

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1187 Session of
2010

INTRODUCED BY WILLIAMS, FERLO, TARTAGLIONE, LEACH, FARNESE,
BOSCOLA, COSTA, BROWNE, WARD AND WASHINGTON, FEBRUARY 8, 2010

REFERRED TO LOCAL GOVERNMENT, FEBRUARY 8, 2010

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.

18 (3) Substandard, deteriorating or vacant structures are

1 a public safety threat and nuisance, and their blighting
2 effect diminishes property values in the communities in which
3 these properties are located.

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

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

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

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

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

29 Section 3. Definitions.

30 The following words and phrases when used in this act shall

1 have the meanings given to them in this section unless the
2 context clearly indicates otherwise:

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

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

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

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

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

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

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

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

21 Section 4. Land bank authorities.

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

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

27 (1) Be a public body, corporate and politic with the
28 power to sue and be sued, issue deeds in its name and any
29 other powers necessary and proper to carry out these powers
30 or that may be granted to the authority by the parties.

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

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

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

11 Section 5. Board of directors.

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

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

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

28 (d) Vacancy.--If a board member vacancy occurs, the
29 appointing party shall appoint a successor within 45 days of the
30 vacancy. A person appointed to fill a vacant board member

1 position shall serve for the remainder of the unexpired term.

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

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

8 (g) Meetings.--The board shall meet as specified in the
9 agreement or charter, but not less than four times per year. The
10 meetings of the authority shall be subject to the provision of
11 65 Pa.C.S. Ch. 7 (relating to open meetings).

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

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

19 Section 6. Mailing list of interested entities.

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

28 (1) Name of the organization.

29 (2) Postal or electronic address for the organization.

30 (3) The name and title of a contact person for the

organization.

Section 7. Acquisition and management of property.

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

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

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

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

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

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

(d) Title held by authority.--An authority shall hold in its own name, for the benefit of the parties, all properties

1 conveyed to it by the parties, all tax-delinquent properties
2 acquired by it pursuant to this section and all properties
3 otherwise acquired.

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

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

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

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

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

17 Section 8. Disposition of property.

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

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

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

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

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

29 (c) Public notice.--

30 (1) An authority shall publish the information required

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

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

10 (d) Restriction.--

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

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

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

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

28 (1) The party or parties bringing the action that
29 resulted in the acquisition of the property by the authority
30 shall be reimbursed, to the extent proceeds are available,

for all costs incurred.

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

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

Section 9. Dissolution.

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

Section 10. Effective date.

This act shall take effect immediately.