

Administrative Policies and Procedures

As approved and adopted by the Board of Directors
On October 8, 2014, as amended on March 2, 2017

Section 1. Role as a Public Authority

1.1 **Public Authority.** The Birmingham Land Bank Authority is a public entity authorized by state law and created pursuant to Resolution No. 928-14 of the City of Birmingham. It is governed by a Board of Directors (the *Board*) appointed by the Council of the City of Birmingham.

1.2 **Governing Authority.** The core governing documents of the Birmingham Land Bank Authority 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 **Purposes.** The Birmingham Land Bank Authority is established to acquire the tax-delinquent properties, surplus properties of the local governments, and other properties located within the City of Birmingham in order to foster the public purpose of returning land which is in a nonrevenue-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. Land Bank Authority Definitions

As used herein, the following terms shall have the following meaning:

1. **Application.** Interested parties shall complete required BLBA forms and provide appropriate documentation including, but not limited to, financial history and proposal for property(s). Applications will be submitted for a full 30 days before the BLBA Board of Directors will take action.
2. **Authority.** The Birmingham Land Bank Authority
3. **Bidding Process.** The bidding process for a property or properties shall commence if two or more parties complete an application for the property in the allotted 30-day period and each proposal is deemed by the Board of the Authority equal in priority according to Section 5. Parties shall submit to the BLBA, within a timeframe set by the Board, a financial offer. Whichever party has the highest offer shall "win" the bid and receive rights to the property. The Board reserves the right to make the Bidding Process part of an advertised Request for Proposal (RFP) process.
4. **BLBA.** Birmingham Land Bank Authority
5. **Conduit Transfers.** Situations in which a third party developer identifies a property and agrees to pay project costs as determined by the BLBA.
6. **Framework Plan.** Plans developed for areas designated in the City of Birmingham's Comprehensive Plan for detailed planning and development.
7. **Low-Moderate Income.** Defined by Department of Housing and Urban Development's 24 Code of Federal Regulations 570.
8. **Mission Statement.** The aims, values, and goals of the Authority adopted by the Board.
9. **Neighborhood.** One of the ninety-nine (99) areas defined by the City of Birmingham as neighborhoods with their own neighborhood associations.
10. **Project Costs.** The amount of the costs incurred in acquisition, demolition and maintenance of lots as determined by the BLBA.
11. **RFP Process.** The Request for Proposal (RFP) Process may be used by the Board for any property deemed by the Board needing an advertised request for proposals to produce as many quality redevelopment responses as possible.
12. **Sweat Equity.** Lot maintenance performed by transferee for three-year period in HUD identified low-moderate tracts of the City and maintained in accordance with all City of Birmingham codes and pay all taxes and assessments in accordance with Sweat Equity Agreement.

Section 3. Policies Governing the Acquisition of Properties

In determining which, if any, properties shall be acquired that become available through the tax foreclosure processes, or any other means, or acquisition by the BLBA, the Authority shall give consideration to the following factors:

1. Applications and requests for catalytic development opportunities identified in plans and projects adopted and supported by the City of Birmingham;
2. Residential properties that are available for immediate occupancy without need for substantial rehabilitation;
3. Applications and requests by nonprofit corporations that identify specific properties for ultimate acquisition and redevelopment;
4. Applications and requests by governmental entities that identify specific properties for ultimate use and redevelopment;
5. Applications and requests by for-profit corporation that identify specific properties for ultimate acquisition and redevelopment;
6. 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;
7. Properties that would be in support of strategic neighborhood stabilization and revitalization plans;
8. Vacant properties that could be placed into the Side Lot Disposition Program or Adopt-a-Lot Program;
9. Properties that will generate operating resources for the functions of the Land Bank Authority.

In determining the nature and the extent of the properties to be acquired the Authority shall also give consideration to underlying values of the subject properties, the financial resources available for acquisitions, the operational capacity of the BLBA, and the projected length of time for transfer of such properties to the ultimate transferees.

Section 4. Conveyances to the BLBA

4.1 Sources of Property Inventory. Sources of real property inventory of the BLBA include but are not limited to the following: (a) transfers from local governments, (b) acquisitions by the BLBA 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.

4.2 Transaction Agreements. In all cases involving conduit transfers and land banking agreements, a transaction agreement must be approved in advance and executed by the BLBA 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 BLBA to be in the best interest of the BLBA, 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.

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

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

Section 5. Priorities for Disposition

The disposition of properties shall be based upon the nature and identity of the transferee of the property as described below. The Board and Staff of the BLBA shall at all times retain flexibility in evaluating the appropriate balancing of the priorities for the use of property and priorities as to the nature of the transferee of properties.

5.1 Priorities for Disposition

- a. Plans and projects adopted or supported by the City of Birmingham;
- b. Individuals who meet the criteria outlined in Section 6 and who wish to acquire property for owneroccupied housing;
- c. Individuals who meet the criteria outlined in Section 6 and who wish to acquire property adjacent to their owner occupied property for the purposes of housing development on vacant lots;
- d. Non-profit corporations that meet the criteria outlined in Section 6 and 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 reconveyance to private third parties for homeownership;
- e. For-profit corporations that meet the criteria outlined in Section 6 and that intend to rehabilitate or develop property in a manner consistent with existing adopted plans;
- f. Individuals who meet the criteria outlined in Section 6 and who own and occupy residential property for purposes of the Side-Lot Disposition Program;
- g. Non-profit institutions who meet the criteria outlined in Section 6 such as academic institutions and
- h. Individuals who meet the criteria outlined in Section 6 who wish to acquire a lot through the Adopta-Lot Program.

Section 6. Conveyances from the BLBA

6.1 Transferee Qualifications and Reserve Discretion. The BLBA reserves full and complete discretion to decline applications and proposed transaction agreements from individuals and entities that meet any of the following criteria:

- a. Failure to perform in prior transactions with the BLBA;
- b. 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 government entities;
- d. Parties not able to demonstrate sufficient experience and capacity to perform property maintenance and application for property is in accordance with the requirements of the BLBA;
- e. Ownership of properties that have any unremediated citation for violation of the state and local codes and ordinances;
- f. Transferees or family members of transferees who use subject property as his or her personal residence at any time during the twelve (12) months immediately preceding the submission of application (except in rental cases).
- g. Transferees or family members of transferees who owned subject property during a period of time when subject property became delinquent in ad valorem tax payments.
- h. If transferees whose application has been approved and who have been contacted to sign agreements or otherwise take action requested by BLBA staff and do not do so within 60 days of contact, BLBA staff will close the application.

6.2 Covenants, Conditions and Restrictions. All conveyances by the BLBA to third parties shall include such covenants, conditions and restrictions as the BLBA 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 BLBA. Such requirements may take the form of a deed creating a defeasible fee, recorded restrictive covenants, subordinate financing being held by the BLBA, development agreements, or any combination thereof. In all cases, development agreements will delineate the standards and expectations that must be met to retain possession of the property. Failure to satisfy established conditions will result in Land Bank Authority control over the property.

6.5 Options. Options are available for up to 10% of the parcel value as determined by the BLBA for up to a twelve (12)-month period. This fee will be credited to the parcel value at closing. If closing does not occur, the fee is forfeited. All option agreements are subject to all policies and procedures of the BLBA pertaining to property transfers.

6.6 Deed Without Warranty. All conveyances from the BLBA to third parties shall be by Quitclaim Deed.

Section 7. Collaboration with Not-for-Profit Entities

7.1 Transactions with Not-for-Profit Entities. The BLBA is willing to enter into conduit transfers with interested not-for-profit corporate entities who meet transferee qualifications outlined in Section 6 and whose application is in accordance with criteria outlined in Section 5.

7.2 Pricing. Property shall be conveyed for no less than project costs or market value, whichever is greater. Some properties may present unusual or extenuating circumstances to the developer due to lack of funding for housing production or related costs. The BLBA reserves the right to evaluate and determine fair value consideration for these properties case-by-case.

7.3 Reserve Discretion. The Authority reserves the right to require financial details of property transfers on a case-by-case basis in order to prevent enriching individuals and groups.

7.4 Interest from Multiple Parties. In the event that multiple parties desire to acquire the same lot, and they meet the transferee qualifications, priority will be given to the highest bidder. The bidding process shall follow the outlined process in Section 2.

Section 8. Collaboration with For-Profit Entities

8.1 Transactions with For-Profit Entities. The BLBA is willing to enter into conduit transfers with interested for-profit entities who meet transferee qualifications and whose application is in accordance with criteria outlined in Section 5.

8.2 Pricing. Property shall be conveyed for no less than project costs or market value, whichever is greater. Some properties may present unusual or extenuating circumstances to the developer due to lack of funding for housing production or related costs. The BLBA reserves the right to evaluate and consider these properties case-by-case.

8.3 Reserve Discretion. The Authority reserves the right to require financial details of property transfers on a case-by-case basis in order to prevent enriching individuals and groups. The Authority reserves the right to establish an RFP process for properties of significant value or zoned for commercial and industrial uses.

8.4 Interest from Multiple Parties. In the event that multiple parties desire to acquire the same lot, and they meet the transferee qualifications, priority will be given to the highest bidder. The bidding process shall follow the outlined process in Section 2.

Section 9. Land Transfer to Individuals

9.1 Transactions with Individuals. The BLBA is willing to enter in to conduit transfers with interested individuals whose application is in accordance with criteria outlined in Section 5 and who meet transfer qualifications outlined in Section 6.

9.2 **Pricing.** Property shall be conveyed for no less than project costs.

9.3 **Reserve Discretion.**

- a. The Authority reserves the right to require financial details of property on a case-by-case basis in order to prevent enriching individuals and groups.
- b. The Authority reserves the right to deny an individual if an adjacent owner is in the process of using the BLBA's Side Lot Disposition Program, outlined in Section 10, to obtain the parcel of property under consideration.
- c. The Authority reserves the right to accept sweat equity in lieu of financial compensation for all individuals interested in vacant lots located within the boundaries of their neighborhood, subject to the availability of funding.

9.4 **Interest from Multiple Parties.** In the event that multiple parties desire to acquire the same lot, and they meet the transferee qualifications, priority will be given to the highest bidder. The bidding process shall follow the Bidding Process as defined in Section 2.

Section 10. Side Lot Disposition Program.

10.1 **Side Lot Transfers.** Individual parcels of property or the tax deeds to individual parcels of property may be acquired by the BLBA and transferred to individuals who meet transfer qualifications outlined in Section 6 and application is 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 BLBA.

10.2 **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 be located in a HUD low-moderate income tract;
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.

10.3 **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) that is subject to any unremediated 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 BLBA approves the anticipated disposition prior to the effective date of completion of such tax foreclosure proceedings.

10.4 **Pricing.**

- a. At the discretion of the BLBA, low-moderate income Transferees may contribute sweat equity in lieu of financial consideration, subject to the availability of funding.
- b. Parcels of property that are capable of independent development shall be transferred for consideration in an amount not less than project costs.
- c. Parcels of property or tax deeds to parcels of property that are not capable of independent development may be transferred for nominal consideration.

10.5 **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 common boundary line is equal, the lot will be transferred to the highest bidder.
- c. At the discretion of BLBA, in cases involving multiple interested parties who own contiguous potential side lots bigger than one (1) acre and use their property as their primary residence, BLBA may subdivide the side lot equally

among interested parties.

Section 11. Adopt-a-Lot Disposition Program.

11.1 Adopt-a-Lot Transfers. Individual parcels of property or the tax deeds to individual parcels of property may be acquired by the BLBA and transferred to individuals who meet transfer qualifications outlined in Section 6 and application is in accordance with the following policies.

11.2 Qualified Properties. Parcels of property or the tax deeds to parcels of property eligible for inclusion in the Adopt-a-Lot Disposition Program shall meet the following minimum criteria: a. The property shall be vacant unimproved real property;

b. The property shall be located in a HUD low-moderate income tract;

c. The property shall be located within the same Neighborhood as defined Section 2.0 as the owneroccupied property of the individual who has requested the parcel or tax deed to the parcel.

11.3 Adopt-a-Lot Transferees.

a. All Transferees must own and use as their primary residence a property in the same Neighborhood as the requested property.

b. The Transferee must not own any real property (including both the contiguous lot and all other property in the City) that is subject to any unremediated 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 BLBA approves the anticipated disposition prior to the effective date of completion of such tax foreclosure proceedings.

11.4 Pricing. At the discretion of the BLBA, low-moderate income Transferees may contribute sweat equity in lieu of financial consideration, subject to the availability of funding.

11.5 Interest from Multiple Parties.

a. In the event that multiple property owners desire to acquire the same parcel or tax deed to a parcel, and they meet the transferee qualifications, priority will be given to the owner living closest to the requested property.

b. If the percentage of common boundary line is equal, the lot will be transferred to the highest bidder.

11.6 Notice to Owners of Adjacent Properties.

If an individual requests a property in accordance with Section 11 through the Adopt-a-Lot Disposition Program, staff of BLBA will give notice to the owners of properties sharing a lot line with the requested property who may qualify for the Side-Lot Disposition Program that a request has been made. The BLBA Board will take no action for 30 days from the date notice was sent in order to give owners of property sharing a lot line with the requested property and who are eligible for the Side Lot Disposition Program the opportunity to make a request through the Side Lot Disposition Program.

Section 12. General Request Disposition Program.

12.1 General Request Transfers. Individual parcels of property may be acquired by the BLBA and transferred to individuals, non-profits, or for-profits who meet transfer qualifications outlined in Section 6 and application is in accordance with the following policies.

12.2 Qualified Properties. Parcels of property eligible for inclusion in the General Request Disposition Program may be any parcel or parcels of property, or interest in any parcels of property, acquired as described in Section 3 and Section 4.

12.3 General Request Transferees.

- a. The Transferee must not own any real property in the City of Birmingham that is subject to any unremediated citation of violation of the state and local codes and ordinances.
- b. The Transferee must not own any real property that is tax delinquent.
- c. The Transferee must not have been the prior owner of any tax-delinquent property or any real property that was transferred to a local government as a result of foreclosure proceedings unless the BLBA approves the anticipated disposition prior to the effective date of completion of such tax foreclosure proceedings.

12.4 Pricing.

- a. The sale price of property to transferees in the General Request Program shall be Project Costs.
- b. BLBA may, at its discretion, decide to sell the property for less than Project Costs if the transfer of the property or properties is part of a plan or program adopted or supported by the Authority.

12.5 Interest from Multiple Parties.

- a. If two or more parties request the same property, the Bid Process outlined in Section 2 will be followed.