



EAST BATON ROUGE REDEVELOPMENT AUTHORITY LAND BANKING POLICY

STATEMENT OF PURPOSE

Vacant property in many of the selected low income communities is contributing to a sense of blight and disinvestment. The proposed code enforcement program may increase the number of vacant properties due to condemnations and demolitions. Many vacant property owners do not maintain their properties and have no plans for improvements. To rectify this problem, the East Baton Rouge Redevelopment Authority (“RDA”) will acquire vacant property in these communities, and maintain the property until it can be redeveloped in accordance with the Community Improvement Plans.

Residents and elected officials will be asked to help identify vacant properties in the target census tracts that pose a problem or threat to their communities. The RDA will aggregate the identified properties and, when possible, cluster acquisitions to maximize the positive impacts to each community. Vacant adjudicated, tax-foreclosed, bank-foreclosed, blighted, and generally underutilized properties will be targeted for acquisition within the selected census tracts.

An integral part of this proposal is the RDA’s respectful request that the City of Baton Rouge and East Baton Rouge Parish (“C/P”) transfer the adjudicated properties within the target areas from the C/P to the RDA. The Adjudicated Property Program that the C/P initiated in the late ‘90s was for the purpose of returning those adjudicated properties to the tax rolls and bringing them back into productive use. Unfortunately, though well intentioned, the desired results have not materialized. The current adjudicated inventory includes approximately 4,500 lots, and exceeds \$37 million in market value and \$500,000 in un-captured property tax revenue for this year.

Given the nature of the tax adjudication process, neither the Parish of East Baton Rouge nor any purchaser of these properties has marketable and insurable title to any of these properties. Currently, unless the C/P or a purchaser goes to considerable time and expense to take legal action, the adjudicated properties will not be merchantable and will remain unproductive. However, the RDA, through its legislation [R.S. 33:4720], has the ability to acquire and quickly clear title to tax sale and adjudicated properties. In order to do so, the RDA must follow detailed procedures which authorize the filing of notice in the property records, the performance of a full title examination, the filing of a single petition for large volumes of properties, and hearings on the petition. In the absence of objections or redemptions, an order from district court is entered within approximately 120 days vesting clear title in the RDA.

If given the opportunity to return the selected adjudicated properties to productive use, the RDA's priorities and policies shall be clearance of title, categorization of properties into one of the three programs proposed below, classification of the property inventories according to condition of title and geographic location, creation of mechanisms for high volume legal actions necessary to obtain insurable and marketable title to adjudicated properties, assistance in strategic legal action(s) to resolve questions of constitutional constraints on expropriated properties, and coordination with the parish on potential code enforcement transfers.

The RDA's priorities for the use of the adjudicated property will be according to the following order.

- 1- property intended for a continuous and defined public use ("Major Projects"),
- 2- property transferred through the Adjacent Lot Program,
- 3- property intended for residential, commercial, mixed-use, or industrial ("Community Partners")

Priorities as to the nature of the transferee will be:

- 1- governmental entities for a continuous and defined public use of the property (including public schools),
- 2- individuals who own and occupy residential property and are eligible transferees for the Adjacent Lot Program,
- 3- nonprofit entities and institutions such as community development corporations, academic institutions, and religious institutions,
- 4- entities that are partnerships, limited liability corporations, or joint ventures comprised of a private nonprofit corporation and a private for-profit entity.

The transfer of properties shall be based upon a combination of different factors such as the intended or planned use of the property, the nature and identity of the transferee of the property, and the impact of the property transfer on the neighborhood development. The RDA shall at all times retain flexibility in evaluating the appropriate balance of priorities for the use of property, priorities as to the nature of the transferee of properties, and priorities concerning neighborhood and community development.

The following factors shall constitute general guidelines for determination of the consideration to be received by the RDA for the transfer of properties. In each and every transfer of adjudicated property, the RDA shall require good and valuable consideration determined by the RDA in its sole discretion. The consideration to be provided by the transferee to the RDA may take the form of cash, equity, deferred financing, performance of contractual obligations, imposition of restrictive covenants, or other obligations and responsibilities of the transferee, or any combination thereof. Any exception to the policies governing consideration shall be made only with approval of the RDA Board of Directors and consistent with local, State, and federal law.

In an effort to ensure that development on adjudicated property transferred from the RDA occurs in a manner consistent with the agreed upon development, and on a reasonable schedule, the RDA will require that each property transfer except those transferred through the Adjacent Lot

Program, the terms of which are detailed below, be subject to a development agreement. Each development agreement will consist of the following components:

1. Project description
2. Development schedule
3. Financing structure
4. Enforcement mechanism

Each development agreement will be drafted by the RDA and signed by both the RDA and the transferee at the time of transfer.

The acquisition, management, and transfer of such properties shall at all times be consistent with the authority granted by the laws of the state of Louisiana, the Parish of East Baton Rouge, the policies, procedures and by-laws of the RDA and the public purposes set forth therein.

The disposition of land bank properties will strictly follow policies that ensure compliance with community plans and equitable treatment of eligible individuals and organizations that wish to acquire property. Three programs are proposed for disposition: Adjacent Lot, Community Partners, and Major Projects. All three are described in detail below.

Adjacent Lot Program

Individual parcels of property acquired by the RDA may be transferred to adjacent property owners in accordance with the following policies.

- 1- Parcels of property eligible for inclusion in the Adjacent Lot Program shall meet the following minimum criteria:
 - a. The property shall be physically contiguous to adjacent owner-occupied residential property, with not less than a 75% common boundary line
 - c. The property shall consist of no more than one lot capable of development
 - d. No more than one lot may be transferred per contiguous lot
- 2- All transferees must own and personally occupy the contiguous property for a minimum of one year prior to requesting the adjoining contiguous lot
- 3- The transferee must not own any real property (including both the contiguous lot and all other property in East Baton Rouge Parish) that is subject to any un-remediated citation of violation of the state and local codes and ordinances
- 4- The transferee must not own any real property (including both the contiguous lot and all other property in East Baton Rouge Parish) that is tax delinquent
- 5- Owner occupiers of condominium units and town homes shall have rights to acquire adjoining units with a common wall whose primary entrance is on the same level as the occupied unit
- 6- In cases where two neighbors are registered for a middle lot that falls into public ownership, the neighbors may choose to subdivide the property such that each neighbor

receives half of the property and shall re-subdivide their lots to incorporate the parcel into their property. In the event that splitting the property is not feasible or the neighbors do not wish to split the property, the property will be auctioned by the RDA to the homeowner who is the highest bidder over the a minimum purchase price to be determined by the RDA.

Upon transfer through the Adjacent Lot Program, the transferee shall be required to bring the property into compliance with current housing, health, and safety codes within three (3) months. Homeowners who have acquired buildable property through this program to build on, or in some other way bring the lot back into commerce through the development or expansion of the existing home and accessory buildings will have four (4) months from closing to begin construction as evidenced by the issuance of a building permit. All applicants must submit a construction timeline with the application. Property transferred through this program for construction is also subject to physical inspection by RDA staff or their contractors until the date a Certificate of Occupancy is issued.

The adjacent owner and members of the owner's immediate family, thru a disgorgement of profits agreement with the RDA, shall be restricted from transferring the property for sixty (60) months from the date of the acquisition. If a property is transferred before 60 months from the date of acquisition from the RDA, all gross profits generated from the transfer must be given to the RDA.

Notwithstanding the penalties above, if within sixty (60) months of the transfer of the property there occurs a) the death of the owner(s), b) a foreclosure of the property by an arm's length third party, c) the sale of the property by a taxing authority to settle a tax lien, or d) some other extenuating circumstance as determined by the RDA, then all penalties detailed above will be waived. Prior to any release from the restrictive covenant and associated penalties however, the RDA will require appropriate proof that the transfer occurred as a result of one or more of the four conditions that could trigger a waiver. The determination of what constitutes appropriate proof will be at the sole discretion of the RDA.

Upon obtaining title to residential properties, RDA shall:

1. Evaluate the need of the parcel for the Major Projects Program
2. Determine the homestead exemption status of adjoining eligible parcels
3. Send a registered letter to the named owner(s) and address(es) on the tax rolls informing the owner(s):
 - a. that the adjoining property is available for acquisition; and
 - b. of the process through which the property can be acquired;

The prospective transferee(s) must submit the following information/documentation to the RDA:

- a- If the property is to be acquired thru a sale, then a twenty (20%) non-refundable deposit within sixty (60) days from the date of the letter apprising the adjacent owner(s) of the availability of the parcel and proof of owner occupied status

- b- Use of Property description, including construction plans (if applicable) – property use must be consistent with current zoning requirements
- c- Government issued picture identification with the contiguous property as the address
- d- Proof of Social Security Number
- e- Evidence of ownership of contiguous property
- f- Evidence of financing commitment for uses involving construction.

Upon acceptance by the RDA of the submission, the transferee shall have thirty (30) days to submit all supporting documentation and to close on the acquisition. If the adjacent owner fails to comply, the lots will be placed into RDA inventory.

Other conditions are that 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 during the twelve (12) months immediately preceding the submission of application (except in rental cases). The Board of Directors may, within their discretion, make an exception to this provision in the event of unusual circumstances. The transferee must not have been the prior owner of any real property in East Baton Rouge Parish that was transferred to a local government as a result of tax foreclosure within the past five years. The owner-occupant must complete renovations and move into the structure within a timeframe negotiated by the RDA. The property may not be used as rental property if the transferee has any judgments against him/her during the past 5 years related to a landlord/tenant issue. In enforcing this provision, the RDA may consider the precise nature of the judgment.

The Board of Directors of the RDA must approve all transfers in the Adjacent Lot Program. All transfers authorized by the Board must be reported in writing at the Board of Directors meeting immediately following authorization.

All timelines are subject to reasonable exceptions for each project. The Board of Directors must approve all transfers that require any exceptions to the priorities, policies, and procedures adopted by the Board of Directors.

Community Partners Program

Individual parcels and/or small clusters of parcels that are not acquired through the Adjacent Lot Program may be offered to community partners for return to productive use in accordance with community plans. “Community partners” may be defined as individuals, not-for-profit organizations, for-profit organizations, and partnership containing any of these three that are aligned in mission with the community and possess the necessary capacity to return property to productive use.

Property acquired by the RDA may be transferred to community partners in accordance with the following policies.

- 1- Parcels of property eligible for inclusion in the Community Partners Program shall meet the following minimum criteria:
 - a. The property shall not have been selected through the Adjacent Lot Program

- b. The property shall not have been selected for the Major Projects Program
 - c. The property shall consist of individual non-buildable lots, individual buildable lots, or clusters of lots with appropriate proximity to each other to achieve impact in the selected tracts.
- 2- Community partners (a.k.a. potential transferees) must submit development plans, including construction timelines, to the RDA for review by staff and the community prior to a decision by the RDA Board of Directors as to which community partner(s) will be selected as transferees. A uniform rubric will be created for objectively scoring each development plan by RDA staff and community groups.
 - 3- The transferee must not own any real property (including all other property in East Baton Rouge Parish) that is subject to any un-remediated citation of violation of the state and local codes and ordinances.
 - 4- The transferee must not own any real property (including all other property in East Baton Rouge Parish) that is tax delinquent.
 - 5- In cases where two or more eligible community partners express interest in acquiring property that comes into RDA ownership and whose development plans receive an identical score, the property will be auctioned by the RDA to the partner who is the highest bidder over a minimum purchase price to be determined by the RDA.

Upon transfer through the Community Partners Program, the transferee shall be required to bring the property into compliance with current housing, health, and safety codes within three (3) months. Community partners who have acquired buildable property through this program for construction will have four (4) months from closing to begin construction as evidenced by the issuance of a building permit. Property acquired through this program for construction is also subject to physical inspection by RDA staff or their designated contractors until the date a Certificate of Occupancy is issued. Non-compliance with these terms will be cause for the parcel(s) transferred through this program to be returned to the RDA, including any improvements made to the property.

The selected community partner shall be restricted from transferring the property until the submitted development plans have been implemented, unless the RDA provides written permission otherwise. In addition, there can be no change in the ownership structure of the community partner without the prior written consent of the RDA. Transfer prior to development plan implementation without permission shall result in the disgorgement of gross profits from the community partner to the RDA. Any covenants and/or agreements between the RDA and the original community partner shall carry over to subsequent transfers, unless waived in writing by the RDA.

Notwithstanding the penalties above, if within sixty (60) months of the transfer of the property there occurs the death of the owner(s), foreclosure of the property by an arm's length third party or the sale of the property by a taxing authority to settle a tax lien, then all penalties detailed above will be waived. Prior to any release from the restrictive covenant and associated penalties however, RDA will require appropriate proof that the sale occurred as a result of one or more of the three conditions that could trigger a waiver. The determination of what constitutes appropriate proof will be at the sole discretion of RDA.

Upon obtaining title to land bank properties, RDA shall:

1. Determine eligibility of property for Major Projects Program
2. Determine eligibility of the property for the Adjacent Lot Program
3. If not eligible or not selected for the Major Projects or Adjacent Lot Programs, the RDA will:
 - a. Solicit and accept applications to purchase individual lots; or
 - b. Release a Request for Proposals (RFP) for parcel clusters.

The prospective transferee(s) must submit the following information/documentation to RDA:

1. If the property is to be acquired thru a sale, then a twenty (20%) non-refundable deposit within sixty (60) days from the date of the letter noticing the individual or organization that they have been selected to acquire the property
2. Detailed development plan and budget – property use must be consistent with the current community plans
3. Proof of Social Security Number for individuals or Tax I.D. number for organizations
4. Evidence of financing commitment to support the proposed project.

Upon acceptance of the proposal by the RDA, the transferee shall have thirty (30) days to submit all supporting documentation and to close on the transfer, the exact time within this period to be determined by the RDA. If the community partner fails to comply, the lots will be placed back into RDA inventory.

Other conditions are that the subject property must not have been used by the transferee or a family member(s) of the transferee as personal residence or place of business at any time during the twelve (12) months immediately preceding the submission of application (except in rental cases). The Board of Directors may within their discretion make an exception to this provision in the event of unusual circumstances. The transferee must not have been the prior owner of any real property in East Baton Rouge Parish that was transferred to a local government as a result of tax foreclosure within the past five years.

The Board of Directors of the RDA must approve all transfers in the Community Partners Program. All transfers authorized by the Board must be reported in writing at the Board of Directors meeting immediately following authorization.

All timelines are subject to reasonable exceptions for each project. The Board of Directors must approve all transfers that require any exceptions to the priorities, policies, and procedures adopted by the Board of Directors.

Major Projects Program

Each property acquired by the RDA shall first be evaluated for its ability to aid in the development of major projects, as recommended by Community Improvement Plans. “Major Projects” are those projects that require one (1) acre or more of land area to develop, and may

include residential, commercial, recreational or mixed-use projects; or any project identified for a continuous and defined public use, such as infrastructure.

With the exception of those properties identified for a defined public use, the disposition of property under the Major Projects Program will occur in identical fashion to the Community Partners Program; however, no disposition will occur until the appropriate critical mass of property has been assembled to support a major project.

Property Transfers

The Board of Directors must approve all transfers of property through the Major Projects, Adjacent Lot, and Community Partners Programs. No property may be sold by the RDA for less than two-thirds of its value, as determined by an appraisal performed within twelve (12) months of sale, unless a lesser price can be justified by a financial analysis.