

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 712 Session of 2009

INTRODUCED BY J. TAYLOR, PERZEL, GEIST, BEYER, DERMODY, FREEMAN,  
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K. SMITH, SWANGER, THOMAS, WALKO AND YUDICHAK, MARCH 4, 2009

REFERRED TO COMMITTEE ON URBAN AFFAIRS, MARCH 4, 2009

AN ACT

1 Providing for the creation of land banks for the conversion of  
2 vacant or tax-delinquent properties into productive use.

3 The General Assembly of the Commonwealth of Pennsylvania  
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Land Banks  
7 Authorities Act.

8 Section 2. Legislative findings and purpose.

9 The General Assembly finds and declares as follows:

10 (1) Pennsylvania's communities are important to the  
11 social and economic vitality of this Commonwealth. Whether  
12 rural, suburban or urban, many communities are struggling to  
13 cope with vacant or tax-delinquent properties.

14 (2) Citizens of this Commonwealth are affected adversely  
15 by vacant or tax-delinquent properties, including properties  
16 that have been vacated due to foreclosure brought about by  
17 the national foreclosure crisis.

1           (3) Substandard, deteriorating or vacant structures are  
2 a public safety threat and nuisance, and their blighting  
3 effect diminishes property values in the communities in which  
4 these properties are located.

5           (4) If these buildings remain vacant and further  
6 deteriorate, the result will be increased costs to the  
7 Commonwealth, municipalities and taxpayers to secure and  
8 ultimately demolish them.

9           (5) Providing a mechanism to transform vacant or tax-  
10 delinquent buildings into productive reuse is an opportunity  
11 for communities to modernize, revitalize and grow and to  
12 improve the quality of life for residents.

13           (6) Developers who wish to acquire vacant or tax-  
14 delinquent properties and return them to productive use  
15 confront a confusing array of agencies and entities that hold  
16 property and have unique disposition policies.

17           (7) Land banks provide for the acquisition, management  
18 and transferral of ownership of tax-foreclosed properties not  
19 reclaimed or redeveloped by market forces, and land banks  
20 facilitate the properties' productive reuse through sales and  
21 transfers to local government agencies, community development  
22 corporations, private developers and adjacent property  
23 owners.

24           (8) It is in the best interest of this Commonwealth to  
25 authorize the establishment of local land banks to provide an  
26 effective and efficient system for communities to convert  
27 vacant or tax-delinquent properties into community assets  
28 that are consistent with local plans for growth and  
29 development.

30 Section 3. Definitions.

1 The following words and phrases when used in this act shall  
2 have the meanings given to them in this section unless the  
3 context clearly indicates otherwise:

4 "Agreement." An agreement entered into by parties pursuant  
5 to this act.

6 "Authority." A land bank authority established pursuant to  
7 this act.

8 "Board of directors" or "board." The board of a land bank  
9 authority established in section 5.

10 "Municipality." A city of the first, second, second class A  
11 or third class, township of the first or second class, borough,  
12 incorporated town or county.

13 "Parties." The parties to an agreement, which may include a  
14 municipality, school district or taxing authority of the  
15 Commonwealth.

16 "Property." Real property, including any improvements  
17 thereon.

18 "Tax delinquent property." A property on which the taxes  
19 levied and assessed by any party remain in whole or in part  
20 unpaid on the date due.

21 "Vacant." A property that is not occupied legally.

22 Section 4. Land bank authorities.

23 (a) Establishment.--A municipality, school district or  
24 taxing authority may enter into an agreement to establish a land  
25 bank authority pursuant to this act or may act on its own to  
26 establish a land bank authority by charter.

27 (b) Powers.--An authority shall:

28 (1) Be a public body, corporate and politic with the  
29 power to sue and be sued, issue deeds in its name and any  
30 other powers necessary and proper to carry out these powers

1 or that may be granted to the authority by the parties.

2 (2) Have all powers assigned to it in the agreement or  
3 charter.

4 (3) Have the power to adopt, amend and repeal bylaws for  
5 the regulation of its affairs and the conduct of its  
6 business.

7 (4) Have the power to acquire vacant or tax-delinquent  
8 properties within the jurisdiction of the parties in order to  
9 foster the public purpose of returning property that is  
10 nontax producing to effective reuse in the provision of  
11 housing, business, industry or public purposes.

12 Section 5. Board of directors.

13 (a) Establishment.--An authority shall be governed by a  
14 board of directors comprised of one member appointed by each  
15 party to the agreement or charter. In the event that there are  
16 only two parties to the agreement, each party shall appoint two  
17 members so that the board has at least three members. In the  
18 event that a party acts on its own to establish an authority, it  
19 shall appoint at least three members to the board.

20 (b) Term of office.--Board members shall be appointed within  
21 30 days of the signing of the agreement or adoption of the  
22 charter. Each member shall serve at the pleasure of the  
23 respective appointing authority for a term of four years. No  
24 member may serve more than two consecutive terms.

25 (c) Qualifications.--Each board member shall be a resident  
26 or employee of its appointing party and shall have experience or  
27 education in urban planning, real estate, community development,  
28 finance, economic development or related areas.

29 (d) Vacancy.--If a board member vacancy occurs, the  
30 appointing party shall appoint a successor within 45 days of the

vacancy. A person appointed to fill a vacant board member position shall serve for the remainder of the unexpired term.

(e) Compensation.--Board members shall receive no compensation for services.

(f) Chairperson.--The board shall elect a chairperson from among its members. The chairperson shall execute all deeds, leases and contracts of the authority when authorized by the board.

(g) Meetings.--The board shall meet as specified in the agreement or charter, but not less than four times per year. The meetings of the authority shall be subject to the provision of 65 Pa.C.S. Ch. 7 (relating to open meetings).

(h) Quorum.--A majority of the board members shall constitute a quorum. An affirmative vote of the majority of the board members present shall be necessary for any action to be taken by the board.

(i) Staff.--The authority may employ its own staff or may utilize employees of the parties, as determined by the agreement or charter.

#### Section 6. Mailing list of interested entities.

Upon the establishment of an authority, the authority shall maintain a list of city, county or regional housing authorities, redevelopment authorities and community development corporations that have requested to be notified prior to any action by the authority to dispose of property in its inventory. An interested housing authority, redevelopment authority and community development corporation must provide the authority with the following information:

(1) Name of the organization.

(2) Postal or electronic address for the organization.

1           (3) The name and title of a contact person for the  
2       organization.

3       Section 7. Acquisition and management of property.

4       (a) General rule.--The acquisition of property by an  
5       authority shall not be governed or controlled by any  
6       regulations, ordinances or laws of the parties, unless  
7       specifically provided in the agreement or charter.

8       (b) Authority deemed to be successful bidder at tax sale.--

9           (1) If any party obtains a judgment against a tax-  
10       delinquent property within the county for the taxes, and to  
11       satisfy the judgment, the property is ordered sold at a tax  
12       sale, and if no person bids an amount equal to the full  
13       amount of all tax bills, interest and costs owing on the  
14       property at the sale, the authority shall be deemed to have  
15       bid the full amount of all tax bills, interest and costs due  
16       regardless of whether all parties of the authority are  
17       parties to the lawsuit.

18          (2) The authority shall not be required to make actual  
19       payment to the court for the amount deemed to have been bid.

20          (3) The court, notwithstanding any other provision of  
21       law, shall treat the amount deemed to have been bid as cash  
22       received. Upon proper motion by the authority, the court  
23       shall make a deed of the property to the authority. The title  
24       to the property shall be an absolute estate in fee simple,  
25       free and clear of all liens, claims and encumbrances.

26       (c) No accrual of taxes.--When a property is acquired by the  
27       authority, all State, county, city and school district taxes  
28       shall be extinguished and no taxes shall accrue while the  
29       property is owned by the authority.

30       (d) Title held by authority.--An authority shall hold in its

1 own name, for the benefit of the parties, all properties  
2 conveyed to it by the parties, all tax-delinquent properties  
3 acquired by it pursuant to this section and all properties  
4 otherwise acquired.

5 (e) Administration of properties.--An authority shall  
6 administer the properties acquired by it, as follows:

7 (1) All property acquired by the authority shall be  
8 inventoried and appraised and the inventory shall be  
9 maintained as a public record.

10 (2) The authority shall organize and classify the  
11 property on the basis of suitability for use.

12 (3) The authority shall maintain all property held by it  
13 in accordance with applicable laws and codes.

14 (4) The authority shall have the power to manage,  
15 maintain, protect, rent, lease, repair, insure, alter, sell,  
16 transfer, trade, exchange or otherwise dispose of any  
17 property on terms and conditions as determined by the board.

18 Section 8. Disposition of property.

19 (a) General rule.--The disposition of property by an  
20 authority shall not be governed or controlled by any regulations  
21 or laws of the parties, unless specifically provided in the  
22 agreement or charter.

23 (b) Prerequisites.--Before an authority may rent, lease,  
24 sell, transfer, trade, exchange or otherwise dispose of any  
25 property it shall establish:

26 (1) a price for rent or lease purposes;

27 (2) a purchase price for sale purposes; or

28 (3) the conditions for transfer, trade, exchange or  
29 other disposition of the property.

30 (c) Public notice.--

1           (1) An authority shall publish the information required  
2 pursuant to subsection (b) on a publicly available Internet  
3 website at least 30 days before any property may be disposed  
4 of from the inventory.

5           (2) The authority shall also notify by mail or  
6 electronic mail all entities on the mailing list established  
7 in section 6 of the authority's intent to dispose of a  
8 specified property and the established price to rent, lease  
9 or purchase the property or the conditions for transfer,  
10 trade, exchange or other disposition of the property.

11       (d) Restriction.--

12           (1) No property shall be acquired for investment  
13 purposes only and with no intent to use the property other  
14 than to transfer the property at a future date for monetary  
15 gain.

16           (2) The authority may, at its option, require a  
17 purchaser to enter into a written agreement to rehabilitate  
18 or otherwise develop the property and may specify the type of  
19 development and other terms, including the length of time  
20 allowed for development.

21       (e) Specific board member approval.--No property may be  
22 sold, transferred, traded, exchanged or otherwise disposed of,  
23 unless the transaction is approved by the board member appointed  
24 by the affected municipality in which the property is located.

25       (f) Distribution of sale proceeds.--At the time that an  
26 authority sells or otherwise disposes of property as part of its  
27 land bank program, the proceeds from the sale shall be  
28 distributed as follows:

29           (1) The party or parties bringing the action that  
30 resulted in the acquisition of the property by the authority



1 shall be reimbursed, to the extent proceeds are available,  
2 for all costs incurred.

3 (2) Any remaining proceeds shall be distributed to the  
4 parties in proportion to their respective tax bills as they  
5 existed just prior to the time the property was acquired by  
6 the authority.

7 (g) Amount of consideration.--Conveyance of a property may  
8 be for less than market value or for no consideration.

9 Section 9. Dissolution.

10 Upon the approval of the parties, the board, by a two-thirds  
11 vote, may provide for the dissolution of the authority. Upon the  
12 dissolution of the authority, any funds within its control shall  
13 be paid to any party under section 8(d) to satisfy any written  
14 agreement extended under this section. All remaining funds shall  
15 be transferred to the parties to the agreement or charter.

16 Section 10. Effective date.

17 This act shall take effect immediately.