

**Gadsden Land Bank Authority
Administrative Policies and Procedures**

**As Approved and Adopted by the Board of Directors
On May 10, 2017, and as Amended on August 10, 2023**

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SECTION 1. ROLE AS A PUBLIC AUTHORITY

1.1 Public Authority. The Gadsden Land Bank Authority (“GLBA”) is a public entity authorized by State law and created pursuant to Resolution No. R-315-14 of the City of Gadsden. It is governed by a Board of Directors (the “Board”) appointed by the City Council of the City of Gadsden.

1.2 Governing Authority. The core governing documents of the GLBA are the applicable State law, set forth in Chapter 9 of Title 24 of the Code of Alabama, (1975), the Articles of Incorporation, and the Bylaws.

1.3 Purpose. The Gadsden Land Bank Authority’s (“GLBA”) purpose is to convey marketable property that has a title, free and clear of any outstanding liens, to a new owner who will redevelop these properties. These abandoned properties impede economic and residential development and revitalization of distressed neighborhoods. In most cases, these properties are tax-delinquent and have been abandoned by the owner of record because the amount due in back taxes exceeds the value of the property.

The GLBA is established to acquire the tax-delinquent properties, surplus properties of the local government, and other properties located within the City of Gadsden in order to foster the public purpose of returning land which is in a non-revenue generating, nontax-producing status to an effective utilization status in order to remove blight, provide housing, and stabilize neighborhoods for the citizens of the City.

SECTION 2. APPLICATION AND PURCHASE AGREEMENT

GLBA intends to work with Applicants who wish to acquire and improve abandoned, tax-delinquent property. GLBA intends to pursue properties in concert with potential Applicants through both an Application and a Purchase Agreement with GLBA.

2.1 ELIGIBLE APPLICANT. An applicant for any GLBA property may be an individual, developer, non-profit corporation, for-profit corporation, or other suitable entity. Applicants for any qualifying, tax-delinquent parcels must meet the following threshold requirements in order to obtain an eligible Property:

- Applicants may not own any real property within the City of Gadsden, Etowah County or the State of Alabama that is tax delinquent.
- Applicants must not have been the prior owner of any real property in the City of Gadsden that was transferred to the State of Alabama as a result of tax delinquency.
- Applicants may not own any real property within the City of Gadsden that has any unresolved citation or violation of any local codes and/or ordinances.

2.2 APPLICATION, PURCHASE AGREEMENT, AND CLOSING. Under the terms of these agreements, the Applicant must agree to the following:

- 1) purchase the Property for the agreed upon purchase price;
- 2) assume immediate ownership of the Property following the conclusion of the Quiet Title Action; and,
- 3) to demolish, rehabilitate and/or develop the Property within a certain time period upon receipt of the Property.

In exchange, GLBA will proceed with the Quiet Title Process. This Quiet Title Action will erase all outstanding liens (including tax and municipal liens) against the Property and foreclose on any prior owner's ability to redeem the Property. At the conclusion of the Quiet Title Action, the Applicant will receive unencumbered title to the Property. Applicant's failure to comply with the terms of the Agreements may result in the Property returning to the GLBA.

Once the GLBA accepts and approves the Applicant's Application, the Applicant must be ready and willing to enter into a Purchase Agreement. The Purchase Agreement will specify the following:

- 1) the Applicant's future plans for the Property;
- 2) the Purchase Price (including down payment); and
- 3) a deadline for substantial completion of the project.

The GLBA will file the Quiet Title Action once the Purchase Agreement has been executed. The GLBA reserves the right on a case-by-case basis, where justified by public need and welfare, to quiet title to parcels prior to execution of such agreements. The Quiet Title Action may take two to four months. Upon the receipt of an Order of Judgment in the Quiet Title Action, the GLBA will expect the Applicant to sign an immediate Purchase Agreement for the Property and close on the Property. The Applicant shall assume immediate possession of the Property.

2.3 POLICIES AND REQUIREMENTS TO BE INCORPORATED INTO ALL AGREEMENTS. The following policies and requirements will be incorporated into all Application and Purchase Agreements. Please note, the statements below present the general policies and requirements of the GLBA program, whereas an Agreement between an Applicant and GLBA will tailor the policies and requirements to that project.

1) *PUBLIC PURPOSE REQUIREMENT.* In order for the Land Bank to convey property to an Applicant, the future use of the property must promote a public purpose or bestow a benefit on the community. All proposals for and the subsequent transfer of tax-delinquent property must stipulate that the development or redevelopment of the property conforms to one of the following public purposes:

- Blight remediation;
- Creation of affordable housing;
- Creation of employment opportunities;
- Neighborhood stabilization and revitalization;
- Historic preservation;
- Increase the tax rolls;
- Community improvement or beautification.

2) *FUTURE USE.* A narrative description of the future use of the property is required. The proposed use must be consistent with current zoning requirements, or a waiver for non-conforming use is a condition precedent to the transfer.

3) *CODE ENFORCEMENT.* If a building code or ordinance violation exists with respect to the Property, the elimination or correction of such violations must occur within 45 days upon. Failure to remedy said violations within 60 days may result in the Property reverting to the GLBA or further enforcement actions by the City of Gadsden

4) *DEADLINES FOR SUBSTANTIAL COMPLETION.*

a. *For Demolition Only.*

The demolition of blighted structures and debris removal must be completed within 45 days upon receipt of the property.

b. *Redevelopment Projects.*

1. All new residential development projects must be started and substantially complete within a 24- month time period, unless otherwise negotiated with the GLBA Board.
2. Commercial redevelopment projects will be started and completed within a time frame negotiated with the GLBA Board.

c. *Rehabilitation:*

The rehabilitation of residential structures on improved Property must substantially comply with the City of Gadsden Building Code within 24 months following the conveyance of the property.

5) *HISTORIC NEIGHBORHOODS.* Projects involving the rehabilitation of historic properties and/or the redevelopment of vacant parcels located in National Register Historic Districts or neighborhoods potentially eligible for the National Register of Historic Places may be subject to review and approval by the appropriate Review Board.

6) *TAXES AND LIENS.* Applicants must agree to pay future property taxes from time of conveyance. The Applicant will not be required to pay any back taxes or outstanding liens.

7) *DEED RESTRICTIONS AND PROPERTY FORFEITURE.* Transactions shall be structured in a manner that permits GLBA to enforce recorded covenants or conditions upon title in order to encourage development within a specified period of time. Adequate completion shall be a condition to the release of deed restrictions or lien securing such performance. Failure to complete a project within the agreed-upon deadline may result in the property returning to the GLBA.

SECTION 3. ACQUISITION OF REAL PROPERTY.

3.1 Land Banking Policies Governing the Acquisition of Properties. The GLBA is willing to receive title to properties from third parties. The receipt by the GLBA of any and all conveyances of real property shall at all times be solely within the discretion of the GLBA.

All conveyances received by the GLBA in its land banking capacity must comply with the requirements set forth below, and will be reviewed and considered by the GLBA Board. If the transfer is approved by GLBA, they shall hold the subject property, and may use or convey the subject property or any interest in the subject project.

Following the transfer of any properties to the GLBA in accordance with this policy, the GLBA shall have the right, but not the obligation, to maintain, repair, demolish, clean, and grade the subject property and perform any and all other tasks and services with respect to the subject property as the GLBA may deem necessary and appropriate in its sole discretion.

In determining which, if any, properties will be acquired by the GLBA, the GLBA will consider the following factors:

- The current status of the property and whether it is blighted, the subject of an existing nuisance citation and/or meets the criteria for demolition improvements;
- The proposed use of the property;
- Proposals and requests by nonprofit corporations that identify specific properties for ultimate acquisition and redevelopment;
- Proposals and requests by governmental entities that identify specific properties for ultimate use and redevelopment;
- Residential properties that are occupied or are available for immediate occupancy without need for substantial rehabilitation;
- Improved properties that are the subject of an existing order for demolition of the improvements and properties that meet the criteria for demolition of improvements;
- Vacant properties that could be placed into a Side Lot Disposition Program;
- Properties that would be in support of strategic neighborhood stabilization and revitalization plans;
- Properties that would form a part of a land assemblage development plan;
- Properties that will generate operating resources for the functions of the GLBA;
- Properties that are currently affordable, but at risk of losing affordability and properties that lend themselves to affordable housing development

3.2 Property Inventory. GLBA will maintain an inventory of eligible properties on its website. In addition to the website, Properties will be posted with signs stating that they are "GLBA Eligible." In some instances, Properties may be posted with a sign seeking proposals for redevelopment of the Property.

3.3 Sources of Property Inventory. Sources of real property inventory of the GLBA include but are not limited to the following:

- (a) transfers from local governments,
- (b) acquisitions by the GLBA from the Alabama Department of Revenue,
- (c) donations from private entities,
- (d) market purchases, and
- (e) conduit transfers contemplating the simultaneous acquisition and disposition of property.

3.4 Acquisitions through Delinquent Tax Enforcement Proceedings. The GLBA may acquire properties through the delinquent tax enforcement process including, but not limited to acquisitions at annual tax sales, or subsequent to such sales as authorized by law.

GLBA may acquire any tax-delinquent real property, provided the property:

- 1) has been abandoned;
- 2) tax-delinquent for three years or more;
- 3) a tax deed can be obtained from the State of Alabama
- 4) and the subsequent transfer of the property does not conflict with any future governmental uses for the property.

3.5 Requirements for Conveyances to the GLBA.

- The subject property must not be occupied.

- The subject property must be located in Gadsden, Etowah County, Alabama.
- The subject property must, as of the date of the transfer to the GLBA, be free of any and all liens for ad valorem taxes, special assessments, and other encumbrances in favor of local, state or federal government entities.
- The subject property must, as of the date of the transfer to the GLBA, be free of all outstanding mortgages and security instruments
- Any exception to the policies governing conveyances shall be taken to the governing body of the GLBA Board for consideration and approval.
- Properties with adverse environmental conditions will not be accepted without a satisfactory funded plan for remediation approved by the GLBA.
- GLBA Board Properties with immediate maintenance requirements will not be accepted without a funding source secured for such maintenance.
- The GLBA Board will not determine the value of the donated property for the purpose of tax benefits, but will provide a letter describing the property donated.

3.6 Transaction Agreements. In all cases involving conduit transfers and land banking agreements, a transaction agreement must be approved in advance and executed by the GLBA and the grantor of the property. In the case of conduit transfers, such a transaction agreement will generally be in the form of an Acquisition and Disposition Agreement prepared and application is in accordance with these Policies. Transaction agreements will generally be prepared and in accordance with these Policies. These transaction agreements shall be in form and content as deemed by the GLBA to be in the best interest of the GLBA, 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.

3.7 Title Assurance. In all acquisitions of property by the GLBA through transaction agreements, the GLBA generally requires a certificate of title based upon a full title examination.

3.8 Environmental Concerns. The GLBA reserves full and complete discretion to require in all transaction agreements that satisfactory evidence be provided to the GLBA that the property is not subject to environmental contamination as defined by federal or state law. The GLBA may require environmental releases or indemnity on a case by case basis.

SECTION 4. DISPOSITION OF PROPERTY

The disposition of any given parcel will be based upon the board's assessment of the most efficient and effective way to execute the mission of the land bank. The GLBA board shall use the following priorities and criteria to award the property for the best and highest use.

4.1 Application Process.

Applicants who wish to access property must submit an Application. Application forms are available on the GLBA website. A GLBA application will include the following:

- 1) project description;
- 2) rehabilitation specifications and/or new construction plans;
- 3) timeline for substantial completion;
- 4) development budget;
- 5) proof of project financing (must include financial disclosure for the Developer and/or any partners);
- 6) marketing plan (for Commercial Property);

7) evidence of compliance with all applicable GLBA policies.

In the application, the Applicant must be able to demonstrate the financial capacity to pay the purchase cost, future tax assessments, and costs associated with the removal of any outstanding enforcement actions, and the ability to undertake the proposed development.

4.2 Applications for Residential Property. The GLBA will make an application available for tax-delinquent, abandoned properties which are eligible in strategic, identified neighborhoods.

- residential redevelopment, both affordable housing and market rate;
- side lot acquisitions GLBA will review submitted applications and the property will be awarded to the most qualified applicant.

4.3 Applications for Commercial Property. GLBA is particularly focused on areas where multiple parcels may be assembled and transferred for commercial, multi-family or industrial redevelopment.

GLBA will seek qualified Developers to apply for and redevelop qualifying properties. GLBA will publish the application via the GLBA website.

GLBA will review submitted applications and the property will be awarded to the most qualified applicant/bidder.

The prospective buyer must submit the following documents to the GLBA

- (1) List of property address(es)
- (2) Project Description
- (3) Development Team Description, including complete information on the following parties:
 - (a) Developer:
 - (b) Co-developer/Partner:
 - (c) Owner:
 - (d) General Contractor:
 - (e) Consultants:
 - (f) Architect:
 - (g) Project Manager (during construction):
 - (h) Lead Construction Lender:
 - (i) Marketing Agent: (j) Project Management (post-construction):
- (4) Market Information / Plan
- (5) Project Financing
- (6) Development Budget
- (7) Operating Budget
- (8) Income documentation
- (9) List of Potential Tenants and pre-lease agreements
- (10) Evidence of compliance with all applicable Land Bank policies

4.4 Priorities for Use of Property.

- Plans and projects supported by the City of Gadsden;
- Quality affordable housing including the preservation, production or rehabilitation of housing for persons with low or moderate income;

- Economic development including use and development of property that promotes job creation and generates revenue
- Land assemblage economic development projects;
- Return of the property to productive taxpaying status
- Homeownership
- Public infrastructure
- Neighborhood revitalization
- Development of public green space (parks and gardens) including preservation and re-use of land for environmental conservation
- Historic preservation
- Retail and commercial development

4.5 Priorities as to the Nature of the Transferee.

- Individuals who own and occupy residential property
- Qualified Residential Builders
- Landlords or qualified real estate investors (unless the landlord has any judgments against them during the past five years regarding a landlord/tenant issue)
- Businesses who own commercial property for purposes of the Side Lot Disposition.
- Businesses that will own and occupy commercial property
- Individuals who own and occupy residential property for purposes of the Side Lot Disposition Program.
- Non-profit or tax-exempt institutions such as academic, social service and religious
- Qualified non-profit corporations that will hold title to the property on a long-term basis (primarily rental properties) or hold title to the property for purposes of subsequent redevelopment and re-conveyance to private third parties for homeownership.
- Individuals who meet the required criteria and who wish to acquire property for owner occupied housing.
- Non-profit or for-profit entities seeking to obtain the land for neighborhood revitalization, affordable housing, economic development, or conservation purposes.

4.6 Priorities Concerning Neighborhood and Community Development.

- The preservation of existing stable and viable neighborhoods
- Neighborhoods in which a proposed disposition will assist in halting slowly occurring decline or deterioration
- Neighborhoods which have recently experienced or are continuing to experience a rapid decline or deterioration.

4.7 Land Transfer Policies

- The transferee must not own any real property that: a) has any un-remediated citation or violation of the state and local codes and ordinances; b) is tax delinquent; c) was transferred to the State of Alabama as a result of tax foreclosure proceedings.

- All tax incentives and financing necessary for the development to be completed must be committed for the development prescribed in the development agreement prior to actual disposition.
- The Land Bank may consider alternative financing options as a method of disposition in any transactions.
- Options to purchase real estate may be available for a specified percentage of the purchase price with a negotiated time frame to be determined by the GLBA Board. This fee will be credited to the parcel price at closing. If closing does not occur, the fee is forfeited. All option agreements are subject to all policies and procedures of GLBA pertaining to property transfers.
- A precise narrative description of future use of the property is required. The future use must be in-line with local development plans.
- The proposed use must be consistent with current zoning requirements or a waiver for non-conforming use is a condition precedent to the transfer.
- Transactions shall be structured in a manner that permits the Land Bank to enforce recorded covenants or conditions upon title pertaining to development and use of the property for a specified period of time. Such restrictions may be enforced, in certain cases, through reliance on subordinate financing held by the Land Bank.
- The transferee must agree to pay future property taxes from time of transfer.
- The subject property must not have been used by the transferee or a family member of the transferee as his or her personal residence at any time preceding the submission of application (except in rental cases).
- Any non-local residents or entities may acquire Land Bank property only with an enforceable plan to place the property into immediate productive use (meaning the property is to be occupied immediately or with the immediate commencement of some form of development project that fits the stated mission of the Land Bank). This applies to all real property.
- Any exception to the policies governing disposition shall be taken to the governing body of the Land Bank for consideration

4.8 Purchase Price

- Property shall be conveyed to the Transferee for an amount not less than either the Fair Market Value or the Property Costs incurred by GLBA to affect the transfer.
- Property Costs shall mean the aggregate costs and expenses, attributable to the specific Property, incurred by the GLBA during the Property's acquisition and transfer. As such, Property Costs shall include any prorated staff salaries, legal expenses, maintenance, repair, demolition, marketing and indirect costs of the operations of the Land Bank allocable to the property.
- The Fair Market Value of the Property shall be determined by either a market analysis of comparable, adjacent properties, information from the tax assessor, or an appraisal from an independent, licensed appraiser.

- The Purchase Price shall be determined by the GLBA in its sole discretion. In some instances, the amount due may be above the Fair Market Value, between the Fair Market Value and the Property Costs, or less than the Property Costs.
- In most instances, Commercial Property shall be conveyed for an amount not less than the Fair Market Value of the Property.
- Non-profit entities acquiring property for the development, operation or maintenance of affordable housing or community improvements may do so with the lesser of either the FMV or property cost. In the event, there are competing Non-profit entities interested in the same Property; the price may be established by the highest bidder.
- In the event the Property is (or could potentially be) the subject of nuisance proceedings under City of Gadsden Code of Ordinances, the Land Bank may transfer the Property for Property Costs or Less in order to facilitate blight removal.
- If there are competing parties interested in acquiring the Property, the Property will be transferred to the most qualified bidder pursuant the application process for redevelopment of the Property at issue.

4.9 Reserved Discretion. The GLBA reserves full and complete discretion to decline applications and proposed transaction agreements from individuals and entities. Relevant criteria in such a decision may include, but are not limited to the following:

- a. Failure to perform in prior transactions with the GLBA;
- b. Prior or current ownership of properties that became delinquent in ad valorem tax payments and remain delinquent in ad valorem tax payments during their ownership;
- c. parties that are barred from transactions with local governments;
- d. Parties that are unable to demonstrate sufficient experience and capacity to perform in accordance with the GLBA;
- e. Ownership of properties that have any un-remedied citation for violation of federal, state, and local codes, ordinances and regulations;
- f. Application for properties that have been used by the applicant of a family member of the applicant as his or her personal residence at any time during the twelve (12) months immediately preceding the submission of application; and
- g. Prospective transferee/developer has a person or professional affiliation with the former owner of the property, which would allow the former owner to benefit from the abatement of delinquent real estate taxes.

SECTION 5. SIDE LOT DISPOSITION PROGRAM

5.1 Side Lot Transfers. Individual parcels of property or the tax deeds to individual parcels of property may be acquired by the GLBA and transferred to individuals in accordance with the following policies. The transfer of any given parcel or property in the Side Lot Disposition Program is subject to override by higher priorities established by the GLBA.

5.2 Qualified Properties. Parcels of property or the tax deeds to parcels of property eligible for inclusion in the Side Lot Disposition Program shall meet the following minimum criteria:

- a. The property shall be vacant unimproved real property;
- b. The property shall consist of no more than one lot capable of development. Initial priority shall be given to the disposition of properties of insufficient size to permit independent development.
- c. The property shall be physically contiguous to the owner-occupied residential property, sharing at least 50% of the common boundary line at the side or rear.
- d. No more than one lot may be transferred per contiguous lot.

5.3 Side Lot Transferees.

- a. All Transferees must own the contiguous property and priority will be given to Transferees who personally occupy the contiguous property.
- b. The Transferee must not own any real property (including both the contiguous lot and all other property in the City of Gadsden) that is subject to any unremedied citation of violation of the state and local codes and ordinances.
- c. The Transferee must not own any real property (including both the contiguous lot and all other property in the City) that is tax delinquent.
- d. The Transferee must not have been the prior owner of any tax-delinquent property or any real property in the City that was transferred to a local government as a result of foreclosure proceedings unless the GLBA approves the anticipated disposition prior to the effective date of completion of such tax foreclosure proceedings.

5.4 Pricing.

Parcels shall be transferred for consideration in an amount not less than the Property Costs incurred by GLBA to affect the transfer.

5.5 Interest from Multiple Parties.

- a. In the event that multiple adjacent property owners desire to acquire the same side lot, and they meet the transferee qualifications, priority will be given to the owner with the highest percentage of common boundary line.
- b. If the percentage of the common boundary line is equal, the lot will be transferred to the highest bidder or divided and transferred equally among the interested contiguous property owners.

5.6 Side Lot Disposition Procedures.

The prospective transferee must submit an Application to the GLBA Board including:

- A narrative description of the intended use of the Property
- A site plan detailing any improvements, including location of fence, driveways or walks
- Picture identification
- Proof of funds necessary to purchase property
- Evidence of compliance with all GLBA Side Lot Disposition Policies

Within 45 days of receiving a complete request packet, the GLBA Board will send a notice of intent to either 1) proceed with the Quiet Title Action against the Property, or 2) state a reason for the inability to proceed.