled "Councilmanic District Development Program," is hereby repealed in its entirety, and a new Chapter 16-500 is added, to read as follows:

CHAPTER 16-500. PHILADELPHIA LAND BANK.

§ 16-501. Preliminary Provision.

(1) *This Chapter is in accordance with the provisions of Act __, enacted by the General Assembly on _____.*

(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.*

§ 16-502. Council Authorization to Create the Philadelphia Land Bank.

(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 § ____ of Act __, the Council of the City of Philadelphia hereby authorizes the creation of a land bank, to be named the "Philadelphia Land Bank."*

(3) *The mission of the Land Bank is to return vacant property to productive status using a unified, predictable, and transparent process, thereby revitalizing neighborhoods and strengthening the City's tax base.*

§ 16-503. Creation.

(1) *The Land Bank shall be incorporated within six (6) months following the effective date of this legislation.*

(2) *The City of Philadelphia, the Philadelphia Redevelopment Authority, and the Philadelphia Housing Development Corporation shall take all steps necessary to transfer all surplus vacant property the title to which currently is held by those entities to the Land Bank within six (6) months following the effective date of this legislation.*

§ 16-504. Board of Directors.

(1) *Initial Board of Directors. The Land Bank shall initially be governed by a Board of Directors comprised of the following members, who shall serve only until all the members of the Permanent Board have been appointed pursuant to subsection (2):*

_____, _____, _____, _____, _____, _____, and _____.

(2) *Permanent Board. The Land Bank shall be governed by a Board of Directors, comprised of seven (7) members, that reflects the diversity and range of interests affected by the Land Bank's activities. The members of the Board shall be appointed by the Mayor, with the advice and consent of a majority of all the members of City Council, and shall serve a term concurrent with the appointing authority. Members of the Board shall serve at the pleasure of the Mayor. Any individual or organization may submit recommendations for board membership to the Mayor to be considered in making appointments.*

(a) *Members shall continue to serve until their successors have been appointed and confirmed.*

(b) *Vacancies. Any vacancy in an appointed position shall be filled by appointment by the Mayor submitted to the City Council for approval within thirty (30) days of the creation of the vacancy.*

(c) *Qualifications. At least three (3) appointed members must be representatives of nonprofit organizations working in the field of housing or community development, or of civic associations from low- or moderate-income neighborhoods.*

(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 fifteen (15) days in advance of such meeting, and shall allow for public comment on matters under deliberation at each such public meeting.*

§ 16-505. Acquisition of Property.

(1) *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*

respect to the acquisition of tax delinquent properties, the Land Bank shall follow the procedures set forth in subsection (2).

(2) Acquisition of tax delinquent properties.

(a) The Land Bank is authorized to request the City of Philadelphia certify for upset sale a property that is both vacant and delinquent as to municipal tax or claims if the staff of the Land Bank determines that the acquisition is consistent with its mission and policies.

(.1) Application for certification may be made by an individual or organization.

(.2) If an application for certification is denied, the applicant shall be entitled to explanation in writing.

(b) Before any upset 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 owner-occupied properties without first certifying that an appropriate payment plan has been offered for any municipal debt, including evaluation for an income-based hardship plan.

(c) Except as provided in § 16-505(2)(c)(.1), the Land Bank is authorized to enter into agreements with the City of Philadelphia to assign and transfer a tax or municipal 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.

(.1) The Land Bank shall not accept assignment of any taxes or municipal claims against an owner-occupied property.

§ 16-506. Inventory.

(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 all additional properties reasonably known to be vacant within the City of Philadelphia; and

(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 nominal or reduced.

(2) The Land Bank shall provide a mechanism through which individuals so requesting shall receive ongoing notifications as to changes in the status of any property until that point at which the property is conveyed by the Land Bank.

(3) District Council persons shall be granted electronic access to relevant information maintained by the Land Bank regarding those properties owned by the Land Bank and located within their Councilmanic District. The Land Bank shall provide each District Council person with a mechanism to request either periodic aggregate reports or ongoing notifications as to changes in the status of those properties until that point at which the property is conveyed by the Land Bank.

§ 16-507. Discharge and Abatement of Real Estate Taxes, Water and Sewer Charges, and Other Municipal Claims.

(1) The Land Bank is authorized to discharge liens and other municipal claims, charges, or fines against the properties it acquires.

(2) For the duration of the time a property is held by the Land Bank, the Land Bank is authorized to abate all real estate taxes, water and sewer charges, and other municipal charges.

§ 16-508. 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, except where expressly limited in this section.

(2) The Board of Directors may delegate this disposition authority to the staff of the Land Bank except in the following circumstances in which the Board itself must review and approve transfers of property at a public meeting:

(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) When elected by the District Council person representing the district in which the property is located; or

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

(3) *Public notice. Before the execution of an agreement to use or transfer property in the Land Bank's inventory, the Land Bank shall provide notice and an opportunity to comment as follows:*

(a) *The Land Bank shall provide public notice of proposed transactions as early as practicable and at least thirty (30) days before any final action will be taken, which shall include posting such notice conspicuously on the subject property. The Land Bank shall also provide notice to registered community organizations as defined in § 14-303(12)(a).*

(b) *Any individual or organization may submit comment in writing to the Land Bank regarding a proposed transaction.*

(4) *Notice to City Council representatives. The Land Bank shall provide written notice to the District Council person for the Councilmanic District in which the property is located when an application for a property is received, and when a transaction is proposed. Upon discussion, the District Council person and the Land Bank may agree to withdraw or modify a proposed transaction at any stage.*

(a) *Following notification of a proposed transaction, the District Council person shall be given the opportunity to review the transaction. Upon receiving a reason in writing for any disapproval by the District Council person, the Land Bank may not enter into the transaction.*

(b) *If the District Council does not disapprove a transaction or request review of by the Land Bank Board of Directors within twenty (20) days of notification of the proposed transaction, the District Council person will be presumed to approve the transaction.*

(c) *The Land Bank may re-propose a transaction that has previously been disapproved by the District Council person only if new information has been obtained or there has been a change in circumstances. In such cases, the Land Bank must provide written notice to the District Council person of all such new information or change in circumstances, and the provisions of (a) and (b) shall apply to the re-proposed transaction.*

(5) *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 Philadelphia Code or under agreement to come into compliance.*

(a) *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.*

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

(6) *Pricing.*

(a) *Market value shall be determined up-to-date data, and by using the valuation method that the Land Bank or its staff has determined is most appropriate given the particular conditions of the property and surrounding market.*

(b) *Nominal or reduced price disposition shall be an option for any property owned by the Land Bank.*

(c) *In calculating a reduced sales price, the discount shall take into account the benefit provided by the proposed use, and the amount of discount needed to make the project both initially financially feasible and continually sustainable.*

(d) *For housing projects serving households at a mix of income levels, the Land Bank may count the number of very low-, low- and moderate-income households served and provide proportionate discounting.*

(e) *The Land Bank shall make available an appeals process wherein an applicant may submit evidence relevant to the value of a property.*

(7) *The Land Bank shall enforce any provisions agreed upon as conditions of sale between the transferee and the Land Bank through legally binding mechanisms, including but not limited to deed restrictions, covenants, and mortgages.*

§ 16-509. *Policies.*

(1) *Policies of the Land Bank shall be initially adopted and thereafter reviewed biannually by the Board of Directors of the Land Bank, with opportunity for public input and comment, and must be approved by resolution of City Council. Policies shall be published on the Land Bank's website. The following goals shall guide the activities and policies of the Land Bank, in addition to its mission:*

(a) *Encouraging the revitalization of neighborhoods by extending nominal or reduced-price disposition to projects that demonstrate beneficial community impact, including but not limited to: affordable or mixed-income housing that is accessible or visitable; economic development that creates jobs for community residents; community facilities that provide needed services and enrichment opportunities; side- and rear-yards; urban agriculture; and community open space.*

(b) *Using up-to-date data and analysis to identify different neighborhood inventory and market conditions.*

(c) *Acting consistently with Philadelphia's Comprehensive Plan and the goals of community plans accepted by the Philadelphia City Planning Commission in acquisition and disposition decisions, and providing justification for any deviation.*

(d) *Advancing socioeconomic diversity within communities throughout the city, and encouraging development that ensures the long-term affordability of housing.*

(e) *Making land accessible to those who cannot afford immediate payment in full, including start-up businesses and low-income people seeking housing, through mechanisms including leases, seller-financed mortgages, and entry authorizations.*

(f) *Seeking to promote housing preservation as an essential element of redevelopment.*

(g) *Promoting high ethical standards and protecting against conflicts of interest, supplementing applicable state and local laws by adopting ethical guidelines for Land Bank board members and employees, and promulgating rules addressing potential conflicts of interest.*

(2) *The Land Bank shall develop performance standards or metrics with respect to achievement of the above goals and any additional goals adopted by the Land Bank board through regulation, and shall publish annually an impact statement by December 31st of each year detailing its performance, reporting on its yearly progress in fulfilling each of the goals set forth in this ordinance, and including a listing of properties that went before the Land Bank board for approval, the reason for board review, and the outcome for each. This impact statement may be included in any annual audit and report otherwise required by state law.*

(a) *The impact statement must be approved by resolution of City Council.*

(b) *If the Land Bank is unable to deliver an impact statement showing that its goals are being achieved, the Land Bank shall include with the statement a remedial plan to be executed during the following year.*

§ 16-510. Financial provisions.

(1) *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 specified in the Land Bank's policies as approved by Council, provided that is consistent with local law.

§ 16-511. Dissolution; distribution of assets in case of dissolution.

(1) The Land Bank may be dissolved according to the requirements of state law upon a finding adopted by the Board of Directors and approved by City Council that there is no longer any need for a land bank to function within the territorial limits of the City and County of Philadelphia.

SECTION 2. This Ordinance shall become effective upon ___ date, provided that authorizing legislation has been enacted by the Pennsylvania General Assembly.

Explanation:

Italics indicate new matter added.