



# Summary of PA Land Banks Legislation

Act 153-2012 effective December 24, 2012 (HB1682) approved Oct. 25, 2012

Prepared by Irene McLaughlin

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68 Pa.C.S.A. §§ 2101 et al (2012)

## Defined terms (Section 2103)

- **“Land bank”** A public agency established in accordance with the provisions of this act.
- **“Land bank jurisdiction”** All counties, municipalities with populations of 10,000 or more, and consortiums of smaller municipalities where the total population is 10,000 or more may create a land bank.

## How land banks are created (Section 2104)

- Land banks can be created by:
  - ordinance of a land bank jurisdiction (subject to Home rule charter in Philadelphia)
  - intergovernmental cooperation agreement (ICA) between two or more land bank jurisdictions
  - ICA between a land bank jurisdiction and a municipality or municipalities that are not land bank jurisdictions.
- Intergovernmental cooperation agreements (ICAs) can also be used by school districts and municipalities that are not land bank jurisdictions to collaborate with land banks.
- Establishing ordinance must include:
  - Name of the land bank
  - Members, terms and qualifications of the initial board of directors
  - Method for community input
  - Policies regarding former owner-occupants in homes acquired by the land bank

## How a land bank is governed (Section 2105)

- The land bank has a board of directors of between 5 and 11 members (must be an odd number). The number may be adjusted in accordance with the bylaws.
- Board members serve with no compensation except for reimbursement of expenses.
- A board member may be a public officer (elected to municipal office) or a municipal employee.
- The board must include at least one voting member who is a community resident and is a member of a civic organization but who is not a public official or municipal employee.
- The board must adopt a regular meeting schedule; all meetings are open to the public (section 13).

## How a land bank is staffed (Section 21066)

- The land bank may hire employees.
- The land bank may contract for the use of municipal personnel.
- Land banks may staff municipal functions.

(See also Section 2107 (7), (8), (9), (12) and (18) and Section 2109(e) (2) for authority to enter into contracts.)

### **General powers of a land bank (Section 2107)**

“All powers necessary or appropriate to carry out and effectuate its purposes and provisions”, including the power to:

- adopt, amend and repeal bylaws
- sue and be sued (including court actions related to title clearing)
- adopt a seal
- borrow money for the operation and work of the land bank
- issue negotiable revenue bonds and notes (see also section 2112)
- procure insurance or government guarantees for financing
- make and execute contracts
- procure insurance against property losses
- invest money
- enter into contracts for management of, collection of rent from, or sale of, real property of the land bank
- design, develop, construct, demolish, reconstruct, rehabilitate, renovate, relocate and otherwise improve real property
- charge and collect rents, fees and charges for the use of real property of the land bank; charge fees for services provided by the land bank
- enter into a license, easement, lease, or option with respect to real property of the land bank
- enter into partnerships, joint ventures and other collaborative relationships with municipalities and other public and private entities for the ownership, management, development and disposition of real property
- manage the operations of the land bank
- do all other things necessary or convenient to achieve the objectives and purposes of the land bank or other laws that relate to the purposes and responsibility of the land bank

### **Acquisition and holding of property (Section 2109)**

- Real property or interests in real property can be acquired by
  - gift,
  - devise,
  - transfer,
  - exchange,
  - foreclosure,
  - purchase,
  - donation,
  - from municipalities,
  - from tax claim bureaus.
- A redevelopment authority (RA) may transfer properties to the land bank without a redevelopment contract if the properties were acquired by the RA prior to the effective date of the land bank law.
- Land bank real property and income and operations are exempt from state and local taxation; except, property that is continuously leased to a for-profit third party for more than five years at market value is taxed after the fifth year.
- Land banks shall maintain all of their real property in accordance with applicable laws and codes.
- Land banks may only acquire property within their jurisdiction, except by ICA.



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## Disposition of property (Section 2110)

- The land bank must create an inventory of its real property which is available to the public for inspection.
- A land bank may sell, transfer, lease, or mortgage any real property of the land bank. The amount and form of consideration is determined by the land bank and may include, among other things, money, secured financial obligations, and contractual commitments related to the present and future use of the property.
- Requirements applicable to disposition of real property by municipalities shall not be applicable to disposition of real property by land banks.
- The land bank jurisdiction may establish priorities for the reuse of real property it conveys, including but not limited to uses for:
  - purely public spaces and places;
  - affordable housing;
  - retail, commercial and industrial activities;
  - conservation areas.
- The land bank must consider all duly adopted land use plans.

## Financing land bank operations (Section 2111)

A land bank may receive funding in various forms such as:

- grants and loans from the municipalities creating the land bank, from the Commonwealth, from the federal government and from other public and private sources;
- payments for services rendered;
- rents and leasehold payments;
- consideration for disposition of real and personal property;
- proceeds of insurance coverage for losses incurred;
- income from investments;
- tax recapture by agreement with the taxing jurisdictions for not more than 50% of real property taxes collected for five years after transfer of property. School district taxes are included only if specifically agreed to by the school district.

## Borrowing and issuance of bonds (Section 2112)

- A land bank may issue tax exempt bonds in accordance with required procedures. Municipalities may, but are not required to, guarantee the bonds.
- Land bank bonds and the income they produce are exempt from state and local taxation.

## Other laws that govern land banks (Sections 2113 & 2115)

- Land banks are required to keep records of proceeding and are subject to open meetings, right to know, conflict of interests, and ethical standards laws.

### **Special powers of land banks**

- A land bank has power to discharge and extinguish real property tax liens and claims, subject to the approval of the school district for school taxes. (Section 2117)
- A land bank may file a court action to quiet title in an expedited procedure. Multiple parcels of real property may be joined in a single action to quiet title. (Section 2118)
- Land banks do not have the power of eminent domain (eminent domain is explicitly excluded). (Section 2108)

### **Dissolution of land bank** (Section 2114)

- A land bank may be dissolved by the land bank jurisdiction(s) in accordance with required procedures.
- All real property, personal property and other assets of the land bank shall become the assets of the municipality in which the property is located.
- If there is more than one land bank jurisdiction participating in the land bank, personal property, including financial assets, will be divided among them according to population.

### **Audits** (Section 2119)

- An audit of land bank income and expenses and a report on its activities will be submitted annually to the Department of Community and Economic Development and to the participating municipalities.

### **Land Banks and Delinquent Property Tax Enforcement** (Section 2117)

- Land banks may, by resolution of the land bank board, discharge tax claims and liens owed to municipal members of a land bank.
- The governing body of a school district must approve discharge of its tax claims and liens.
- Any taxes collected by the land bank must be paid to the appropriate taxing authority.
- Municipalities may assign tax claims and liens to the land bank.
- If a land bank acquires tax claims, it must adopt policies providing for repayment agreements for low-income owner-occupants.
- Procedures for foreclosing taxing bodies and land banks relating to the Real Estate Tax Sale Law, the Municipal Claims and Tax Lien Law and Second Class City Treasurer's Sale and Collection Act are provided.
- A foreclosing municipality and the land bank may enter an agreement for the land bank to purchase property at upset sale for the upset price if there is no higher bid. The land bank pays the costs of the sale.
- A foreclosing municipality and the land bank may enter an agreement for the land bank to purchase property at judicial sale; payment of the sales price by the land bank may be in non-monetary promises to perform in accordance with the agreement; land bank receives free and clear title.
- In Allegheny County, in order for a land bank to become purchaser for less than upset price or to pay the sales price by performance, there must be an agreement with a county, city, borough, incorporated town, township, school district or municipal authority whose claims comprise the upset price.
- The land bank must receive the deed within 30 days of confirmation or sale.
- Multiple parcels may be included in petition for a judicial sale.