

The JONESBORO LAND BANK COMMISSION

LAND BANK REDEVELOPMENT PLAN:
PRIORITIES AND POLICIES
FOR
PROPERTY ACQUISITION AND DISPOSITION

As approved by City Council on:

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The acquisition and disposition of properties acquired by the Jonesboro Land Bank Commission (the "Commission") shall be guided by following these basic Priorities and Policies. These Priorities and Policies also establish procedures for City staff (the "Staff") to administer applications for acquisition and disposition of Commission properties. Any applicant who applies for acquisition of Commission property and has their application denied by Staff may appeal the denial to the Commission by submitting, within thirty (30) days of notice from Staff to the applicant of the denial of their application, a letter stating their desire to appeal Staffs decision to the Commission.

The acquisition, use, and disposition of such properties shall at all times be consistent with the authority granted by the Constitution of Arkansas, the laws of the State of Arkansas, ORD-17:083, the bylaws of the Commission, and the public purposes set forth therein. If there is any conflict between ORD-17:083, the bylaws of the Commission and these Priorities and Policies then these Priorities and Policies shall be interpreted in such a way that they do not limit or restrict the authority of the Commission. These Policies and Procedures are guidelines to be followed by City Staff.

1. Policies Governing the Acquisition of Properties

In determining which, if any, properties shall be acquired by the Commission, the Commission shall give priority to properties located in focus neighborhoods, as determined by the Commission, and shall give consideration to the following factors:

1. Proposals and requests by nonprofit corporations that identify specific properties for ultimate acquisition and redevelopment.
2. Properties that are subject to a City lien for code violations, and can be foreclosed on by the City.
3. Proposals and requests by governmental entities that identify specific properties for ultimate use and redevelopment.
4. Proposals and request by private developers that identify specific properties for acquisition and redevelopment.
5. Input from citizens and neighborhoods.
6. Properties that are considered vacant and abandoned property.
7. Properties that are delinquent on their ad-valorem real property taxes.
8. Properties that are environmentally contaminated where funds have been secured for the cleanup and reuse of the property.
9. Properties that are available through donation by a private owner.
10. Properties that are bank-foreclosed.
11. Properties that would allow for the creation or expansion of green space.
12. 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.

13. Non-conforming, undevelopable vacant properties for which the best use would be to place the property into the Side lot Disposition Program.
14. Properties that would form a part of a contiguous or scattered land assemblage development plan.
15. Properties that will result in planned development that benefits the community.

2. Priorities Concerning the Disposition of Properties

The disposition of properties shall be based upon a combination of three factors. The first factor involves the intended or planned use of the property. The second factor considers the nature and identity of the transferee of the property. The third factor addresses the impact of the property transfer on the short-and long-term neighborhood and community development plans. The priorities in each factor are not in any particular rank or order.

The disposition of any given parcel will be based upon an assessment of the most efficient and effective way to maximize the benefit to the community. The Commission and Staff shall at all times retain flexibility in evaluating the appropriate balancing of the priorities for the use of property, priorities as to the nature of the transferee of properties, and priorities concerning neighborhood and community development.

Priorities for Use of Property

1. Develop affordable housing
2. Support homeownership
3. Market rate housing development
4. Social service providers
5. Side lots
6. Development of public green space (parks and gardens)
7. Retail and commercial development
8. Multi-family rental development
9. Tax-exempt institutions
10. Development of rental housing
11. Public uses and buildings
12. Planned Unit Development (ownership)
13. Historic preservation

Priorities as to the Nature of the Transferee

1. Individual homeowners
2. Non-profit developers
3. Educational institutions
4. Government
5. Tax-exempt institutions
6. For-profit residential developers
7. Multi-lot developer
8. Corporations, business, retail, etc.
9. Side lot candidates

3. Factors in Determining Consideration due Upon Transfers

The following factors shall constitute general guidelines for determination of the consideration to be received by the Commission for the transfer of properties. In each and every transfer of real property, the Commission shall require good and valuable consideration in an amount determined by the Commission in its sole discretion on a case-by-case basis, but subject to the minimum price stated below. The Commission will consider both the fair market value of the property and the property costs in its determination of consideration for each property. "Property Costs" shall mean the aggregate costs and expenses of the Commission 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 the Commission allocable to the property.

- 1) Consideration shall be established at a level between the Property Costs and fair market value of the property.
- 2) The consideration to be provided by the transferee to the Commission 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. At no time shall property be conveyed for less than \$1,000 or as determined by the commission.

4. Side Lot Disposition Program

Individual parcels of property may be acquired by the Commission and transferred to individuals in accordance with the following policies. The transfer of any given parcel of property in the Side Lot Disposition Program is subject to override by higher priorities as established by the Commission on a case-by-case basis.

A. Side Lot Disposition Policies

1. Qualified Residential Properties. Parcels of property eligible for inclusion in the Side Lot Disposition Program shall meet the following minimum criteria (a "Side Lot"):

- (a) The property shall be vacant unimproved real property.
- (b) The property shall be physically contiguous on one side lot line to another owned by transferee (left or right).
- (c) The Side Lot property shall have characteristics which make redevelopment as single family housing unfeasible (such as lot size or topography).
- (d) No more than one lot may be transferred per contiguous lot.
- (e) Intended use for lot is disclosed.
- (f) The transfer shall include a deed restriction requiring the use of the property to be consistent with the stated use.

2. Transferees

- (a) All transferees must hold title and occupy the contiguous property.
- (b) The transferee must not own any real property (including both the contiguous lot and all other property in Jonesboro) that is subject to any unremediated citation of violation of the State or local codes and ordinances.
- (c) The transferee must not own any real property (including both the contiguous lot and all other property in Jonesboro) that is tax delinquent.
- (d) The transferee shall not have been the prior owner of any real property that has been forfeited for unpaid taxes within the past 3 years, as an individual or an entity, without prior approval of the JBC Board at its sole discretion.

3. Pricing

- (a) Properties sold as a side lot to an adjacent owner shall be priced at not less than \$1,000 plus any applicable fees.

4. Additional Requirements

- (a) In the event that multiple adjacent property owners desire to acquire the same side lot, the lot shall be transferred to the highest bidder for the property, based on sealed bids, open publicly, at a stated time and place.

5. Land Transfers

A. Land Transfer Policies

These policies pertain to transfers whose future use is residential or commercial. At time of transfer the property may be vacant, improved or ready to occupy.

- 1 The transferee must not own any real property that has any unremediated citation of

violation of the State or local codes and ordinances.

- 2 The transferee must not own any real property that is tax delinquent
- 3 The transferee shall not have forfeited title to property due to nonpayment of taxes within the past 3 years, as an individual or as an entity, without prior approval of the Commission in its sole discretion.
- 4 Transactions shall be structured in a manner that permits the City of Jonesboro to enforce recorded covenants or conditions upon title pertaining to development and use of the property for a specified period of time.
- 5 The proposed use must be consistent with current zoning requirements. The Commission may grant an applicant permission to seek rezoning from the Metropolitan Area Planning Commission (MAPC).
- 6 Where rehabilitation or development of a property by the transferee is a condition of the transfer, the requirement for such development or rehabilitation shall be in accordance with the transfer agreement and adequate completion of such development or rehabilitation shall be a condition to the release of restrictions or lien securing such performance.
- 7 The Commission may grant an option to purchase property to a potential transferee. Options to purchase more than 3 properties by a single purchaser within one calendar year must be approved by the Commission.
- 8 The proposed use of the property must comply with any neighborhood redevelopment plan adopted by the City of Jonesboro that applies to the property.
- 9 To the extent possible, the proposed purchaser shall provide evidence that they have consulted with any neighborhood organization in the area and solicited comment on the planned use of the property.
- 10 All applicants must be residents of the City of Jonesboro or have a principle place of business in the City of Jonesboro. If the applicant does not meet this requirement, applicant may make an application to the Commission to seek an exception.
- 11 The purchaser of any property from the Commission must also comply with any applicable restrictions on the use of the property resulting from federal, state, or local programs in which the City participates (e.g. Community Development Block Grants).

6. Donations

A. Donated Property Policies

- 1 Properties with adverse environmental conditions will not be accepted without a satisfactory, funded plan for remediation approved by the Commission which meets the

standards set by the Arkansas Department of Environmental Quality (ADEQ).

- 2 Properties with immediate maintenance requirements will not be accepted without a funding source secured for such maintenance.
- 3 The Commission will not determine donation value for the purpose of tax benefits, but will provide a letter describing the property donated.
- 4 The Commission shall have the right to refuse to accept any property offered for donation.

B. Donated Property Procedures

- 1 Donor of property, if requested, will place the deed to property in escrow while Commission determines the feasibility of accepting ownership of the property.
- 2 Staff will complete a comprehensive analysis of the property to be donated which will include the following information:
 - a. Determine the fair market value of the property.
 - b. Determine if there are any environmental concerns.
 - c. Determine if there are any outstanding liens or title issues (title search).
 - d. Determine the initial maintenance cost (boarding, demolition, mowing, etc...)
 - e. Determine any on-going maintenance costs.
 - f. Determine the condition of the surrounding neighborhood.
- 3 Staff will present the report to the full Commission for approval.

Appendix A

Land Bank Definitions

DISCLAIMER: These definitions are for information purposes only and are not for the purpose of providing legal advice. These definitions have been provided solely for the purpose of providing information about commonly used real estate and land use terms.

A

Acceptance: The written approval of the Buyer's offer by the Seller.

Affordable Housing: The generally accepted definition of affordability is for a household to pay no more than 30 percent of its annual income on housing. Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

Appraisal: A document from a certified appraiser that gives an estimate of a property's fair market value based on the sales of comparable homes in the area and the features of a property.

Appraised Value: An estimation of the current market value of a property.

Appraiser: A qualified individual who uses his or her experience and knowledge to prepare an appraisal estimate.

Assessed Value: The value that the County Assessor places on any asset to determine property tax amount.

Assessor: The government official who is responsible for determining the value of a property for the purpose of taxation.

B

Borrower: The person who has received a loan and is then obligated to repay the loan according to the loan terms.

Building Code: The regulations governing the required safety standards, construction and rehabilitation of buildings.

C

Community Housing Development Organization: A non-profit, community-based organization whose primary purpose is to develop affordable housing.

Clear Title: A property title that has no defects, liens, or encumbrances.

Commercial building: A building constructed for business, industrial or public purposes.

Community Development Block Grant Program (CDBG): A Federal grant program that provides grant funds to local and State governments to be used to develop affordable housing for low to moderate income residents.

Construction Loan: A loan to finance the cost of building a new home. The lender disburses the loan amounts over a short period of time to cover expenses, such as materials, suppliers and contractors.

Credit Counseling: Education of how to improve poor credit and how to avoid generating more debt than can be repaid.

Credit Score: The score calculated by using a person's credit report to determine the likelihood of a loan being repaid on time. Scores can range from about 360 (poor credit) to 840 (excellent credit).

D

Deed: A document that legally transfers ownership of property from one person to another. To be valid, a deed must be recorded in public record with the property description and the Grantor's signature.

E

Encumbrance: Any interest in or legal liability on real property that does not prohibit passing title to the property but that reduces the property's value.

F

Fair Housing Act: A Federal law that prohibits discrimination on the basis of race, color, national origin, religion, sex, familial status, or disability when obtaining housing.

Foreclosure: The legal process in which property is sold to pay an outstanding loan or lien amount.

G

Grantee: The individual who receives an interest in real property by deed.

Grantor: The individual who gives an interest in real property by deed.

H

Homebuyer Counseling Class: A class that offers information about how to get a mortgage approved, qualify for a loan, choose an affordable home, go through financing and closing processes, and avoid mortgage problems that cause people to lose their homes.

HUD: The U.S. Department of Housing and Urban Development; A Federal agency that works to address the housing needs and enforcing fair housing laws.

HUD Income Guidelines: An annual chart created by HUD which sets income limits for qualifying a household for federally-funded housing options. The chart is based on County income data.

I

Interest: A fee charged during a repayment period that is in addition to the amount of the actual loan, mortgage, or credit line.

J

Judgment: A legal decree or order against a person or property in favor of a creditor; when referring to property, a judgment gives the creditor an interest in the property.

L

Land Transfer Application: The application created by the City of Jonesboro Land Bank Commission that must be completed to request an available Land Bank-owned property.

Lien: A legal claim and defect against a property, where the value of the property can be used as security in repayment of a debt. Examples include a mechanic's lien for the unpaid cost of building supplies, a tax lien for unpaid property taxes, or a municipal lien for property maintenance.

Listing Agreement: A contract between a seller and a real estate professional to market and sell a home or property.

Low Income: A household whose income does not exceed 80 percent of the median income for the area, as determined by HUD. Income limits are adjusted based on household size.

M

Moderate Income: A household whose incomes exceeds 80 percent of the median income for the area, as determined by HUD, but is below 95 percent of the area median income.

Mortgage: An agreement between a lender and a buyer in which the property itself is collateral for

the loan amount.

Mortgagee: The person or organization (such as a bank) that lends money to someone for buying property.

Mortgagor: The person who borrows money to buy a property.

N

Notary Public: A person who serves as a public official and certifies the authenticity of signatures on a document by signing and stamping the document.

O

Offer: A proposal presented by a potential buyer, generally in writing, to purchase property at a specific price.

P

Pre-Approval: A lender's commitment to loan a potential borrower a fixed amount of money based on qualification requirements, such as a completed loan application, credit score, debt, and savings.

Pre-Qualify: A lender's informal determination concerning the maximum amount an individual is eligible to borrow.

Property Tax: The annual tax charged by the County Treasurer for property owned by an individual.

Purchase Offer: A detailed, written document that makes an offer to purchase a property. Once the purchase offer is signed by all parties involved in the sale, the offer becomes a legally binding contract.

Q

Quitclaim Deed: A deed which transfers ownership of a property but does not make any guarantee of clear or marketable title.

R

Real Estate Agent: An individual who is licensed to advertise, negotiate and arrange real estate sales.

Redevelopment Plan: A detailed, comprehensive construction plan, which includes the costs of building or improving a structure and the timeframe in which the construction will be completed.

Rehabilitation Mortgage: A mortgage for the cost of rehabilitating (repairing or improving) a property.

Rehabilitation: The labor, materials, tools, and other costs of improving and repairing a building or structure in compliance with municipal building codes.

S

Seller: The individual which offers title to a property in exchange for money.

T

Title Company: A company that specializes in examining and insuring the titles of real estate.

Title Defect: An outstanding claim on a property that limits the ability to transfer the property. Also referred to as a "cloud" on the title.

Title Insurance: Insurance that protects an owner against any claims or defects that arise about the title or ownership of the property.

Title Search: An in-depth examination of public records which ensures that the seller is the recognized owner of the real estate and that there are no unsettled liens or other claims against the property.

Transferee: A person who receives property.

Transferor: A person who gives or conveys property.

W

Warranty Deed: A deed that transfers title and guarantees that the seller of the property is the true owner and has the right to sell the property and that there are no claims or defects against the property.

Z

Zoning: Local laws established to control the uses of land within a particular area. Zoning laws are used to separate residential property from non-residential properties, such as