

**Hopkinsville and Christian County Landbank  
Authority, Inc.**

*Priorities, Policies, and Procedures*

As approved by the Board of Directors on \_\_\_\_\_, 2008

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## **1. POLICIES GOVERNING THE ACQUISITION OF PROPERTIES**

The acquisition and disposition of properties acquired by the Hopkinsville and Christian County Landbank Authority, Inc. (hereafter also referred to as “LBA”) in accordance with Kentucky Revised Statutes 65.350 – 65.375, shall be governed by the following basic priorities, policies, and procedures.

The acquisition, use, and disposition of such properties shall at all times be consistent with the laws and authority granted by the state of Kentucky, the Interlocal Cooperative Agreement authorizing the establishment of the Hopkinsville and Christian County Landbank Authority, Inc., by and between the City of Hopkinsville, the County of Christian, the Christian County Board of Education, and the Commonwealth of Kentucky, the Articles of Incorporation and Bylaws for the Hopkinsville and Christian County Landbank Authority, Inc., and the public purposes set forth herein.

### **A. Policies Governing the Acquisition of Tax-Foreclosed Properties**

In determining which, if any, properties shall be acquired, purchased, or consolidated through the tax foreclosure processes for acquisition by the LBA, the Hopkinsville and Christian County Landbank Authority, Inc. Board of Directors shall give consideration to the following factors:

1. Proposals and requests by nonprofit corporations that identify specific properties for ultimate acquisition and redevelopment.
2. Proposals and requests by governmental entities that identify specific properties for ultimate use and redevelopment.
3. Proposals and requests by individuals that identify specific properties for ultimate acquisition and redevelopment.
4. Improved structures that are the subject of an existing order for demolition of the improvements and properties that meet the criteria for demolition of improvements.
5. Vacant properties that could be placed in the Adjacent Lot Disposition Program (hereafter also referred to as “ALDP”).
6. Properties that would be in support of neighborhood stabilization and revitalization plans (see Attachment (i) “Map of ICREZ Neighborhood Network Associations with Model Block Areas”).
7. Properties that would form a land consolidation development plan by the LBA.

8. All properties must have a clear title and be absent of any financial liabilities (other than delinquent taxes), or the property owner shall provide written proof from the lien and/or mortgage holder that the encumbrance will be released upon the reasonable satisfaction of applicable terms and conditions. Said terms and conditions shall also be made available to the LBA in written form. In the case of “heir property,” the LBA shall take the necessary steps to show proof of a clear title.
9. In instances where the property owner is known, the LBA will satisfy their due diligence as related to environmental conditions by having the property owner complete, and sign-off on, an environmental study (see Attachment (ii) “Hazardous Material Property Survey”).
10. The LBA shall consult with the Inner-City Advisory Committee for the acquisition of properties located within the ICREZ boundaries.

In determining the nature and extent of the properties to be acquired, the LBA shall also give consideration to the underlying values of the subject properties, the financial resources available for acquisition, the operational capacity of the LBA, and the projected length of time for transition of such properties to a productive use.

#### **B. Policies Governing the Acquisition of Non Tax-Foreclosed Properties**

While the foundation of property acquisition rests with the tax foreclosure process, there will occasionally be properties that individuals, organizations, businesses, and entities wish to donate to the LBA. The LBA may also acquire property through purchase or exchange. The policies and procedures to carry out such acquisitions are:

1. Proposals and requests by nonprofit corporations that identify specific properties for ultimate acquisition and redevelopment.
2. Proposals and requests by governmental entities that identify specific properties for ultimate use and redevelopment.
3. Proposals and requests by individuals that identify specific properties for ultimate acquisition and redevelopment.
4. Improved structures that are the subject of an existing order for demolition of the improvements and properties that meet the criteria for demolition of improvements.
5. Vacant properties that could be placed in the Adjacent Lot Disposition Program (hereafter also referred to as “ALDP”).

6. Properties that would be in support of neighborhood stabilization and revitalization plans (see Attachment (i) “Map of ICREZ Neighborhood Network Associations with Model Block Areas”).
7. Properties will further be evaluated relative to the applicable neighborhood network association (hereafter also referred to as “NNA”) “Empowerment Plan” and/or Dennison Associates “Guide to Implementation of a Neighborhood Revitalization Initiative for the City of Hopkinsville, Kentucky” (hereafter also referred to as “Dennison Guide”).
8. Properties that would form a land consolidation development plan by the LBA.
9. All properties must have a clear title and be absent of any financial liabilities (other than delinquent taxes), or the property owner shall provide written proof from the lien and/or mortgage holder that the encumbrance will be released upon the reasonable satisfaction of applicable terms and conditions. Said terms and conditions shall also be made available to the LBA in written form. In the case of “heir property,” the LBA shall take the necessary steps to demonstrate proof of a clear title.
9. The LBA will undertake an environmental study (which the property owner must sign-off on) and satisfy their due diligence as related to environmental conditions of a property, (see Attachment (ii) “Hazardous Material Property Survey”).
10. Personal inspection of the interior/exterior of the property.
11. Accumulate property information including PVA data, map location, photos, code violations, and other pertinent information.
12. Request an appraisal or market value estimate from a professional service.
13. The LBA shall consult with the Inner-City Advisory Committee for the acquisition of properties located within the ICREZ boundaries.

Based on one or any combination of the foregoing categories, the LBA may decide to reject the property for acquisition, may establish a purchase price, or may accept the property for acquisition by donation.

## **2. PRIORITIES CONCERNING THE DISPOSITION OF PROPERTIES**

The disposition of properties shall be based upon a combination of three different factors. The first factor involves the intended or planned use of the property. The second factor considers the nature and identity of the transferee of the property. The third factor addresses the impact of the property transfer on the short and long term neighborhood and community development plans. Within each factor is a list of priorities. The disposition of any given parcel will be based upon the transferee's ability to efficiently and effectively meet and implement the LBA policies and priorities. The staff of the LBA shall at all times retain flexibility in evaluating the appropriate balance of the priorities for the use of property, the nature of the transferee, and the NNA Empowerment Plans and Dennison Guide in making their recommendation to the LBA.

Factor One – The priorities for the use of property include:

1. Improvement of housing stock either through quality housing for rental or homeownership.
2. Neighborhood revitalization.
3. Return of the property to productive, tax-paying status.
4. Assurance of no or minimal financial loss for the LBA.
5. Land consolidation for economic development, such as, but not limited to, within the “Model Block” areas of the NNA.
6. Long term “banking” of properties for strategic uses.

Factor Two – The priorities for the nature of the transferee include:

1. Qualified nonprofit corporations, such as, but not limited to, NNA, that will hold title to the property on a long term basis or hold title to the property for purposes of subsequent conveyance to private third parties for homeownership.
2. Nonprofit entities, such as, but not limited to, academic and religious institutions.
3. Entities that are a partnership, limited liability corporation, or joint venture comprised of a private nonprofit corporation and a private for-profit entity.
4. Individuals who own and occupy residential property for purposes of the ALDP.

5. Entities associated with the government, such as, but not limited to, local, regional, and/or state housing authorities.
6. An individual, business, organization, or entity with the ability (as determined through the “Request for Qualifications/Proposals” process) to develop in a manner consistent with the goals of the Inner-City Residential Enterprise Zone (hereafter also referred to as “ICREZ”) program.

Prior owners of property at the time of the acquisition of the property, shall be ineligible to be the transferee of such property from the LBA, or any subsequent transferees, or have any direct or indirect financial gain associated with the development of the property.

Factor Three – The priorities for the neighborhood and community development include:

1. The preservation of existing, stable, and viable neighborhoods.
2. The creation of existing, stable, and viable neighborhoods.
3. Neighborhoods in which a proposed disposition of property will assist in halting neighborhood deterioration.
4. Neighborhoods which have recently experienced or are continuing to experience deterioration.
5. Within and among each of these priorities is also a concurrent priority for targeted geographic areas for which a NNA Empowerment Plan and/or Dennison Guide has already been approved.

### **3. FACTORS IN DETERMINING CONSIDERATIONS DUE UPON TRANSFER**

The following factors shall constitute general guidelines for determining the considerations to be received by the LBA for the transfer of properties. In each and every transfer of real property (which, per KRS 65.370 includes rent/lease, sale, or other conditions of disposal), the LBA shall require good and valuable consideration in an amount determined by the LBA in its sole discretion. The LBA will consider both the fair market value of the property and the property costs in its determination of consideration for each property. "Property Costs" shall mean the aggregate costs and expenses of the LBA attributable to the specific property in question, including costs of acquisition, appraisal, maintenance, repair, demolition, marketing, legal, and indirect costs of the operations of the LBA allocable to the property.

The consideration to be provided by the transferee to the LBA may take the form of cash, performance of contractual obligations, imposition of restrictive covenants, or other obligations and responsibilities, or any combination thereof.

Nonprofits – Considerations for transfers to nonprofit entities for affordable housing include:

1. The cost of the property to the LBA.
2. A combination of contractual obligations to develop, maintain, and/or preserve the property for specified affordable housing purposes.
3. The appraised value of a property, plus all other costs, shall be used in determining the amount of the purchase price.
4. The LBA also reserves the right to recover property costs dependent upon the intended use of the property.
5. Deed restrictions placed upon the use of the property pursuant to KRS 65.355 (3), stating that future use of said property shall provide housing, new industry, and jobs for the citizens of the county.

Ideally, the end result of all property transfers is to facilitate the development of affordable housing and simultaneously to increase property values of the neighborhood.

Government – Considerations for transfers to entities associated with the government or government agencies, such as but not limited to, local, regional, and/or state housing authorities include:

1. Deed restrictions placed upon the use of the property pursuant to KRS 65.355 (3), stating that future use of said property shall provide housing, new industry, and jobs for the citizens of the county.

2. A combination of contractual obligations to develop, maintain, and/or preserve the property for specified affordable housing purposes.
3. The appraised value of a property, plus all other costs, shall be used in determining the amount of the purchase price.
4. At a minimum, the LBA shall recover property costs.

The difference between property costs and the fair market value may be included in consideration, depending upon the relationship between the anticipated uses and the governing priorities of the LBA.

Individuals/For Profits – Considerations for transfers to individuals or businesses, such as, but not limited to, contractors or entrepreneurs, include:

1. The cost of the property to the LBA.
2. A combination of contractual obligations to develop, maintain, and/or preserve the property for specified affordable housing purposes.
3. The appraised value of a property, plus all other costs, shall be used in determining the amount of the purchase price.
4. The LBA also reserves the right to recover property costs dependent upon the intended use of the property.
5. Deed restrictions placed upon the use of the property pursuant to KRS 65.355 (3), stating that future use of said property shall provide housing, new industry, and jobs for the citizens of the county.

#### **4. ADJACENT LOT DISPOSITION PROGRAM**

Individual parcels of property may be acquired by the LBA and disposed of in accordance with the following policies. However, the transfer of any given parcel of property in the ALDP is subject to override for other uses as established by the LBA, such as, but not limited to, a property being used for a “community garden” by a NNA. Higher priority shall also be given to owner-occupied transferees, verses properties used for rental purposes. “Transferee” shall mean the potential recipient of a property, potential buyer, or bidder.

##### **A. Adjacent Lot Disposition Policies**

Residential – Parcels of property eligible for inclusion in the ALDP as qualified residential property shall meet the following minimum criteria:

1. The property shall be vacant, unimproved, real property.
2. Any property transferred through the ALDP shall be consolidated with the transferee’s existing lot, as reflected in a deed and title opinion.
3. On the shared property line, at least 75% shall be physically contiguous to the adjacent, residential property.
4. The property shall consist of no more than one lot not capable of residential development by itself, and priority shall be given to the disposition of properties which are of insufficient size to permit development.
5. No more than one lot may be transferred per contiguous lot.
6. The contiguous lot shall be occupied.
7. The contiguous lot’s residential structure shall be in good repair.
8. The LBA reserves the right to recover costs, however, an emphasis shall be given to transfer property outright.

Commercial – Parcels of property eligible for inclusion in the ALDP as qualified commercial property shall meet the following minimum criteria:

1. The property shall be vacant, unimproved, real property.
2. Any property transferred through the ALDP shall be consolidated with the transferee’s existing lot, as reflected in a deed and title opinion.

3. The property shall be physically contiguous to a commercial use/zone.
4. The property shall comply with the zoning requirements for commercial property.
5. No more than one lot may be transferred per contiguous lot.
6. The contiguous lot shall be occupied.
7. The contiguous lot's commercial structure shall be in good repair.
8. At a minimum, the LBA shall recover property costs.

Transferees – Individuals, businesses, organizations, or entities eligible for inclusion in the ALDP as qualified transferees shall meet the following criteria:

1. All transferees must own and/or occupy the contiguous property, and priority is given to transferees who personally occupy the contiguous property.
2. The transferee must not own any real property (including both the contiguous lot and all other property in Christian County) that is subject to any unremediated citation of violation of the state and local codes and ordinances.
3. The transferee must not own any real property (including both the contiguous lot and all other property in Christian County) that is tax delinquent.
4. The transferee must not have been the prior owner of any real property in Christian County that was transferred to the LBA or to a local government as a result of tax foreclosure proceedings, unless the LBA approves the anticipated disposition prior to the effective date of completion of such tax foreclosure proceedings.

Considerations Due – Pricing guidelines in the ALDP shall meet the following minimum criteria:

1. Parcels of property that are not capable of development may be transferred for the appraisal value or the property costs.
2. Parcels of property that are capable of development shall be transferred for consideration in an amount not less than the amount of the costs incurred in acquisition, demolition, and maintenance of the lot, except in instances when Municipal Order 22-2008 (May 6, 2008) has covered said costs.

Miscellaneous – The following additional requirements also apply to the ALDP:

1. In the event that multiple, adjacent property owners desire to acquire the same side lot, the lot shall either be transferred to the highest bidder, or divided and transferred among the interested, contiguous property owners.
2. In the event that a contiguous property needs land for residential use, such as, but not limited to, a driveway, or any other uses as permitted by KRS 65.350 – 65.375, this subsection will rule.

**B. Adjacent Lot Disposition Procedures**

The prospective buyer must submit the following documents to the LBA:

1. List of property address(es) under consideration.
2. Intended use of property/project description, which must be consistent with current zoning requirements.
3. A personal picture identification.
4. Proof of Social Security Number or FEIN, if needed for identification &/or tax compliance.
5. Self-certification and legal documents proving compliance with all LBA ALDP policies.

Within a thirty (30) day period of receiving the completed, requested information, the LBA staff will review said information and make a recommendation to the LBA.

Upon project approval, the closing documents for property transfer will be compiled pursuant to the documents noted within this document (see Attachments (iii) “Deed Restrictions” & (iv) “Contract”).

## **5. LAND TRANSFERS**

### **A. Residential Land Transfer Policies**

General – These policies pertain to transfers whose future use is residential, including both rental and owner-occupied properties. At time of transfer, the property may be vacant, improved, or ready to occupy.

1. The transferee must not own any real property that has any unremediated citation of violation of the state and local codes and ordinances.
2. The transferee must not own any real property that is tax delinquent.
3. The subject property must not have been used by the transferee, or a family member of the transferee, as his/her personal residence at any time during the twelve (12) months immediately preceding the transfer (except in rental cases).
4. The transferee must not have been the prior owner of any real property in Christian County that was transferred to the local government as a result of tax foreclosure proceedings, unless the LBA approves the anticipated disposition prior to the effective date of completion of such tax foreclosure proceedings.
5. The use of transferred property must give consideration to the applicable NNA Empowerment Plan, Dennison Guide, ICREZ goals, and Chapter 15 of the Hopkinsville Code of Ordinances, and receive a recommendation from the LBA staff.
6. The LBA, upon each transaction, shall make a determination of considerations due, and shall either:
  - a) Donate the property outright,
  - b) Recover costs incurred or partial costs incurred, or
  - c) Request fair market value.
7. All development projects should be started and completed within a time frame as set forth by the LBA (see Attachment (v) “Request for Proposals”).
8. Options Agreements may be included as part of the “Request for Proposals” process (see Attachment (vi) “Option Agreement for Purchase of Real Property”).
9. A precise narrative description of future use of the property is required (see Attachment (vii) “Project Description”).

10. Transactions shall be structured to permit the LBA to enforce recorded covenants or conditions pertaining to the development and use of the property (see Attachment (iii) “Deed Restrictions”).
11. The transferee must agree to pay future property taxes from time of transfer.
12. If code or ordinance violations exist with respect to the property at the time of the transfer, the transfer agreements shall specify a maximum period of time for elimination or correction of such violations. The period of time established shall be appropriate to the nature of the violation as it relates to the anticipated redevelopment or reuse of the property.
13. The proposed use must be consistent with current zoning regulations.
14. In instances where the property is to be used for affordable housing, the LBA may consider covering a reduced cost or gifting the property outright, but tenants and/or owner-occupants must meet affordability guidelines as recorded through deed restrictions.
15. Where rehabilitation of a property by the transferee is a condition of the transfer, the requirement for such rehabilitation shall be in accordance with local building codes, such as, but not limited to, Chapter 15 of the Hopkinsville Code of Ordinances. Certificate of Occupancy received upon completion of the project shall be a condition precedent to the release of restrictions or lien securing such performance.

Owner-Occupied – The following additional policies shall apply to properties to be transferred to individual transferees as part of a homeownership program:

16. The owner-occupant, contractor, non-profit, or entity must complete renovations and move into the structure within a time frame negotiated by the LBA, or renovate said property pursuant applicable Contract For Sale and/or Deed Restrictions.
17. The property may not be used as rental property.
18. Priority shall be given to property whose intended use upon transfer is for homeownership, and a reduced cost or outright gift of the property may be considered by the LBA.

**B. Residential Land Transfer Procedures – Individual Transferees**

The prospective transferee must submit the following documents to the LBA:

1. List of property address(es) under consideration.

2. Rehabilitation / Improvement specifications.
3. Timeline for rehabilitation / improvement completion (if applicable).
4. Means of project financing (pre-qualification letter for lender).
5. Development budget (if applicable).
6. Most recent tax return.
7. A personal picture identification.
8. Proof of Social Security Number.

Within a thirty (30) day period of receiving the completed, requested information, the LBA staff will review said information and make a recommendation to the LBA.

Upon project approval, the closing documents for property transfer will be compiled pursuant to the documents noted within this document (see Attachments (iii) "Deed Restrictions" & (iv) "Contract").

### **C. Residential Land Transfer Procedures – Corporate Transferees**

The prospective transferee must submit the following application documents to the LBA:

1. List of property address(es) under consideration.
2. Project description.
3. Development team description, including complete information on the following parties:
  - (a) Developer
  - (b) Co-Developer / Partner
  - (c) Owner
  - (d) General Contractor
  - (e) Lead Construction Lender
4. Project financing.
5. Development budget.
6. Most recent audited financial statement.

7. Self-certification and legal documents proving compliance with all LBA policies.

Within a thirty (30) day period of receiving the completed, requested information, the LBA staff will review said information and make a recommendation to the LBA.

Upon project approval, the closing documents for property transfer will be compiled pursuant to the documents noted within this document (see Attachments (iii) “Deed Restrictions” & (iv) “Contract”).

#### **D. Commercial Land Transfer Policies**

These policies pertain to transfers of real property for which the intended future use is non-residential. At time of transfer, the property may be vacant, improved, or ready to occupy.

1. The transferee must not own any real property that has any unremediated citation of violation of the state and local codes and ordinances.
2. The transferee must not own any real property that is tax delinquent.
3. The transferee must not have been the prior owner of any real property in Christian County that was transferred to the local government as a result of tax foreclosure proceedings, unless the LBA approves the anticipated disposition prior to the effective date of completion of such tax foreclosure proceedings.
4. The use of transferred property must give consideration to the applicable NNA Empowerment Plan, Dennison Guide, ICREZ goals, and Chapter 15 of the Hopkinsville Code of Ordinances, and receive a recommendation from the LBA staff.
5. Potential tenants must give consideration to the applicable NNA Empowerment Plan and Dennison Guide.
6. The LBA, upon each transaction, shall make a determination of considerations due, and shall either:
  - a) Donate the property outright,
  - b) Recover costs incurred or partial costs incurred, or
  - c) Request fair market value.
7. All development projects should be started and completed within a time frame as set forth by the LBA (see Attachment (v) “Request for Proposals”).

8. Options Agreements may be included as part of the “Request for Proposals” process (see Attachment (vi) “Option Agreement for Purchase of Real Property”).
9. A precise narrative description of future use of the property is required (see Attachment (vii) “Project Description”).
10. Transactions shall be structured in a manner that permits the LBA to enforce recorded covenants or conditions upon title pertaining to development and use of the property for a specified period of time.
11. The transferee must agree to pay future property taxes from time of transfer.
12. If code or ordinance violations exist with respect to the property at the time of the transfer, the transfer agreements shall specify a maximum period of time for elimination or correction of such violations. The period of time established shall be appropriate to the nature of the violation as it relates to the anticipated redevelopment or reuse of the property.
13. The proposed use must be consistent with current zoning regulations.
14. Where rehabilitation of a property by the transferee is a condition of the transfer, the requirement for such rehabilitation shall be in accordance with local building codes, such as, but not limited to, Chapter 15 of the Hopkinsville Code of Ordinances. Certificate of Occupancy received upon completion of the project shall be a condition precedent to the release of restrictions or lien securing such performance.

**E. Commercial Land Transfer Procedures**

The prospective buyer must submit the following documents to the LBA:

1. List of property address(es) under consideration.
2. Project description.
3. Development team description, including complete information on the following parties:
  - (a) Developer
  - (b) Co-Developer / Partner
  - (c) Owner
  - (d) General Contractor
  - (e) Lead Construction Lender

4. Project financing.
5. Development budget.
6. Most recent audited financial statement.
7. Self-certification and legal documents proving compliance with all LBA policies.

Within a thirty (30) day period of receiving the completed, requested information, the LBA staff will review said information and make a recommendation to the LBA.

Upon project approval, the closing documents for property transfer will be compiled pursuant to the documents noted within this document (see Attachments (iii) “Deed Restrictions” & (iv) “Contract”).