

CITY COUNCIL

Work Session

Work Session
Penn Room

March 18, 2013
7:00 PM

Although Council Work Sessions are open to the public, public comment is not permitted. However, citizens are encouraged to attend and observe the work sessions. Comment from citizens or professionals during the work session may be solicited on agenda topics via invitation by the Council President.

All electronic recording devices must be located at the entry door, as per Bill No. 27-2012. Recording may start when the meeting is called to order and must be stopped immediately when the meeting is recessed or adjourned.

- I. Call to Order**
- II. Managing Director's Report**
- III. Council Office Report**
- IV. Land Bank Authority Ordinance (J. Kromer)**
- V. Adjourn**



CITY COUNCIL

Work Session

Meeting Report Tuesday, February 19, 2013

Council Members Attending: M. Goodman-Hinnershitz, D. Reed, R. Corcoran, D. Sterner, J. Waltman, F. Acosta

Others Attending: L. Kelleher, C. Younger, C. Snyder, V. Spencer, M. Bembenick, D. Cituk

Mr. Acosta called the work session to order at 7:05 pm.

Managing Director's Report

This report was distributed at the meeting.

Council Staff Report

This report was distributed with the agenda and the 2012 Annual Report was distributed two weeks ago electronically and hard copy.

Land Value Tax (LVT)

Mr. Acosta introduced Joshua Vincent, Executive Director of the Center for the Study of Economics.

Mr. Vincent stated that this Center was created in 1926. He explained that the LVT is a retooling of local property tax that will provide options for municipalities and promote infill development. He explained that the LVT applies a lower tax rate on buildings and property improvements and a higher rate on vacant land. He noted that the LVT can be phased in stages which can help property owners adjust to the change.

Mr. Vincent stated that while having a recent assessment is optimal, it is unnecessary. He stated that when Altoona changed to the LVT their last reassessment occurred in the 1950s, when DuBois changed to the LVT their last reassessment occurred in the 1970s, when Allentown changed to the LVT their last reassessment occurred in the 1992. The LVT in Allentown occurred in 1997 with their adoption of their current Charter via referendum. He noted that Reading's first look at the LVT occurred in 1992, just before their last reassessment.

Mr. Vincent stated that a property in New London CT assessed at \$65M, with a building valued at \$300,000 would pay \$2,917 under LVT and \$6,448 under the traditional tax structure. He provided additional comparisons from Las Vegas and Berkshire MA, along with before and after photos from Harrisburg.

Mr. Vincent stated that the Center always suggests a neutral shift with a phased separation between the land value and the building value. He noted that under the traditional tax structure the building and the land are taxed at the same rate. Under LVT a higher tax rate is suggested for vacant land and a lower rate is suggested for buildings and improvements.

Mr. Vincent stated that cities changing to LVT usually experience an increase in building permit fees. He provided examples from Harrisburg and Altoona.

Mr. Vincent stated that in 1996 the median tax rate in Reading was 10.76 mils. That rate is now 15.59 which is a 70% increase. He noted the disparity between the property tax rates charged by other Berks County municipalities and the property tax charged in Reading. While Reading's property tax rate increased by 70% over the past 15 years, the rates in surrounding municipalities only increased by 40%. He noted that the school district property tax rates are similar throughout the County.

Mr. Corcoran inquired if the Reading School District and City should both adopt the LVT. Mr. Vincent stated that although the District and City boundaries are the same, the District cannot adopt the LVT because it is not a 3rd class district.

Ms. Reed inquired about the affect the LVT will have on businesses and residential properties in low density residential zones. Mr. Vincent stated that some business owners will experience a tax increase; however, property owners in low density zones should either get a reduction or pay the same amount of property taxes, as the LVT does not trump zoning.

Mr. Vincent noted that business owners have already experienced a 70% tax hike since the late 90s and that the LVT can slow down tax increases if a phased application is used.

Mr. Sterner noted the number of cities that have switched from LVT to the traditional application. Mr. Vincent said that the cities that switched did so after a botched reassessment. He stated that the LVT encourages economic growth and a decrease in property taxes. He noted that realtors in Philadelphia support the LVT.

Mr. Acosta noted that the Chamber Government Affairs Committee is not supportive of the LVT application. Ms. Goodman-Hinnershitz suggested that Council arrange a forum to discuss the LVT with business owners. Mr. Acosta suggested arranging this forum with the assistance of the Chamber.

Mr. Acosta noted that this topic will be continued in the coming months.

Mr. Corcoran moved, seconded by Ms. Reed, to adjourn the work session at approximately 8:03 pm.

Respectfully submitted by Linda A. Kelleher CMC, City Clerk



Council Office Report

2/1/13 through 2/28/13

Council Staff

Linda Kelleher, City Clerk

Michelle Katzenmoyer, Deputy City Clerk

Beatrice Rivera, Legislative Aide

Constituent Service

The following table is a rough tabulation of the number and type of issues addressed by the Council Office:

Calls for Directory Assistance

Call Type	Number of Calls
Solid Waste	3
Codes	17
Tax	2
Mayor	2
Police	8
Fire	0
Community Development	3
Planning & Zoning	9
Human Resources	3
Accounting/Finance	15
Law	0
Managing Director	4
RAWA	7
Public Works	6
IT	3
Parking Authority	2
Services Center	6
Human Relations Commission	0
Recreation Commission	1
Streets	1
Building and Trades	2
Purchasing	1
HARB	0
Auditor	3

Sanitary Sewers	3
Redevelopment Authority	1
Total Calls	102

<u>Message for Council</u>	<u>Complaints</u>	<u>Non-City Directory Assistance</u>	<u>Calls Handled In-Office</u>	<u>Total Calls</u>	<u>Walk-Ins</u>	<u>Email Requests</u>	<u>Email Complaints</u>	<u>Total Email</u>	<u>Total Constituent Service</u>
15	2	22	175	316	65	2222	1839	4061	4442

Houses Identified As Missing Housing Permits, Business Licenses, or Zoning

Areas Covered: MDJ Cases
Property transactions
Citizen complaints

Total (Since Feb. 2008): **Approx. 13,277**

Activities of Boards, Authorities and Commissions

Environmental Advisory Council – The Environmental Advisory Council planned the first rain barrel educational session in coordination with the County Conservation District. The session has been tentatively scheduled for Saturday, June 8 at 9 am at the Albright gardens. The EAC also discussed the need for Exide to formalize their agreement with the City to mow Bernhart Park for the 2013 season, discussed and the draft Alternative Energy Ordinance. They also discussed plans for review of the waste to steam project beginning at their March meeting.

Board of Health – The Board of Health discussed the draft tattoo regulations with City tattoo/piercing establishment owners to determine if the regulations would be cumbersome and if they would be able to adhere to them. The discussion was productive and resulted in several minor changes. The Board of Health will be hosting the owners at their March meeting to complete discussions. The regulations will be before the Council Public Works, Public Safety, and Neighborhood Services Committee within several months.

Board of Ethics – The Board of Ethics did not meet in February. However, the 2012 Financial Interest Statements were distributed. In addition, the amendment to the Code of Ethics regarding “Pay to Play” provisions remains in the Council Open Government, Rules and Inter-Governmental Relations Committee.

Reading LRA – As previously stated HUD has approved the Legally Binding Agreement between Mary’s Shelter and the Reading LRA. However, we are still waiting for word regarding the actual transfer of the parcel. Also, the Navy has been in contact with the Executive Director of the Reading Redevelopment Authority (RRA) regarding the negotiation of the residual parcel. The RRA hopes to purchase this parcel then sell it to a developer for residential and ratable purposes.

Blighted Property Review Committee – The BPRC held Determination Hearings in January and February. At these hearings 29 properties were determined as blighted, one property, 930 N 5th Street was certified as blighted and two properties were tabled (one due to a faulty water affidavit and another due to the progress the owner is making in the rehabilitation of the old Russo Warehouse on Centre Avenue near the Bern Street intersection).

The Acquisition and Demolition Team met on a weekly basis during February to develop an acquisition handbook that contains the procedure and supporting documentation for each acquisition tool such as voluntary conveyance, foreclosure, tax sale, conservatorship, etc. All processes contain a due diligence step that will assess the property's condition, title, value and marketability, etc. The group plans to take a sample set of blighted properties through acquisition so the various processes can be tested and perfected.

Recodification - The Editorial Analysis was returned to the publisher, General Code in mid-February. The Editorial Analysis requested various information and decisions about various parts of the 27 Chapter Codified Ordinance Books. In partnership with Attorney Thomas Coleman, the Council Office was able to respond to the 194 pages of questions about the entire code. While the majority of the issues identified could be corrected through the recodification, there are some areas that various Administrative Offices will need to submit ordinances for Council approval outside of the recodification process. The new book will be reformatted in a way that will make it much easier for the user to locate specific ordinances. The book will add a Sustainability chapter that will contain references to all "sustainability" ordinances. Attorney Coleman and the City Clerk submitted responses to General Code's secondary round of questions on March 7th and we hope to have the final draft of the manuscript before Council by the end of April.

Attorney Coleman and the City Clerk thank the Administration for their help to complete this task.

Staff Activities

Drafted and Prepared

Linda:

- Land Bank Power Point presentation
- Municipal Salary Survey
- Charter Amendment re confidentiality of complaint and decision
- Articles for Feb/Mar Council Corner
- Flyers, Notices, Ads, agendas for Conditional Use Hearing 600 N 12th St
- BPRC Notices, Summary Sheets, Minutes
- Amendment to City-wide Diversity Ordinance
- Amendment to Position Ordinance re SAFER Grant

- Meeting summaries for Main St Design, Acquisition and Disposition, Gold Star Mothers, Trash and Recycling Billing, CORE, Act 47
- Finalize acquisition processes for CORE and tax sale
- Draft proposals to advertise properties certified as blighted

Michelle K:

- BAC Expiration letters
- BAC Background Checks
- BAC Background Issues letters
- Complaint Updates
- Solicitation Permit Database Update
- Accounts Payable – including Ethics Board and Charter Board
- Staff and Council Activity Report
- Meeting Summaries
- Meeting Agendas – including ipad preparations
- Update website Boards, Authorities and Commissions
- Office Supply orders
- Update Councilors on Upcoming MDJ Cases regarding Property Maintenance Issues
- Housing Research Memos
- Train Legislative Aide
- Policeman’s Ball Letter from President of Council
- Amendment to Code of Ethics
- Tattoo Regulations
- Mailing for Conditional Use Hearing for 600 N 12th St
- Annual Staff and Council Report
- Financial Interest Statements
- Take Photos of Stained Glass Windows in Council Chambers
- Memo regarding Dan Robinson
- BAC article for newsletter
- Council Committee article for newsletter
- Review film “Fluoridegate”
- Commendations
 - RHS Dance Team
 - Frank Gilyard Posthumously
 - Bud Haines
 - African American Museum
 - Afro-Latino Magazine
- Certificates
 - Marilyn Littlejohn
 - Geneva Carter-Burns
 - Laura Nelson-Turner
 - Debra Simpson-Buchanon
 - Ladie Benton

- William Davis
- Appointment/Reappointment Resolutions
 - Tom Lynam
 - John Hill
 - Robert Hospidor
 - Jeff Gattone
 - Phil Rabena

Beatrice:

- Reading Eagle article archives scanning
- File paperwork (i.e. contracts, minutes, agendas, etc., etc.) accordingly
- Providing IT with update information for online ordinances (codified)
- Distribute incoming mail to office staff and council members
- Scanning of new legislation
- Scanning of contracts
- Updated ordinances and resolutions
- Updated Facebook page and monitored on daily basis
- Accounts Payable
- Assist Spanish speaking constituents
- Prepared “thank you” letters to Pastors doing the invocation at Regular Meetings
- Prepared “thank you” letters to speakers at regular meetings
- Prepared congratulatory letters for BAC appointments/reappointments
- Updated bulletin board
- Scan BPRC agenda
- Complaint Processing
- Council Corner Newsletter
- Research Brief
- Preparation of 2012 Journal of Council

All staff:

- Committee of the Whole minutes, Committee meeting minutes and Regular minutes
- Drafted correspondence and memos for members of Council

Researched

Linda:

- Land Bank in other States
- Towing Contract
- Charter Correction Recommendations
- Land Value Tax
- Water Authority Lease Agreements

- Municipal Salaries

Michelle K:

- FOP Contracts

Beatrice:

- Act 90 (Senate Bill 900)

Meetings Attended

Linda:

- 2/1 - Main St Design Committee
- 2/1 - Police Chief & Man Dir re RBI
- 2/1 - Man Dir re Agenda
- 2/5 - R-BAR re bank owned properties
- 2/5 - Audit Committee
- 2/8 - Chamber Government Affairs Committee
- 2/11 - Man Dir re Agendas
- 2/13 - Acquisition Disposition Team Mtg
- 2/13 - Conference Call re Land Banking
- 2/13 - Conference Call w/ Carnegie Mellon re BPRC process
- 2/13 - Act 47
- 2/19 - Man Dir re Agendas
- 2/21 - Acquisition Disposition
- 2/25 - Man Dir re Agendas
- 2/25 - Man Dir, Mayor Staff, Solicitor re Trash and Recycling Billing
- 2/25 - Mayor's Office Council President re RAWA Lease Agreement and Ordinance form
- 2/27 - Oath to John Hill
- 2/28 - CORE
- 2/28 - Gold Star Mothers re memorial benches in City Park

Michelle K:

- 2/4 - Nominations & Appointments Committee
- 2/4 - Open Government, Rules and Inter-Governmental Relations Committee
- 2/5 - Board of Health
- 2/11 - Committee of the Whole
- 2/19 - Public Works, Public Safety, and Neighborhood Services Committee
- 2/25 - Committee of the Whole
- 2/26 - Environmental Advisory Council

Beatrice:

- 2/4 - Housing and Economic Development Committee
- 2/11 - T. Butler re Act 90

2/19 – Finance, Budget and Audit Committee
2/21 – Webmaster re Council Facebook page

Requests for Information – 4

Council Activities

Topics under Discussion and Consideration

- Attended the second Charter Training session
- Met with the Gold Star Mothers regarding the installation of benches in City Park
- Heard a presentation on the Land Value Tax
- Discussed Council agenda preparation
- Discussed the need for review of all City Lease Agreements and to prioritize the review
- Discussed the formation of the Charter Review Commission

Legislation under Consideration

- **Bill No. 9 - 2013** - amending the 2013 Position Ordinance by adding 30 firefighter positions, to comply with the SAFER Grant if it is accepted. (**Man Dir/Council Staff**) *Introduced at the January 28 regular meeting; Tabled at the February 11 and February 25 meetings*
- **Bill No. 12 - 2013** - amending Chapter 7-207, Fire Prevention and Fire Protection, and amending Section 901.6.2 to require all records of system inspections, tests and maintenance under Section 901 of the City of Reading Fire Prevention and Protection Code to be provided to Brycer, LLC, for the electronic record management and retrieval by the Office of the Fire Marshal (**Law**) *Introduced at the February 25 regular meeting*
- **Bill No. 13 - 2013** – authorizing the Mayor to execute any and all documents, including but not limited to promissory notes and security agreements, to obtain certain radios, etc., in cooperation with the County of Berks and the participation in the County-wide public safety radio system (**Law**) *Introduced at the February 25 regular meeting*
- **Bill No. 14 - 2013** – authorizing a referendum question regarding a dedicated Library Tax on the May 21st primary ballot (**Council**) *Introduced at the February 25 regular meeting*
- **Bill No. 15 – 2013** - requesting the 2nd authorization to transfer \$1 M from the general fund to the trash/recycle fund (**Controller**) *Introduced at the February 25 regular meeting*

Legislation Adopted

- **Bill No. 7 - 2013** – amending the City-wide Diversity Board ordinance (Council Staff/HR) *Introduced at the January 28 regular meeting*
- **Bill No. 8 - 2013** - authorizing the execution of the Inter-municipal Sewer Agreement (IMA) with Laureldale (Man Dir) *Introduced at the January 28 regular meeting*
- **Bill No. 10-2013** - amending the CORE Guidelines to provide the option for a CORE property to be marketed and sold as an owner occupied rental (Law) *Introduced at the February 11 regular meeting*
- **Bill No. 11-2013** - amending the Codified Ordinances, Chapter 1 Administrative Code, §1-122. Ordinances (Council) *Introduced at the February 11 regular meeting*
- **Resolution** – reappointing Tom Lynam to the Fire and Building Code Board of Appeals (Nom & Appts)
- **Resolution** – reappointing John Hill to the Fire and Building Code Board of Appeals (Nom & Appts)
- **Resolution** – appointing Robert Hospidor to the Board of Health (Nom & Appts)
- **Resolution** – reappointing Jeffrey Gattone to the Zoning Hearing Board (Nom & Appts)
- **Resolution** – reappointing Phil Rabena to the Zoning Hearing Board (Nom & Appts)

Committee Discussion Topics

Finance, Audit and Budget Committee

- Reviewed the **CSC and IT monthly reports**
- Discussed a **Library Tax**
- Heard an update on the creation of a **Defined Contribution Plan**
- Heard a report on the **Audit Committee** meeting
- Reviewed **Fund Transfers**
- Heard a report on **Legal Fee Expenses**

Public Safety, Public Works and Neighborhood Services Committee

- Discussed **Parking on William Lane**
- Discussed the **Lease Agreement at Egelman's Baseball Field**
- Discussed the **Lease Agreements for Angelica Park**
- Discussed acceptance of the **SAFER Grant**

Open Government, Rules and Intergovernmental Relations Committee

- Heard an update on **printing of the Welcome to Reading Guidebook**
- Heard an update on the **Citizens Advisory Board**
- Discussed the formation of the **Charter Review Commission**
- Discussed the draft **amendment to the Code of Ethics regarding "Pay to Play" regulations**

Housing, Economic Development and Strategies Committee

- Heard updates on the **QoL Program, the Certificate of Transfer Program and MDJ rulings on Property Maintenance Citations**
- Heard an update on the **Housing Amnesty Program**
- Heard an update on the **Zoning Backlog**

Nominations and Appointments Committee:

- **Boards, Authorities & Commissions** – conducted 5 appointment/reappointment interviews and recommended 5 appointment actions, where applicable, to the body of Council

BILL NO. _____ - 2013

AN ORDINANCE

AMENDING THE ADMINISTRATIVE CODE, CHAPTER 1, PART 4
AUTHORITIES, BY CREATING A NEW SECTION F - LAND BANK
AUTHORITY.

THE COUNCIL OF THE CITY OF READING HEREBY ORDAINS AS FOLLOWS:

SECTION 1. Amending the Administrative Code, Chapter 1, Part 4 Authorities, by
Creating a New Section F - Land Bank Authority as attached in Exhibit A.

SECTION 2: All relevant ordinances, regulations and policies of the City of
Reading, Pennsylvania not amended per the attached shall remain in full force and
effect.

SECTION 3: If any section, subsection, sentence or clause of this ordinance is held
for any reason to be invalid such decision shall not affect the validity of the
remaining portions of the Ordinance.

SECTION 4: This Ordinance shall become effective in ten (10) days after passage.

Enacted _____, 2013

Council President

Attest:

City Clerk

Submitted to Mayor: _____

Date: _____

Received by the Mayor's Office: _____

Date: _____

Approved by Mayor: _____

Date: _____

Vetoed by Mayor: _____

Date: _____

EXHIBIT A
CHAPTER 1

Reading Land Bank Authority

WHEREAS, This Chapter is in accordance with the provisions of Act 153, enacted by the PA General Assembly and signed into law by the Governor on October 24, 2012, and

WHEREAS, The Reading Land Bank Authority, hereinafter the "Land Bank", shall possess all powers and duties permitted to it under state law, except where expressly limited in this Chapter, and

WHEREAS, Council finds and declares that there is a need for a land bank to function within the territorial limits of the City of Reading, within County of Berks, and

WHEREAS, The mission of the Land Bank is to return vacant property to productive status using a unified, predictable, and transparent process, thereby revitalizing neighborhoods and strengthening the City's tax base.

§ 450. Creation and Purpose

1) The purpose of this Ordinance is to create the Reading Land Bank Authority that will use available resources to facilitate the return of vacant, abandoned and tax-delinquent properties to productive use thereby combating community deterioration, creating economic growth and stabilizing the housing and job market.

The Authority will acquire, hold, and transfer interest in real property throughout Reading as approved by the Board of Directors for the following purposes: to

promote redevelopment and reuse of vacant, abandoned, and tax-delinquent properties; support targeted efforts to stabilize neighborhoods; stimulate residential, commercial and industrial development; all in ways that are consistent with goals and priorities established by this Ordinance, local government partners and other community stakeholders.

2) The City of Reading, the Reading Redevelopment Authority, and the Reading Housing Authority, shall identify all surplus vacant property owned by these entities and property these entities wish the Land Bank to acquire within six (6) months following the effective date of this legislation.

3) All personnel, facilities, equipment and supplies within the Land Bank shall be governed by a Board of Directors as provided herein.

§ 451. Definitions.

The following words and phrases when used in this chapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

Municipal Tax – any property tax imposed and billed by the City, School District and County governments.

Owner-occupant - A natural person with a legal or equitable ownership interest in property which was the primary residence of the person for at least three consecutive months at any point in the year preceding the date of initial delinquency.

Real property - Land and all structures and fixtures thereon and all estates and interests in land, including easements, covenants and leaseholders.

Financial institution – a bank, savings association, operating subsidiary of a bank or savings association, credit union, or an association licensed to originate mortgage loans or an assignee of a mortgage or note originated by such an institution.

Land Bank - a public body and a body corporate and politic established under this chapter.

Real Property - all land and the buildings thereon, all things permanently attached to land or to the buildings thereon, and any interest existing in, issuing out of, or dependent upon land or the buildings thereon.

§452. Board of Directors.

1) Appointments.

The Land Bank shall be governed by a Board of Directors comprised of nine (9) members that reflect the diversity and range of interests affected by the Land Bank's activities.

Reading Redevelopment Authority, the Planning Commission and the Blighted Property Review Committee shall each appoint one member and one member shall be a licensed realtor who is active in the Reading Berks Association of Realtors (RBAR) *and nominated by the RBAR Board of Directors, with the approval of Council.*

At least one of the remaining five (5) appointees shall be held by a citizen who is not a public employee or an elected official and at least one (1) of the remaining four (4) appointed members must be a representative of nonprofit organizations working in the field of housing or community development, or of civic associations from low- or moderate-income neighborhoods and shall be appointed by the Mayor with the approval of Council.

- a) The members of the Board shall be appointed by the Mayor, with the approval of City Council, and shall serve a 4 year staggered term with the first three members appointed to serve a four year term, the next three members appointed to serve a three year term and the final three members appointed to serve a two year term. Members may be appointed for consecutive terms.
- b) Any individual or organization may submit recommendations for board membership to the Mayor and City Council to be considered in making appointments.
- c) Members shall continue to serve until their successors have been appointed and confirmed.
- d) *Members shall serve without compensation and may seek reimbursement for expenses associated with duties relating to Land Bank activities.*

2) The Land Bank members shall elect officers to serve as Chair, Vice Chair and Treasurer to serve two (2) year terms. *Members may be re-elected to serve successive terms.*

3) Vacancies.

Any vacancy in an appointed position shall be filled by appointment by the Mayor submitted to the City Council for approval within thirty (30) days of the creation of the vacancy. *The Reading Redevelopment Authority, Planning Commission and Blighted Property Review Committee shall appoint a replacement representative if a vacancy occurs.*

4) Meetings.

The Authority shall hold monthly public meetings, shall make each meeting's agenda available on the Land Bank's website at least seven (7) days in advance of such meeting and shall allow for public comment on matters under deliberation at each such public meeting. *The place, date, and time of the Land Bank meetings shall be determined at the discretion of the Board of Directors. All meetings of the Board of Directors shall comply with the Pennsylvania Sunshine Act.*

A quorum shall be necessary for the transaction of any business by the Board of Directors. A majority of the Members of the Board of Directors shall constitute a quorum. The Board of Directors shall act by a majority vote of the Members at a meeting at which a quorum is present, except as otherwise provided in this Ordinance.

Minutes of all meetings of the Board of Directors and its Committees shall be made and maintained with copies provided to the City Clerk on a monthly basis, at a minimum.

5) Land Bank Authority-Powers and Duties

The Members of the Authority are under a fiduciary duty to conduct the activities and affairs of the Authority in the best interests of the residents of the City of Reading, including the safekeeping and use of all Authority monies and assets. The Board of Directors shall discharge their duties in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

The Land Bank Authority shall have the following powers and duties:

- a. To develop stewardship and management plans for each acquired interest not inconsistent with or detrimental to the purpose/rationale which justifies*

its acquisition;

b. To supervise the management of the property interests acquired;

c. To develop annual reports of Authority's activity;

d. To conduct real property appraisals;

e. To negotiate real property purchases or trades

f. To provide for a system of accounting;

g. To adopt, amend and/or repeal policies and procedures for contracting and procurement which must be consistent with the provisions set forth in the Reading Codified Ordinances;

h. To borrow money from private lenders, from cities or counties, from the state or from federal government funds to further or carry out the Authority's public purpose by executing leases, trust indentures, trust agreements, agreements for the sale notes, loan agreements, mortgages, deeds to secure debt, trust deeds, security agreements, assignments, and such other agreements or instruments as may be necessary or desirable, in the judgment of the Land Bank, to evidence and to provide security for such borrowing.

i. To make application directly or indirectly to any federal, state, county, or municipal government or agency or to any other source, whether public or private, for loans, grants, gifts, guarantees, labor, or other aid or financial assistance in furtherance of the Authority's public purpose and to accept and use the same upon such terms and conditions as are prescribed by such federal, state, county, or municipal government or agency or other source;

§ 453. Land Bank Staff.

1) Employees.--A land bank may employ or enter into a contract for an executive director, counsel and legal staff, technical experts and other individuals and may determine the qualifications and fix the compensation and benefits of those employees.

2) Contracts.--A land bank may enter into a contract with a municipality for:

(a) the municipality to provide staffing services to the land bank; or

(b) the land bank to provide staffing services to the municipality.

§ 454. Acquisition of Property.

1) The Land Bank is authorized to acquire real property or interests in real property through donation, gift, purchase, or any other legal means, provided that, with respect to the acquisition of tax delinquent properties, the Land Bank shall follow the procedures set forth in subsection (2).

2) Acquisition of tax delinquent properties.

~~a) The Land Bank is authorized to request the City of Reading to certify for upset sale a property that is both vacant and/or delinquent as to municipal tax or claims if the staff of the Land Bank determines that the acquisition is consistent with its mission and policies.~~

~~b) Application for certification may be made by an individual or organization.~~

~~e) If an application for certification is denied, the applicant shall be entitled to explanation in writing. Before any upset sale of real property initiated by the City of Reading, the Land Bank shall elect whether to seek acquisition of the property. The Land Bank shall not seek to acquire owner occupied properties without first certifying that an appropriate payment plan has been offered for any municipal debt, including evaluation for an income based hardship plan.~~

a) Except as provided in § XXX, The Land Bank is authorized to enter into agreements with the County Treasurer to purchase tax delinquent properties from the Upset Sale list, the Judicial Sale list, the Repository Sale list or through Private Sale individually or in bundles and to then file for quiet title to clear title to the property to assign and transfer a tax or municipal claim to the Land Bank, and to exercise the rights, privileges, and remedies of an assignee as stated in 53 P.S. § 7101 et seq.

b) If the Land Bank acquires a tax delinquent property that is not vacant, the Land Bank shall:

1. Negotiate with the property owner to pay the lien

2. Make arrangements to avoid the displacement of lower income owner occupants, as specified in Act 153

3. Discharge a tax lien, with the approval of land bank jurisdiction members and other taxing authorities, including the school district

§ 455. Inventory.

1) The Land Bank shall maintain and make publicly accessible on its website, and at its offices during normal business hours, the following information:

- a) An up-to-date inventory of property owned by the Land Bank;
- b) A map showing the properties in the Land Bank's inventory, as well as all additional properties reasonably known to be vacant within the City of Reading; and
- c) A record of all property conveyed by the Land Bank to other parties, including, but not limited to: the sale price for which the property was conveyed; the party to whom the property was conveyed; a summary of any terms or conditions of the conveyance, including the intended use of the property; and the approximate income of the households that will benefit from the intended use, if the sale price was nominal or reduced.

2) The Land Bank shall provide a mechanism through which individuals so requesting shall receive ongoing notifications as to changes in the status of any property until that point at which the property is conveyed by the Land Bank.

§456. Discharge and Abatement of Real Estate Taxes, Water and Sewer Charges, and Other Municipal Claims.

- 1) The Land Bank is authorized to discharge liens and other municipal claims, charges, or fines against the properties it acquires.
- 2) For the duration of the time a property is held by the Land Bank, the Land Bank is authorized to abate all real estate taxes, water and sewer charges, and other municipal charges.

§457. Disposition of Property.

- 1) The Land Bank is authorized to convey, exchange, sell, transfer, lease, grant, or mortgage interests in real property of the Land Bank in the form and by the method determined to be in the best interests of the Land Bank, except where expressly limited in this Section.
- 2) The Board of Directors may delegate this disposition authority to the staff of the Land Bank except in the following circumstances in which the Board itself must

review and approve transfers of property at a public meeting:

- a.) The proposed terms of the transaction conflict with the Land Bank's published policies or procedures;
- b) The transferee has a significant history of tax or water delinquencies; and/or owns property in a condition that violates the Reading Codified Ordinances; or fails to redevelop properties previously acquired from the City of Reading or other local public agencies;
 - e) When requested by the District Council person representing the district in the property is located; or
 - d) When otherwise required by state law.

3) Public notice. Before the execution of an agreement to use or transfer property in the Land Bank's inventory, the Land Bank shall provide notice—and an opportunity to comment as follows:

a) The Land Bank shall provide public notice of proposed transactions as early as practicable and at least thirty (30) days before any final action will be taken, which shall include posting such notice conspicuously on the subject property. The Land Bank shall also provide notice to registered community organizations as defined in §455 Inventory herein. Any individual or organization may submit comments in writing to the Land Bank regarding a proposed transaction.

§457. Certification of Compliance.

a) Applicants for properties must provide the Land Bank with certification from the City of Reading Administrative Services Department that the applicant has no tax or utility delinquencies, and an affidavit from the Property Maintenance Division showing that on the date of the affidavit that all other properties owned by the applicant are in compliance with the provisions of the Property Maintenance or under agreement to come into compliance.

b) The certification and affidavit shall additionally record if the applicant has a significant history of tax or water delinquencies, or of owning property maintained in a condition that violates The City of Reading Codified Ordinances.

c) Certification shall not be denied when a property with tax or utility delinquency was acquired by the applicant from the City of Reading and the delinquency predates the transfer of title to the applicant.

§457. Pricing.

- a) Market value shall be determined by up-to-date data, and by using the valuation method that the Land Bank or its staff has determined is most appropriate given the particular conditions of the property and surrounding market.
- b) Nominal or reduced price disposition shall be an option for any property owned by the Land Bank.
- c) In calculating a reduced sales price, the discount shall take into account the benefit provided by the proposed use, and the amount of discount needed to make the project both initially financially feasible and continually sustainable.
- d) For housing projects serving households at a mix of income levels, the Land Bank may count the number of very low-, and moderate-income households served and provide proportionate discounting.
- e) The Land Bank shall make available an appeals process wherein an applicant may submit evidence relevant to the value of a property.
- f) The Land Bank shall enforce any provisions agreed upon as conditions of sale between the transferee and the Land Bank through legally binding mechanisms, including but not limited to deed restrictions, covenants, and mortgages.

§ 458. Policies.

- 1) Policies of the Land Bank shall be initially adopted and thereafter reviewed biannually by the Board of Directors of the Land Bank, with opportunity for public input and comment, and must be approved by resolution of City Council. Policies shall be published on the Land Bank's website. The following goals shall guide the activities and policies of the Land Bank, in addition to its mission:
 - a) Encouraging the revitalization of neighborhoods by extending nominal or **reduced-price disposition to projects that demonstrate beneficial community impact**, including but not limited to: affordable or mixed-income housing that is accessible; economic development that creates jobs for community residents; community facilities that provide needed services and enrichment opportunities; side- and rear-yards; urban agriculture; and community open space.
 - b) Using up-to-date data and analysis to identify different neighborhood inventory and market conditions.

- c) Acting consistently with Reading's Comprehensive Plan and the goals of community plans accepted by the Reading City Planning Commission in acquisition and disposition decisions, and providing justification for any deviation.
 - d) Advancing socioeconomic diversity within communities throughout the City, and encouraging development that ensures the long-term affordability of housing.
 - e) Making land accessible to those who cannot afford immediate payment in full, including start-up businesses and low-income people seeking housing, through mechanisms including leases, seller-financed mortgages, and entry authorizations.
 - f) Seeking to promote housing preservation as an essential element of redevelopment.
 - g) Promoting high ethical standards and protecting against conflicts of interest, supplementing applicable state and local laws by adopting ethical guidelines for Land Bank board members and employees, and promulgating rules addressing potential conflicts of interest.
- 2) The Land Bank shall develop performance standards or metrics with respect to achievement of the above goals and any additional goals adopted by the Land Bank board through regulation, and shall publish ~~annually an impact statement~~ *an Annual Report* by December 31st of each year detailing its performance, reporting on its yearly progress in fulfilling each of the goals set forth in this Ordinance, and including a listing of properties that went before the Land Bank board for approval, the reason for board review, and the outcome for each. *The Annual Report shall include a financial statement and recommendations for legislation which can help the Authority perform its mission.* This *Annual Report* may be included in any annual audit and report otherwise required by state law.
- a) ~~The impact statement must be approved by resolution of~~ *Annual Report must be delivered to City Council through the City Clerk's office by the first week in January annually.*
 - b) If the Land Bank is unable to deliver an ~~impact statement~~ *Annual Report* showing that its goals are being achieved, the Land Bank shall include with the statement a remedial plan to be executed during the following year.

§ 459. Financial Provisions.

The Land Bank shall retain proceeds from the sale of any properties to cover operating costs, maintenance of inventory, and to support additional strategic property acquisition, up to whatever amount shall be specified in the Land Bank's policies as approved by Council, provided that is consistent with local law.

§ 460. Dissolution; Distribution of Assets in Case of Dissolution.

The Land Bank may be dissolved according to the requirements of state law upon a finding adopted by the Board of Directors and approved by City Council that there is no longer any need for a land bank to function within the territorial limits of the City of Reading.

§ 461. Indemnification.

(a) The City shall defend and indemnify the Authority and the Members Board of Directors with respect to all claims or judgments arising out of their activities as Members with respect to all negligence claims, and claims or judgments arising out of Land Bank activities performed on behalf of the City.

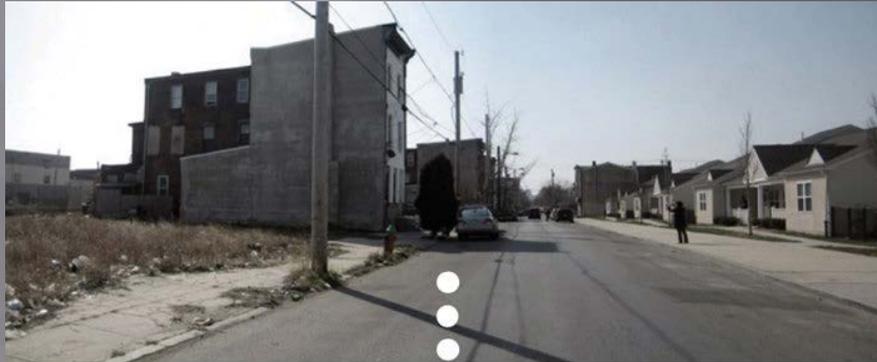
(b) The City shall not be obligated to indemnify the Authority or Member for:

- 1) Punitive damages or liability arising out of conduct which is based upon willful or wanton conduct.*
- 2) Conduct which is outside of the scope of the Authority.*
- 3) Any settlement or judgment in which the City did not participate.*
- 4) The defense of any criminal or disciplinary proceeding.*

(c) To be eligible for defense and indemnification, the Authority or Member shall be obligated to:

- (1) Notify, within five days of receipt, the City of Reading Human Resources Division of any claim made against the Member or Authority and deliver all written demands, complaints and other legal papers, received by the practitioner with respect to such claim to the Department of Risk Management.*
- (2) Cooperate during the investigation and defense of any claim against the City or any Member, including, but not limited to, preparing for and attending depositions, hearings and trials and otherwise assisting in securing and giving evidence.*
- (3) Promptly notify the City Clerk of any change in the Member's address or telephone number.*

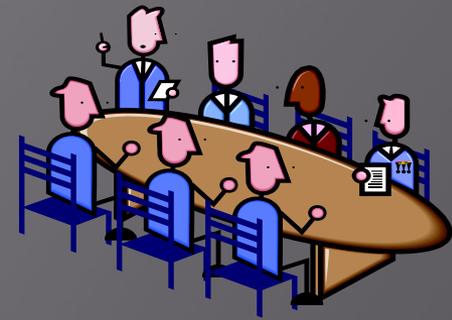
READING LAND BANK AUTHORITY



Overview

Act 153 was signed into law on Oct 24, 2012 to enable communities to systematically remove problem properties from an endless cycle of vacancy, abandonment, and tax foreclosure, and return these properties to productive use and to allow entities to engage in bulk quiet title proceedings for the purpose of obtaining title insurance thus making the title marketable

Authority Members



- ▣ The board will have not less than five members nor more than eleven. Public officials and municipal employees are eligible to serve as board members. Board members are subject to the Public Official and Employee Ethics Act.
- ▣ A land bank must include one voting member who is a resident, who is not a public official or municipal employee and who maintains membership with a recognized civic association in the land bank jurisdiction.

Suggested Composition

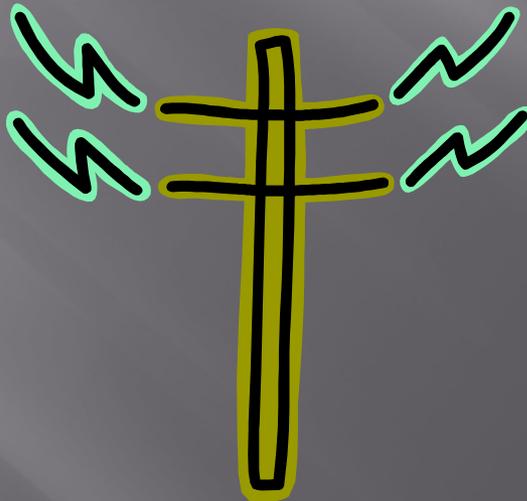
Nine member Authority Board of Directors

- ▣ 3 members appointed by the RDA, the Planning Commission and the BPRC
- ▣ 1 member appointed by R-BAR
- ▣ 5 members appointed by the Mayor w/ Council approval
 - One of the 5 cannot be an elected official or employee
 - One of the remaining 4 must represent nonprofit organizations working in the field of housing or community development, or of civic associations from low- or moderate-income neighborhoods.

Land Bank Basics

- ▣ Lands banks do not possess the power of eminent domain.
- ▣ A land bank authority must be created by local ordinance and a copy of the ordinance must be filed with the PA Department of State, which will issue a certificate of incorporation.
- ▣ Land banks are subject to the Sunshine Act and the Right-to-Know Law.
- ▣ Lands banks may sell real estate without going through a competitive process
- ▣ A land bank may enter into a contract with a municipality for staffing services.

LAND BANK POWERS



Power 1 – Acquire Real Estate

Power to acquire real estate in its name and maintain, demolish or improve the property; sell the property for redevelopment; or lease the property, consistent with state law.

- Through a voluntary sale or donation
- For the upset tax sale price, if no one bids higher
- For a negotiated figure with the Tax Claim Bureau at the judicial sale stage
- From the Tax Claim Bureau repository of unsold property

Tax Sale Acquisition

- ▣ **Upset Sale** – can enter into an agreement for the purchase of properties at the minimum amount if no party bids higher than the minimum. All liens, claims, and subordinate encumbrances are discharged by the sale according to the new law.**
- ▣ **Judicial Sale** – can purchase properties at a negotiated price as purchaser has an absolute title to; the property is sold, free and discharged of tax and municipal claims, liens, mortgages, ground rents, charges and estates. Properties can be bundled.
- ▣ Original property owners lose right of redemption

Power 2 – Assignment of Tax Liens

After it Accepts the Assignment of a Tax Lien, the Land Bank can:

- ▣ Negotiate with the property owner to pay the liens on the property
- ▣ Make arrangements to avoid the displacement of lower income owner occupants
- ▣ Discharge a tax lien, with the approval of land bank jurisdiction members and other taxing authorities, including the school district

Power 3 – Quiet Title

The land bank is deemed to be the holder of sufficient legal and equitable interests and possessory rights so it qualifies as a complainant in the action.

The court shall schedule a hearing within 90 days following the filing of a complaint; the court shall issue its judgment within 120 days of the filing of the complaint.

The land bank may bundle multiple parcels in a single quiet title complaint

Duties of the Land Bank

- ▣ To manage and maintain the properties acquired
- ▣ To prepare an annual report and conduct an annual external audit
- ▣ To adopt purchasing policies that are consistent with the Codified Ordinances
- ▣ To borrow money from the private sector or government or apply for grants
- ▣ To hire staff and legal counsel or to contract with the municipality for staffing

Transparency



The Land Bank shall maintain and make publicly accessible on its website, and at its offices during normal business hours, the following information:

- ▣ An up-to-date inventory of property owned by the Land Bank;
- ▣ A map showing the properties in the Land Bank's inventory, as well as all additional properties reasonably known to be vacant within the City of Reading; and
- ▣ A record of all property conveyed by the Land Bank to other parties, including, but not limited to: the sales price, the terms and conditions of the sale; and the approximate income of the households that will benefit from the intended use, if the sale price was nominal or reduced.

FINANCING



1. Real Estate Tax Income

Taxing jurisdictions (City, County and School) may authorize land banks to retain 50% of real estate tax income generated from properties sold from the land bank's inventory for a period of five years.

2. Sales & Lease Income

The land bank may generate income from the sale or lease of properties in its inventory.

- ▣ Lease income is exempt from state and local tax for the first 5 years.
- ▣ If a property is continuously leased to a third party for 5 years, the tax exemption expires.
 - *Exception:* the property is leased to a non-profit or governmental agency at substantially less than fair market rent.

3. Loans

Land banks may use the property they own as collateral for borrowing; any leasehold or other income may be used to repay the loan.

Money borrowed by a land bank to acquire real estate does not count against municipal indebtedness unless the municipality guarantees or insures the debt.

4. Other \$\$ Options

- ▣ Act 137 (Housing Trust Fund)
- ▣ State grants (Keystone Communities and PHARE)
- ▣ Foundations, to the extent the organization can qualify as a 501(c)(3)
- ▣ Collect delinquent taxes from property owner after property is acquired

Benefits?



- ▣ Provides an additional acquisition tool
- ▣ Keeps properties out of the hands of speculators
- ▣ Provides the ability to hold land for development projects
- ▣ Provides new ability to control commercial and residential development projects

Questions & Discussion

