



City of Philadelphia

City Council
Chief Clerk's Office
402 City Hall
Philadelphia, PA 19107

BILL NO. 130156

Introduced March 7, 2013

**Councilmembers Quiñones Sánchez, Green, Jones and Council President
Clarke**

**Referred to the
Committee on Public Property and Public Works**

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:

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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 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 P.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. 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 153, enacted by the General Assembly on October 24, 2012, and codified at 68 P.S. § 2101 et seq.*

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(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. 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 P.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.”*

(3) *The initial Board of Directors shall incorporate the Land Bank within six (6) months following the effective date of this legislation.*

§ 16-503. *Mission. The mission of the Land Bank is to return vacant property to productive status using a unified, predictable, and transparent process, thereby revitalizing neighborhoods, creating socially and economically diverse communities, and strengthening the City’s tax base.*

§ 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 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 may only be removed for cause. Members shall continue to serve until their successors have been appointed and confirmed. Any individual or organization may submit recommendations for board membership to be considered in making appointments.*

(a) *Vacancies. Any vacancy in an appointed position shall be filled by the original appointing authority within thirty (30) days of the creation of the vacancy.*

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(b) *Qualifications. Members shall include individuals with expertise in relevant areas, including but not limited to planning, real estate development, open space, and architecture. In addition, these representatives may not be elected public officials, and shall live or work in the City of Philadelphia.*

(.1) *At least four (4) members of the board must be representatives 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 publically-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 fifteen (15) days in advance of such a meeting, and shall allow for public comment on matters under deliberation at each such public meeting.*

§ 16-505. Acquisition.

(1) *The City of Philadelphia, the Philadelphia Redevelopment Authority, and the Philadelphia Housing Development Corporation shall endeavor with due speed and diligence to transfer all property owned by those entities that qualifies as surplus as defined in Section 16-402(d) to the Land Bank, and shall commence in identifying and preparing such properties for transfer within sixty (60) days following the effective date of this legislation.*

(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 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) *Sales of tax delinquent properties initiated by the Land Bank.*

(.1) *Assignment of 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 municipal tax or 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 pre-judgment municipal taxes or claims against an owner-occupied property.*

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(.2) *Certifications for sale 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 certification may be made by an individual or organization, and such applicants shall be entitled to explanation in writing if denied.*

(b) *Sales of tax delinquent properties 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.*

§ 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 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 nominal or reduced; and*

(d) *Copies of its Policies, Strategic Plans, and Impact Statements.*

(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 electronic access to relevant information maintained by the*

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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.

§ 16-507. Discharge and Abatement of Municipal Taxes and Claims.

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

(a) Within sixty (60) days of written notification by the Land Bank, the Department of Revenue shall remove any and all municipal liens and other municipal claims, charges or fines discharged by the Land Bank from the records of any property held by the Land Bank.

(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 to the extent permitted by law.

§ 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, subject to approval by the Vacant Property Review Committee, 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 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.

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(b) *Consistency with planning provisions.* All proposed uses of land and buildings for which the Land Bank disposes of property shall be consistent with the provisions of the Philadelphia Comprehensive Plan and the goals of community plans accepted by the Philadelphia City Planning Commission.

(c) *Public notice and opportunity to comment.* The Land Bank shall provide public notice of proposed transactions as early as practicable and at least fifteen (15) days before any final action will be taken, which shall include posting such notice conspicuously on the subject property. Final action for the purposes of this Section shall include review by the Vacant Property Review Committee. 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 transaction. 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). For each proposed transaction or group of transactions, the committee shall transmit to the Land Bank its approval, disapproval, or rescheduling to a specified hearing date within 60 days, provided that a reason shall be recorded for each transaction that is disapproved. A transaction may only be rescheduled once and shall be approved or disapproved at its next listing. The Land Bank shall not be authorized to enter into a transaction until approval has been received pursuant to this Section.

(.1) The Vacant Property Review Committee may vote to approve disposition of individual properties or groups of properties through competitive processes including auctions and Requests for Proposals provided transferees meet all requirements of this Chapter.

(.2) Nothing in this subsection shall prevent the Vacant Property Review Committee from reconsidering a previously-disapproved transaction upon the provision of new or additional information.

(2) *Time frames and compliance monitoring.* The Land Bank shall set time frames and deadlines applicable to each stage of the disposition process, and shall develop processes to monitor compliance with those deadlines.

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(3) *The Board of Directors may delegate 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 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.*

§ 16-509. *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 is most appropriate given the particular conditions of the property and surrounding market, as well as the cost of redevelopment. Applicants may submit third-party market and appraisal data that is relevant to the value of a property for consideration by the Land Bank.*

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

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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; innovation in design and sustainability; urban agriculture; and community open space.

(a) *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.*

(b) *Where the Land Bank approves a reduced sales price on the grounds that it is necessary to make a project financially feasible, it shall document the need for the discount and include that as part of the public record of the transaction.*

(c) *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.*

(3) *The Land Bank shall employ, according to its discretion, legal mechanisms to make land and buildings accessible to those applicants who cannot afford immediate payment in full such as start-up businesses and low-income people seeking housing, including leases, seller-financed mortgages, and entry authorizations.*

(4) *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, restrictive covenants, and mortgages. The Land Bank shall monitor compliance with such provisions, including by requiring periodic reporting by transferees.*

§ 16-510. Policies.

(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.*

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

(a) *An analysis to determine existing and anticipated market conditions 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. 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 equitable redevelopment goals for the five-year period following adoption or revision of this plan, including 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, the anticipated availability of funding, and the feasibility of inclusionary housing requirements if applicable.*

(d) *Recommendations for disposition of public properties in each census tract or grouping of census tracts that are designed to achieve the Land Bank's goals and the market needs identified in this Section, including defined annual targets for the overall number of properties transferred. These recommendations shall be consistent with the Comprehensive Plan and with the goals of community plans accepted by the Philadelphia City Planning Commission, and shall utilize those plans to prioritize needed uses in different areas.*

(4) *The Land Bank must hold public hearings prior to the adoption of its Policies and Strategic Plan. Said Policies and Strategic Plan shall be initially adopted and thereafter reviewed biannually by the Board, and must be approved by resolution of City Council.*

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(5) *The Land Bank shall develop performance standards, benchmarks, or metrics, with respect to achievement of the above goals and any additional goals adopted by the Land Bank in its Strategic Plan, and shall publish annually an Impact Statement by December 31st of each year.*

(a) *The Land Bank's Impact Statement shall detail its performance and report on its yearly progress in fulfilling each of the goals set forth in its Strategic Plan and this Chapter. This impact statement may be included in any annual audit and report otherwise required by state law. It shall include:*

(.1) *A listing of properties acquired by the Land Bank;*

(.2) *A listing of properties disposed of by the Land Bank; the sale price for which the property was conveyed; the party to whom the property was conveyed; if the disposition went before the Land Bank board for approval, the reason for board review; a summary of any terms or conditions of the conveyance, including the intended use of the property; the approximate income of the households that will benefit from the intended use, if the sale price was nominal or reduced; a list of all properties that were disapproved by the Vacant Property Review Committee and the reason for the disapproval; and data showing the extent to which dispositions have met the goals and disposition targets contained within the Land Bank's Strategic Plan.*

(.3) *Aggregate data showing the number of applications received and the status or outcome of those applications, evaluating compliance with the frames and deadlines set by the Land Bank for each stage of the disposition process, and evaluating compliance with provisions agreed upon as conditions of past sales.*

(b) *The Impact Statement must be approved by resolution of City Council.*

(c) *If the Land Bank is unable to deliver an Impact Statement showing achievement or reasonable progress toward achievement of its goals, the Land Bank shall include with the Impact Statement a remedial plan to be executed during the following year.*

§ 16-511. *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 specified in the Land Bank's policies as approved by Council.*

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(2) *The Land Bank may also be financed through any other means authorized in 68 P.S. § 2111.*

§ 16-512. Dissolution; distribution of assets in case of dissolution.

(1) *The Land Bank may be dissolved according to the requirements of 68 P.S. § 2114 upon a finding adopted by the Board of Directors and approved by a majority vote of 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 immediately.

Explanation:

Italics indicate new matter added.