

# **Johnstown Redevelopment Authority as a Land Bank Administrative Policies and Procedures for the City of Johnstown -Wide Land Bank**

These polies and procedures are a codification of all policies and procedures of the Johnstown Redevelopment Authority of as a Land Bank (hereinafter "JRALB").

## **Section 1. Role as a Public Body**

Public Entity. Whereas, In and by the provisions of Urban Redevelopment Law Act No. 385, approved the twenty-fourth day of May, Anno Domini one thousand nine hundred and forty-five, Pamphlet Laws 991, the Department of State is authorized and required to issue a Certificate of Incorporation evidencing the incorporation of a redevelopment authority under the provision of said act.

### **1.2 Governing Authority.**

AND whereas, the stipulations and conditions of said Act have been fully complied with by the Governing Body of the City of Johnstown, by the passage of a proper Ordinance finding and declaring that there is a need for a Redevelopment Authority.

Therefore, that subject to the Constitution of this Commonwealth, and under the authority of Act No. 385, approved the twenty-fourth day of May, one thousand nine hundred and forty-five, P.L. 991, I do by these presents, which I caused to be sealed with the Great Seal of the Commonwealth, declare and certify the creation, erection and incorporation of Redevelopment Authority of the City of Johnstown into a body politic and corporate in deed and in law by the name hereinbefore specified, now to become operative with authority to transact business.

Such corporation shall have and enjoy and shall be subject to all powers, duties, requirements, and restrictions, specified and enjoined in and by the above Act of Assembly and all other applicable laws of the Commonwealth.

**1.3 Purpose.** The purpose of JRALB will be 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 the JRALB**

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

- (a) Transfers from local governments or authorities;
- (b) Acquisitions by JRALB at tax foreclosures or mortgage foreclosures.
- (c) Donations from private entities;
- (d) Market purchases;
- (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 JRALB for future disposition to an undetermined end user; or 2) a “conduit transfer,” in which JRALB purchases a property for transfer to an identified end user. In determining which, if any, properties shall be acquired by JRALB, JRALB shall give consideration to the following factors:

- (a) Proposals and requests by Johnstown Redevelopment Authority.
- (b) Proposal and requests by member municipalities that identify specific properties for ultimate acquisition and redevelopment.
- (c) Proposals and requests by private and nonprofit corporations that identify specific properties for ultimate acquisition and redevelopment.
- (d) Proposals and requests by non-member governmental entities that identify specific properties for ultimate use and redevelopment.
- (e) Improved properties that are appropriate for demolition of the improvements.
- (f) Vacant properties that could be productive as part of a municipal revitalization or economic development program.
- (g) Properties that would be in support of strategic neighborhood stabilization and revitalization plans.
- (h) Properties that would form a part of a land assemblage development plan.
- (i) Properties that will generate operating resources for the functions of the JRALB.

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

If none of the following factors are met, the JRALB has the right to deny the project as a Land Bank project or any other JRALB supported or funded project.

**2.3 Process for Acquiring Properties.** A transaction agreement must be executed by JRALB and the grantor of the property except in those cases when JRALB acquires the property at a mortgage or tax foreclosure sale. Act 153 of 2012, Section 2117 (c) (3) provides that all of the following apply to judicial sales:

- (a) 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:
  - 1. A judicial sale is ordered pursuant to a judgment on a tax claim.
  - 2. The purchaser of the property is the land bank.
  - 3. The sales price is an amount agreed to by the land bank and the plaintiff in the claim.
  - 4. 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 the basis for the judgment.

5. The land bank, as purchaser at the sale, shall have an absolute title to the property sold, free and discharged of tax and municipal claims, liens, mortgages, ground rents, charges and estates.

In the case of conduit transfers such a transaction agreement will generally be in the form of an Agreement for Purchase and Redevelopment of Land prepared in accordance with these Policies. JRALB staff is authorized to create transaction agreements in the form and content as deemed by JRALB to be in the best interest of the JRALB, 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, JRALB staff is authorized to prepare an underwriting agreement that will:

- (a) Determine that the purchase is consistent with paragraph 2.2. above.
- (b) Determine if clear title can be conveyed by the transferor to the JRALB (see 2.4 below)
- (c) Determine if there are any environmental or structural issues that should be resolved prior to the purchase by JRALB (see paragraph 2.5 below).

If the property is not available for nominal consideration, determine a fair value of the property consistent with the policies in this document.

**2.4 Title Insurance.** In acquisitions of property by JRALB through transaction agreements the JRALB 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 JRALB subject to such outstanding title exceptions as are acceptable to JRALB in its sole discretion. In those circumstances when the title is not insurable, JRALB may elect to acquire the property with the intention of initiating a quiet title action.

**2.5 Environmental Concerns** JRALB reserves full and complete discretion to require in all transaction agreements that satisfactory evidence be provided to JRALB regarding the status of 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**

**Section 3.1 Community Improvement Purposes.** In transferring properties to organizations or individuals JRALB shall keep in mind community improvement purposes consistent with:

- (a) Neighborhood revitalization plans, especially borough downtown 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.

### **Section 3.2 Neighborhood and Community Development Considerations**

As indicated above, JRALB reserves the right to consider the impact of a property transfer on short- and long-term neighborhood and community development plans. In doing so, the JRALB may prioritize the following in any order in which it deems appropriate:

- (a) the preservation of existing stable and viable neighborhoods;
- (b) neighborhoods in which a proposed disposition will assist in halting a slowly occurring decline or deterioration;
- (c) neighborhoods which have recently experienced or are continuing to experience a rapid decline or deterioration;
- (d) geographic areas where market conditions are weak for the purposes of residential or commercial development;
- (e) increasing the tax base of Cambria County and creating opportunities for employment.

## **Section 4. Conveyance of Properties**

### **4.1 Definitions**

*“Property Costs”* shall be defined as the aggregate costs and expenses of the JRALB 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 JRALB allocable to the property.

*“Transfer Closing Costs”* shall be defined as all costs incurred by JRALB 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 JRALB 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 RACCLB, 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 JRALB 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 JRALB 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 lot transfers described in Section 6, the aggregate consideration for the transfer may, at the discretion of JRALB 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 JRALB plus all costs and fees.

**4.4 Transferee Qualifications.** All applicants seeking to enter into an Agreement for Purchase and Redevelopment of Land with JRALB will be required to provide as part of the application such information as may be requested by JRALB, 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 on other properties wherein the applicant has ownership.

**4.5 Reserved Discretion.** JRALB 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 JRALB;
- (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 JRALB;
- (e) ownership of properties that have any un-remediated citations(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 JRALB to third parties shall include such covenants, conditions and restrictions as the JRALB 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 JRALB. Such requirements may take the form of a Deed creating a defeasible fee or reversion, recorded restrictive covenants, subordinate financing being held by JRALB, contractual development agreements, or any combination thereof. JRALB 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 purchase price with a negotiated time frame to be determined by the Executive Director. Any extensions will be at the discretion of JRALB. This fee will be credited to the parcel price at closing. If closing does not occur, the fee is forfeited. RACCLB 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 JRALB pertaining to property transfers.

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

**4.9 Prescribed Process for Conveying Properties.** The process for conveying a property from the JRALB to another entity shall include a completed application from the proposed transferee and underwriting report prepared by the JRALB 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 JRALB Board. A Disposition Agreement shall be prepared by the JRALB staff that includes terms and conditions for the reuse of the property as well as 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 JRALB 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 sales 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 JRALB. To this end, if feasible, JRALB may offer to lease the premises to the prior owner-occupant at fair market value for a period not less than 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 Transfers.** Improved or unimproved parcels may be acquired by JRALB 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 JRALB.

**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 unremediated 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 JRALB consistent with value of the property, if any, as determined by JRALB 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.**

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.

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 divided and transferred among the interested contiguous property owners; the cost of the subdivision shall be borne by the property owners.

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

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