Pottstown Borough Land Bank
Administrative Policies and Procedures
As approved and adopted by the Land Bank Board of Directors, January 28, 2019
As approved by the Council of the Borough of Pottstown on February 11, 2019

These policies and procedures are a codification of all policies and procedures of the Pottstown Borough Land Bank (hereinafter “PBLB”).

Section 1. Role as a Public Body.

1.1 Public Entity. PBLB is a public entity authorized by state law and created pursuant to Ordinance No. 2169 approved by the Burgess and Town Council of the Borough of Pottstown (“Council”) on November 13, 2017 (“Land Bank Ordinance”).


1.3 Purpose. The purpose of PBLB is to effectively facilitate the return of blighted, abandoned and functionally obsolete properties to productive reuse through creative leadership that engages key partners to leverage a variety of resources.

Section 2. Property Acquisitions by PBLB

2.1 Sources of Property Inventory. Sources of real property acquisitions of PBLB include, but are not limited to, the following:

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

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

(a) Proposals and requests by the Borough of Pottstown;
(b) Proposals and requests by private and nonprofit corporations that identify specific properties for ultimate acquisition and redevelopment;
(c) Proposals and requests by governmental entities that identify specific properties for ultimate use and redevelopment;
(d) Improved properties that are appropriate for demolition of the improvements;
(e) Vacant properties that could be placed into a Side Lot Disposition Program;
(f) Properties that would form a part of a land assemblage development plan:
(g) Properties that will generate operating resources for the functions of the PBLB;
(h) Properties that would be in support of strategic neighborhood stabilization and
revitalization plans.

In the case of an offer to donate a property to PBLB, staff should consider all of the above
factors as well as those described in paragraph 2.3 below. PBLB will not determine the value
of the donated property for the purpose of tax benefits but will provide a letter describing the
property donated.

2.3 Process for Acquiring Properties. A transaction agreement must be executed by PBLB and the
grantor of the property except in those cases when PBLB 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 these policies and
procedures. PBLB staff is authorized to create transaction agreements in the form and content as
deemed by PBLB to be in the best interest of the PBLB, 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, PBLB staff is authorized to prepare an underwriting agreement that will:

1) Determine that the purchase is consistent with paragraph 2.2 above.
2) Determine if clear title can be conveyed by the transferor to the PBLB (see 2.4
   below).
3) Determine if there are any environmental or structural issues that should be resolved prior
to the purchase by PBLB (see paragraph 2.5 below).
4) If the property is not available for nominal consideration, determine a fair value of the
   property consistent with these policies and procedures.

As noted above, a transaction agreement between the grantor and PBLB is not required when
PBLB acquires a property at a tax foreclosure sale, including a judicial sale. The Land Bank Act
grants land banks the power to acquire tax delinquent properties at judicial sales through a
negotiated agreement with the plaintiff (typically the County Tax Claim Bureau) and without
competitive bidding. Specifically, Section 2117(c)(3) of the Land Bank Act provides that all of the
following apply to judicial sales:

(i) Notwithstanding section 612 of the Real Estate Tax Sale Law, the form, substance and
timing of the land bank's payment of the sales price may be according to the agreement
as is mutually acceptable to the plaintiff and the land bank if all of the following apply:
   (A) A judicial sale is ordered pursuant to a judgment on a tax claim.
   (B) The purchaser of the property is the land bank.
   (C) The sales price is an amount agreed to by the land bank and the
       plaintiff in the claim.

(ii) The obligation of the land bank to perform in accordance with the agreement under
    subparagraph (i) shall be deemed to be in full satisfaction of the tax claim which was
PBLB’s acquisition of property at a tax foreclosure sale shall be in accordance with the Land Bank Act, the Land Bank Ordinance, these policies and procedures, and any agreements negotiated with the Tax Claim Bureau of Montgomery County.

2.4 **Title Insurance.** In acquisitions of property by PBLB through transaction agreements, the PBLB generally requires a certificate of title based upon a full title examination and, in the case of Land Banking Agreements, a policy of title insurance insuring PBLB subject to such outstanding title exceptions as are acceptable to PBLB in its sole discretion. In those circumstances when the title is not insurable, PBLB may elect to acquire the property with the intention of initiating a quiet title action.

2.5 **Environmental Concerns.** PBLB reserves full and complete discretion to require in all transaction agreements that satisfactory evidence be provided to PBLB 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**

3.1 **Disposition Priorities.** In transferring properties to organizations or individuals, PBLB shall be guided by the disposition priorities established under the Land Bank Ordinance:

(a) Owner-occupied market rate housing units;
(b) Retail, commercial and industrial activities, including mixed-use development;
(c) Housing options for every income level;
(d) Vacant residential parcels conveyed to neighboring property owners for side and rear yards;
(e) Urban agriculture and community open space; and
(f) Public purpose.

3.2 **Community Improvement Purposes.** In transferring properties to organizations or individuals PBLB 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;
(d) Long term “banking” of properties for future strategic uses.

3.3 **Neighborhood and Community Development Considerations.** As indicated above, PBLB reserves the right to consider the impact of a property transfer on short- and long-term neighborhood and community development plans. In doing so, PBLB 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 Pottstown Borough and creating opportunities for economic
development and employment:
(c) Preservation of existing stable and viable neighborhoods:
(d) Neighborhoods in which a proposed disposition will assist in halting a slowly occurring
decline or deterioration:
(e) Neighborhoods which have recently experienced or are continuing to experience a rapid
decline or deterioration; and
(f) Geographic areas where market conditions are weak for the purposes of residential or
commercial development.

Section 4. Conveyance of Properties

4.1 Definitions.
"Property Costs" shall be defined as the aggregate costs and expenses of the PBLB 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 PBLB allocable to the property.

"Transfer Closing Costs" shall be defined as all costs incurred by PBLB 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.

The consideration to be provided by the transferee to PBLB may take the form of cash, deferred
financing, performance of contractual obligations, imposition of restrictive covenants, or other
obligations and responsibilities of the transferee, or any combination thereof.

4.2 Transfers to Governmental Entities
(a) To the extent that transfers of property to governmental entities are designed to be held by
such governmental entities in perpetuity for governmental purposes, the aggregate
consideration for the transfer may, at the discretion of the PBLB, consist of the "Property
Costs" and "Transfer Closing Costs" to be paid in cash as well as a deed restriction upon the
use of the property.

(b) To the extent that transfers of property to governmental entities and authorities are
anticipated as conduit transfers by such governmental entities to third parties, the aggregate
consideration for the transfer may, at the discretion of PBLB, consist of not less than
"Property Costs", "Transfer Closing Costs" and "Transaction Fee" to be paid in cash.
Depending on the nature of the end use of the property by the third party, the PBLB reserves
the right to sell the property for fair market value plus all fees and costs referenced above.
4.3 **Transfers to Other Entities.** In the case of transfers of property to other entities for development, other than side yard transfers described in Section 6, the aggregate consideration for the transfer may, at the discretion of PBLB, consist of not less than the “Property Costs”, “Transfer Closing Costs” and “Transaction Fee” and not more than the fair market value as determined by the PBLB plus all costs and fees. Non-monetary consideration, such as in-kind services, that fulfill the mission and goals of PBLB may be considered.

4.4 **Transferee Qualifications.** All applicants seeking to enter into Acquisition and Disposition agreements with PBLB will be required to provide as part of the application such information as may be requested by PBLB, including but not limited to (a) the legal status of the applicant, its organizational and financial structure, (b) its prior experience in developing and managing real property, and (c) affidavit indicating no delinquent taxes or outstanding violations of the Borough’s property maintenance code on other properties located within the Borough wherein the applicant has ownership.

4.5 **Reserved Discretion.** PBLB reserves full and complete discretion to decline applications from individuals and entities that meet any of the following criteria:

(a) failure to perform in prior transactions with PBLB;
(b) ownership of properties that became delinquent in tax payments and remain delinquent in tax payments during their ownership;
(c) parties that have been debarred from transactions with local, state or federal government;
(d) parties not able to demonstrate sufficient experience and capacity to perform in accordance with the requirements of the PBLB;
(e) ownership of properties that have any un-remediated citation(s) for violation of state and local codes and ordinances, and;
(f) properties that have been used by the purchaser or a family member of the purchaser as his or her personal residence at any time during the twelve (12) months immediately preceding the submission of application (except in rental cases).

4.6 **Covenants, Conditions and Restrictions.** All conveyances by the PBLB to third parties shall include such covenants, conditions and restrictions as the PBLB deems necessary and appropriate in its sole discretion to ensure the use, rehabilitation and redevelopment of the property in a manner consistent with the public purposes of the PBLB. Such requirements may take the form of a deed creating a defeasible fee or reversion, recorded restrictive covenants, subordinate financing being held by PBLB, contractual development agreements, or any combination thereof. PBLB will also include language in the Disposition Agreement that the transferee is precluded from appealing the post development assessed value as determined by the County Assessment office for a period of five years following the transfer of the property.

4.7 **Options.** Options are available for 10% of the parcel price for up to a six-month period with extensions at the discretion of PBLB. This fee will be credited to the parcel price at closing. If
closing does not occur, the fee is forfeited. PBLB may charge a fee for the extension of the option agreement: said fee shall not be credited against the purchase price. All option agreements are subject to all policies and procedures of PBLB pertaining to property transfers.

4.8 Deed without Warranty. All conveyances from PBLB to third parties shall be by Quitclaim Deed.

4.9 Prescribed Process for Conveying Properties. The process for conveying a property from the PBLB to another entity shall include a completed application from the proposed transferee and underwriting report prepared by the PBLB staff that verifies that the applicant is qualified consistent with the provisions in Paragraphs 4.4 and 4.5. Conveyances to transferees in excess of $25,000 shall be approved by the PBLB Board. A Disposition Agreement shall be prepared by the PBLB staff that includes terms and conditions for the reuse of the property as well as a description of how the terms and conditions will be monitored in the future.

Section 5. Owner-Occupant Policy.

5.1 Requirements and Conditions. The vast majority of the properties PBLB will acquire will be vacant. However, in the event that it acquires a property that is the primary place of residence for an owner-occupant through the tax or mortgage foreclosure sale process or other means, it shall make best efforts not to displace the owner-occupant and establish payment plans for any delinquent liens that have been acquired by the PBLB. To this end, if feasible, PBLB may offer to lease the premises to the prior owner-occupant at fair market value for a period not less the six months. The residence shall remain the primary residence of the household during the lease period.

Section 6. Side Lot Disposition Program.

6.1 Side Lot/Structure Transfers. Improved (those with an existing structure that is feasible to rehabilitate) or unimproved parcels may be acquired by PBLB, and transferred to individuals owning contiguous property in accordance with the policies described below. The transfer of any given improved or unimproved parcel in the Side Lot Disposition Program is subject to override by higher priorities as established by the PBLB.

6.2 Qualified Properties. Parcels of property eligible for inclusion in the Side Lot Disposition Program shall meet the following minimum criteria:

(a) The parcel shall be a vacant improved or unimproved real property;
(b) The parcel shall be physically contiguous with not less than a 75% common boundary line at the side;
(c) Intended use for the improved or unimproved parcel must be disclosed by the transferee and such use shall be consistent with local codes including but not limited to zoning codes.
6.3 Side Lot Transferees.
(a) All transferees must own the contiguous property, and priority is given to owner-occupied transferees.
(b) The transferee must not own any real property that is subject to any un-remediated citation(s) of violation of state and local codes and ordinances.
(c) The transferee must not own any real property that is tax delinquent.
(d) The transferee must not have been the prior owner of any real property in the County that was acquired by a local government through execution of a judgment relating to municipal liens.

6.4 Pricing.
(a) Parcels of property that are not capable of independent development, i.e., the parcel is not buildable under local zoning laws, may be transferred for a price to be determined by the PBLB consistent with value of the property, if any, as determined by PBLB plus “Transfer Costs” and “Transaction Fees”.

(b) Parcels that are capable of independent development shall be transferred for consideration in an amount not less than the “Property Costs”, “Transfer Closing Costs” and “Transaction Fees” as described above.

6.5 Additional Requirements.
(a) As a condition of transfer of an improved or unimproved parcel, the transferee must enter into an agreement that the parcel is not subject to sale, subdivision or partition within a five-year period following the date of the transfer.

(b) In the event that multiple 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.

(c) The improved or unimproved parcel must remain a separate parcel for assessment purposes so the PBLB may benefit from tax recapture going forward.