

THE WATERBURY LAND BANK AUTHORITY, INC.

POLICIES AND PROCEDURES

FOR ACQUISITION, HOLDING and DISPOSITION OF REAL PROPERTY

As Adopted by the Board of Directors January 12, 2022 and Amended from Time to Time

DATED: January 12, 2022

Revised: N/A

1. PURPOSE AND AUTHORITY

- a. These Policies and Procedures are intended to govern the operation of The Waterbury Land Bank Authority, Inc. (“Land Bank”), including but not limited to the acquisition, management, and disposition of Real Property by the Land Bank.
- b. The Land Bank’s activities shall inure to the ultimate benefit of the residents of the City of Waterbury, Connecticut.
- c. The Land Bank is a Connecticut nonstock corporation authorized by the City of Waterbury to form and operate as a land bank under Connecticut state law.

2. DEFINITIONS

- a. **“Affordable Housing”** means housing that is intended for a household whose annual income is not greater than the limit set by the US Department of Housing and Urban Development, the City of Waterbury, or the Land Bank.
- b. **“Affordability Compliance Period”**, if any, shall mean the period of time in which an enforceable covenant that restricts the future use and disposition of Real Property is recorded against such Property
- c. **“Board”** means the Board of Directors of Land Bank.
- d. **“Brownfield”** means any abandoned or underutilized site where redevelopment, reuse or expansion has not occurred due to the presence or potential presence of pollution in the buildings, soil or groundwater that requires investigation or remediation before or in conjunction with the redevelopment, reuse, or expansion of the Real Property.
- e. **“Development Agreement”** refers to a written agreement executed by the Land Bank and another party, which defines the rights, obligations, benefits, interests, and considerations governing the transfer of Property from Land Bank to that party for redevelopment by that party.

- f. **“Holding Period”** means the period of time commencing when Land Bank takes title to Real Property and concluding when title to that Real Property vests in another Person; provided that the Holding Period is no longer than 36 months, unless extended by mutual agreement of Land Bank and the other parties to a Land Depository Agreement.
- g. **“Land Depository Agreement”** means a written agreement executed by the Land Bank and another party in which Land Bank agrees to hold Property in its name for the benefit of the other party, provided that Land Bank shall exercise the right to dispose of the Property at no penalty to itself if the other party fails to honor the terms of the agreement.
- h. **“Neighborhood Association”** means: [one of the XX named neighborhood associations recognized by the City of Waterbury and representing the residents of one or more of Waterbury’s defined neighborhoods] [list current neighborhood associations.]
- i. **“Principals”** mean the officers, directors, managers or an entity and the owners of a controlling equity interest in an entity.
- j. **“Property” or “Real Property”** means land, subterranean or subsurface rights, structures, any and all easements, air rights and franchises and every estate, right or interest therein, but does not include an “brownfield” as defined in Section 32-760 of the Connecticut General Statutes.
- k. **“Side Lot”** refers to land, vacant or improved, that will be used and maintained by the owner of an adjacent Property, where such adjacent Property shares a common boundary comprised of not less than 2/3 the total linear dimension of the common Property line.
- l. **“Side Lot Disposition Program”** means the program described in Section 10 hereof.
- m. **“Total Property Costs”** shall mean the total costs incurred by the Land Bank to acquire, maintain, and convey a piece of Real Property, inclusive of purchase costs, legal and insurance costs, listing and transaction fees, transfer fees, and any closing costs.
- n. **“Transaction Agreement”** refers to a written agreement executed by the Land Bank and another party, which defines the rights, obligations, benefits, interests, and considerations governing the transfer of Property from Land Bank to that party generally.
- o. **“Transferee”** shall mean the party who is acquiring or who has acquired Real Property from the Land Bank, no matter the process by which conveyance occurs.

3. POLICIES GOVERNING THE ACQUISITION OF PROPERTIES BY LAND BANK

- a. In determining generally whether Land Bank shall acquire any Property, the following questions should first be considered, with proper weighting applied to each.
 - i. Would acquiring the Property advance a community benefit generally or support a community plan or objective specifically?
 - ii. Would NOT acquiring make a current situation worse?
 - iii. Is there an immediate or near-term end use/user for the Property?

- iv. Has Land Bank conducted sufficient neighborhood consultation?
 - v. Can Land Bank afford to acquire and hold the Property through disposition and recover its Total Property Costs?
 - vi. Does Land Bank have sufficient information to calculate its likely risk and costs to acquire, hold, and dispose of the Property?
- b. Land Bank staff are responsible for gathering sufficient information to support any decision to acquire or not acquire any Property and to share information to the Directors as needed to assist the Directors in exercising proper care and control over any and all Properties under consideration by the Land Bank.
- c. Brownfield Properties are not eligible for acquisition.
- d. Consideration will generally be given to the following types of Properties for acquisition:
- i. Properties identified by governmental, nonprofit and for-profit entities for acquisition by the Land Bank, which may be subject to a Development Agreement.
 - ii. Properties the Land Bank may acquire and whose redevelopment can:
 1. Support the preservation or creation of affordable home ownership opportunities
 2. Catalyze economic development, job creation, workforce development or job training for underserved community residents, or other community benefits
 3. Promote community infrastructure, public space and/or which comprise green infrastructure projects, including community gardens.
 4. Mitigate environmental hazards or risks or advance environmental remediation, provided the WLB is indemnified for any risk, liability, or costs for remediation by the party conveying the property to the WLB or by another party.
 5. Mitigate natural hazards and foster resilience.
 6. Foster healthy neighborhoods and improve access to healthy food.
 7. Advance another strategic purpose benefitting the Waterbury community.
 8. Properties that are part of an approved community development or land assembly plan, where participation by Land Bank is considered constructive, necessary, or essential.
 9. Properties that will enhance the taxable value of the subject Property or Properties near the subject Property.

10. Properties that can generate operating income for Land Bank.
 11. Properties that do not require substantial rehab and can be conveyed for productive reuse to an appropriate end user. Substantial rehab comprises replacement of more than two (2) major systems or rehab to more than 50% of the Property structures.
 12. Properties which are poorly managed or considered problem Properties, which may be candidates for receivership by Land Bank.
 13. Properties considered blighted that may require demolition, where such demolition will support blight elimination and local community plans.
 14. Parcels that are irregular, non-conforming or otherwise unsuitable for development that might be converted to community uses or conveyed to an adjacent Property owned via a Side Lot Disposition Program.
 15. Properties that could be held to support a future planned development or Properties that comprise part of a land assemblage development plan by a partnering entity or the City of Waterbury, where Land Bank will hold the Properties subject to a Land Depository Agreement.
 16. Properties in which title issues such as delinquent and sold taxes are preventing the Property from being developed to its highest and best use.
 17. Properties located in reinvestment areas that would support strategic neighborhood stabilization and revitalization plans.
 18. Properties that are near schools, senior centers or highly visible areas that may pose a threat to safety for the community.
 19. Properties where an acquisition by Land Bank is approved or encouraged by community or neighborhood organizations, including a Neighborhood Association.
- e. Properties with occupied structures will be considered for acquisition, with said acquisitions evaluated based on factors such as benefits to the occupants, legal risk or liability to Land Bank, strategic importance, potential end use or end users, holding times and costs, management capacity, and other considerations.
 - f. Specific to the acquisition of any Properties from any party which could produce or be considered a conflict of interest, Land Bank Board shall be informed of such actual or potential conflicts of interests by the party or parties privy to such information. All polices regarding conflict of interest shall be observed to prevent undue enrichment.

- g. The sale, lease, encumbrance or alienation of any real Property, improvements thereto or personal Property valued in an amount exceeding fifty thousand dollars (\$50,000) must be approved by a majority of the total membership of the Board.
- h. In the event an end user has been identified prior to acquisition of a Property by Land Bank, title can pass from a third party to the end user under the terms of a written Agreement, with reversion rights held by or in favor of Land Bank.
- i. Acquisition may occur by one of the following methods:
 - i. Tax foreclosure and subsequent transfer to Land Bank of Property by the City of Waterbury under a Memorandum of Understanding or similar agreement.
 - ii. Mortgage foreclosure.
 - iii. Private party donation.
 - iv. Purchase.
 - v. Deed-in-lieu of foreclosure.
 - vi. Intergovernmental transfer; or
 - vii. Any other means which is legally available to Land Bank.
- j. Consideration will be given to the following factors prior to acquisition for each subject Property:
 - i. Underlying value at acquisition and potential after-rehab/after-development value.
 - ii. Financial and other resources available to Land Bank for the acquisition.
 - iii. Estimated holding time from acquisition to disposition and availability of financial and other resources to Land Bank for management of the Property through the holding period.
 - iv. Likelihood that Land Bank will recover all or most of its Total Property Costs.
 - v. Liability and risk to Land Bank for acquiring the Property, especially with respect to any issues affecting title that Land Bank may assume responsibility over.
 - vi. Potential end use and/or identified end users with capacity and willingness to assume responsibility or ownership of the Property from Land Bank.
 - vii. Proximity to any other Properties held by Land Bank or by Land Bank partners, where acquisition might advance the overall success of a neighborhood revitalization strategy.
 - viii. Short- and long-term community/neighborhood impact generally and specifically with relation to the Property.
- k. Land Bank generally requires that any Property accepted by the Land Bank have a policy of title insurance insuring Land Bank, subject to such title exceptions that are

acceptable to the Land Bank in its sole discretion. In those circumstances when the title is not insurable, Land Bank may elect to acquire the Property with the intention of initiating a quiet title action.

1. For any Properties acquired via donation, Land Bank will not determine donation value for purposes of tax benefits to the donor, but will provide a letter describing the Property donated as a contemporaneous written acknowledgement under section 170(f)(8) of the Internal Revenue Code.

4. POLICIES GOVERNING THE HOLDING OF PROPERTIES BY LAND BANK

- a. Land Bank shall exercise proper care and control over all Properties held in its name.
- b. For any Property that Land Bank holds, the Land Bank shall:
 - i. Maintain the Property at a standard that meets or exceeds the minimum standards set by the City of Waterbury Property maintenance Blight Elimination Ordinance or building code.
 - ii. Provide adequate insurance to protect Land Bank's interest.
 - iii. Preserve any Property structure(s) to minimize loss of value, Property, or risk to neighbors or residents, including securing all openings
 - iv. Perform any rehab or maintenance that is required to maintain minimum viability or comply with codes.
 - v. Track all costs incurred by Land Bank to hold Property, such costs comprising the Total Project Costs
 - vi. Properly record the transfer of title in a timely manner.
 - vii. Manage the Property to the benefit of the neighbors and the residents of Waterbury and minimize blight, overgrowth, dumping, vagrancy, illegal activity, and Property nuisances.

5. MAINTENANCE OF A PROPERTY LIST

- a. Land Bank shall maintain a list of all Properties owned by or under the care of the Land Bank, known as the Property List. The Property List shall, to the extent practical, be searchable by:
 - i. Standard Property characteristics, such as Property type, neighborhood location, street address, zoning classification, parcel and structure size, and physical description.
 - ii. The source from which the Property was acquired
 - iii. Eligible and/or Approved uses for the Property
 - iv. Minimum sale or transfer price, if any
 - v. Type of eligible transferee(s)

- vi. Incentives that may accompany the Property, if any
 - vii. Information on its current or recent condition, if known, with documentation where possible (photos, inspection reports)
 - viii. Information pertaining to the Property's legal, financial, or physical condition or characteristics
- b. The Land Bank Property List will be updated not less than once per month.
 - c. The Land Bank Property List shall be published in electronic format via a website accessible to the general public and which includes non-proprietary or non-confidential information, the purpose of such publication being to expedite conveyance of Land Bank Properties appropriate transferees.

6. POLICIES GOVERNING THE DISPOSITION OF PROPERTIES BY LAND BANK

- a. The Board and Staff of the Land Bank shall, at all times, retain flexibility in evaluating the appropriate balancing of the priorities for development or use of the Property and the consideration for the conveyance of those Properties.
- b. Priorities for Use of Property (order does not imply priority ranking)
 - i. Promote affordable homeownership
 - ii. Promote single and multifamily affordable rental housing
 - iii. Promote retail, commercial, or mixed-use development
 - iv. Promote neighborhood revitalization
 - v. Support market rate housing development that is part of a larger community development plan
 - vi. Facilitate Community gardens, development of public green space (parks and gardens) or public infrastructure
 - vii. Long term "banking" of Properties for future strategic uses
 - viii. Return of the Property to productive taxpaying status
 - ix. Demolition to remove blighted Properties
 - x. For purposes of environmental clean-up
 - xi. For preservation of historic Properties
 - xii. To enhance storm water management capabilities and mitigate against floods
- c. Priorities as to the nature of the Transferee (order does not imply priority ranking)
 - i. Qualified nonprofit or for-profit corporations that will hold title to the Property on a long-term basis as affordable rental housing.

- ii. Qualified non-profit or for-profit corporations that will hold title to the Property for purposes of subsequent redevelopment and re-conveyance to private third parties for homeownership, market rate or affordable rental housing.
 - iii. Low- or moderate-income purchasers who will own and occupy the Property as their primary residence.
 - iv. Developers completing commercial or mixed-use projects that help revitalize a low or moderate-income community or neighborhood.
 - v. Businesses that will own and occupy commercial Property providing economic opportunity in a low- or moderate-income community or neighborhood.
 - vi. Entities that are a partnership, limited partnership, limited liability company, or joint venture comprised of a private nonprofit corporation and a private for-profit entity. In the case of a joint venture, the nonprofit corporation must maintain a substantial participation in the venture.
 - vii. Nonprofit or tax-exempt institutions such as academic, social service and religious institutions
- d. In determining the requirements for the disposition of Properties by Land Bank, the following considerations will be made.
- i. Disposition must be consistent with any/all Memorandums of Understanding with the City of Waterbury.
 - ii. Disposition of Property for which substantial rehab or development is anticipated may, at the sole discretion of Land Bank, require and be governed by a written "Development Agreement" (See Section 8, Development Agreements, below).
 - iii. Land Bank may, at its discretion, establish any terms as will affect the positive redevelopment of Properties made available by Land Bank to a third party.
 - iv. Land Bank may consider alternative financing options (such as Land Bank contract sales or financing) as a method of disposition in any transaction, subject to approval by the Board of Directors.
 - v. Land Bank may consider an option to purchase the Property with terms acceptable to Land Bank. Any purchase option fee collected by Land Bank can be credited against the purchase price at closing, or if the closing does not take place, forfeited to Land Bank.
 - vi. If a Property transferred by Land Bank is subject to code violations at the time of the transfer, the acquiring party will be required to cure any violations within a specified time period and to the satisfaction of Land Bank and the City of Waterbury.
 - vii. If environmental hazards exist on a subject Property at the time of conveyance from Land Bank, the acquiring party must agree to mitigate all hazards and maintain environmental standards going forward.

- viii. Properties shall be transferred for consideration in an amount not less than the lower of the fair market value or the Total Property Costs, which comprise all costs incurred by Land Bank in acquiring, holding, and conveying the Property.
- ix. Land Bank may record an enforceable covenant on title for any transaction, provided the covenant is removable after a specified period of time or upon performance by the acquiring party to the satisfaction of the Land Bank.
- x. Specific to the disposition of any Properties to any party which could produce or be considered a conflict of interest, all policies regarding conflict of interest shall be observed to prevent undue enrichment.
- e. All dispositions must be accompanied by a Transaction Agreement, which will be drafted in form and substance to protect Land Bank interests, and which must be agreed to by any party acquiring Property from Land Bank.
- f. All conveyances from the Land Bank shall be by quit claim deed, unless otherwise specified in the Transaction Agreement.

7. REGARDING THE END USER/TRANSFeree

- a. The end user/transferee [and its Principals?] must not currently own or have a pattern of ownership of any real Properties that have un-remediated citations, liens, fines or violations of state and local codes and ordinances (outstanding governmental obligations) or tax delinquencies.
- b. The end user/transferee [and its Principals?] must have performed to the satisfaction of the Land Bank with respect any Properties previously conveyed to that party by the Land Bank.
- c. Any party acquiring Property shall pay all closing costs associated with the conveyance from the Land Bank.
- d. Any exception to the policies governing Property disposition must be approved by the Board of the Land Bank.
- e. The owner of Property [and the Principals of the owner], at the time of a tax foreclosure which transferred to the Land Bank shall be ineligible to be the transferee of such Property from the Land Bank.

8. DEVELOPMENT AGREEMENTS

- a. In an effort to ensure that development actually and timely occurs on Property transferred by Land Bank and is consistent with the agreed upon development, Land Bank may require that Property transfers are made subject to a development agreement. Development Agreements will consist of at least the following components:
 - i. Project description and (Re)development plan, including drawings, renderings, or other illustrations of the proposed development.

- ii. Description of the intended end use and proof that intended use conforms to local codes, ordinances, plans, and statutes.
 - iii. Development schedule, with anticipated start date, completion date, and major milestones
 - iv. Evidence of the developer's financial, organizational, and real estate development capacity and experience.
 - v. Written proof of commitments from the proper authorities for any tax incentives or financing necessary for the development.
 - vi. Any funding or financing necessary to complete the Development must be described in the Development Agreement and must be approved by the funding party prior to disposition of a Property from Land Bank.
 - vii. Certification from the City of Waterbury that the proposed development is or will be in conformity with applicable land use or zoning restrictions.
 - viii. Where rehabilitation of a Property by the transferee is a condition of the transfer, such rehabilitation shall be in accordance with applicable standards and codes and completion of rehabilitation shall be a condition of the subsequent release of restrictions, liens or redevelopment agreements governing the transfer.
 - ix. Certification that the proposed development may be reasonably expected to achieve its desired goals without delay in the issuance of building permits or occupancy permits, as evidenced by approval of the governing municipal body for the proposed development or authorization to proceed as applicable.
 - x. Description of the enforcement mechanism for Land Bank if development is not completed as presented; such mechanism shall include the conditions leading to title reversion to Land Bank.
 - xi. Such other representations, warranties, covenants, terms, and conditions as are customary in a similar agreement.
 - xii. Certain of the provisions of the Development Agreement shall survive the closing.
- b. Each Development Agreement will be signed by all parties to the transaction.
 - c. Failure to abide by the terms of a Development Agreement may automatically trigger reversion of title to Land Bank.
 - d. Land Bank shall ensure that any Property conveyed under a Development Agreement will be monitored for compliance for a period not less than 1 year from the date of conveyance and the results of such monitoring captured in Land Bank files.

9. **FACTORS IN DETERMINING CONSIDERATION DUE UPON TRANSFER OF PROPERTY, OTHER THAN THOSE IN THE SIDE LOT DISPOSITION PROGRAM.**

- a. In each transfer, Land Bank shall require good and valuable consideration in a form to be determined by Land Bank. The following factors shall constitute the general guidelines for determining consideration to be received by Land Bank for Properties.
 - i. The fair market value of each Property, as established using an appraisal, broker's price opinion, formal valuation method, or a valuation method that is considered reasonable and acceptable for transactions of a similar type.
 - ii. Total Property Costs, which comprise aggregate costs incurred by Land Bank for acquisition, holding, and disposition of Property, plus any indirect costs attributable to the Property.
- b. Land Bank shall receive consideration equal to the fair market value of the Property or Total Property Cost, whichever is greater.
- c. Consideration provided by the transferee to Land Bank may take the form of cash, deferred financing by Land Bank, performance of contractual obligations, (development, demolition) imposition of a restrictive covenant, or other obligations and responsibilities of the transferee, or any combination thereof.
- d. Land Bank may transfer Properties to a third party for consideration other than cash, such as potential or actual community and public benefit.

10. SIDE LOT DISPOSITION PROGRAM.

The Land Bank may offer disposition of Property through a Side Lot Disposition Program, whereby lots will be conveyed to the owner of a contiguous parcel.

- a. The transferee will agree to maintain and pay all taxes on the Property.
- b. Properties subject to the side lot disposition may be conveyed only to an owner of an adjacent Property, where the two Properties share a contiguous boundary.
- c. In the event that multiple adjacent Property owners wish to acquire the same side lot, the lot shall be transferred to the highest bidder that demonstrates the greatest capacity to maintain the Property consistent with Land Bank goals.

[Notwithstanding the provisions of Section 9 above, Land Bank may accept less than fair market value or total project costs for Properties conveyed through a Side Lot Disposition Program.

11. INTERPRETATION

- a. Land Bank retains sole discretion to interpret and enforce these policies.
- b. The Board shall review these policies not less than once per calendar year and such review shall be recorded in the proceedings of the Board.