



POLICY GOVERNING THE ACQUISITION OF REAL PROPERTY BY THE ROCHESTER LAND BANK CORP.

The acquisition of real property by the Rochester Land Bank Corp., herein referred to as the Land Bank, shall be governed by the general guidelines set forth in this policy, and shall at all times be consistent with the provisions of § 1600 of the New York Not-for-profit Corporation Law (the "Land Bank Act") and all applicable Federal, State, and local laws, rules, regulations and ordinances.

1. Coordination with City of Rochester initiatives

Properties acquired shall support the mission of the Land Bank in alignment with the City of Rochester's redevelopment strategies, municipal goals and objectives. Criteria for acquisition shall include an analysis to determine that Land Bank action and involvement will achieve a desired objective in a manner that is more cost effective, timely, brings greater benefits and/or adds value, as an alternative to the City of Rochester's existing real estate programs and practices. Costs associated with Land Bank transactions will be projected, including costs of acquisition, management and disposal. Whenever possible, a statement will be provided illustrating program or municipal savings or expenses as a result of specifically using the Land Bank as a development tool.

2. Board Approval

Acquisitions shall be approved by the Board prior to conveyance of title. Purchases of real property undertaken to meet the requirements of a grant previously accepted by the Board or for which the total cost of acquisition is no more than \$25,000 are hereby delegated to be within the authority of the Acquisition Committee of the Land Bank, subject to the Committee's adherence to the guidance of this Policy Governing Real Property acquisitions in its entirety. Acquisitions that are within the authority of the Acquisition Committee must be approved by a unanimous vote of the Committee and the terms of any contract or agreement concerning such acquisition shall be approved by the Committee. Any real property acquisition outside of this delegated authority must be approved by a majority vote of the Board and the terms of any contract or agreement concerning the purchase, lease, license, acceptance of any easement or donation, or other acquisition of any interest in real property, shall be approved by the board.

3. Ownership by Land Bank

Pursuant to § 1609(a) of the Land Bank Act, the Land Bank shall hold in its own name all real property acquired by the Land Bank irrespective of the identity of the transferor of the property.

4. Authorized Signatory

The Board delegates to the Executive Director of the Land Bank the authority to enter into and execute agreements, instruments of conveyance and all other related documents pertaining to the conveyance of real property to the Land Bank. The Executive Director has responsibility and

authority for carrying out the directives of the Board with regard to acquisition of property. All contracts shall be executed in the name of the Land Bank. In the event that the Executive Director is unavailable, unable, or unwilling to carry out this responsibility, the Board President shall have authority to act in this capacity.

5. Geographic Area Limitation

The Land Bank will operate within the City of Rochester and shall not own any property outside the jurisdictional boundaries of the City of Rochester.

6. Purpose for Acquisition

The Land Bank shall give consideration to the following factors in making a determination to acquire real property:

- Proposals and requests by governmental entities that identify specific properties for ultimate use, including redevelopment and public purposes
- Proposals and requests by non-profit corporations that identify specific properties for ultimate acquisition and redevelopment
- Residential properties which are suitable for owner occupancy with an appropriate level of rehabilitation
- Improved properties that are the subject of an existing order for demolition of the improvements and properties that meet the criteria for demolition of improvements
- Real property acquisition that supports strategic neighborhood stabilization and revitalization plans, including nondevelopment use that enhances quality of life
- Opportunities to create an assemblage to aggregate land for development
- Properties that will generate income to support the mission, purpose and operations of the Land Bank
- Acquisitions whereby the Land Bank may accomplish correction of title issues, financial constraints and other failures in the marketplace that prevent real property from being utilized for its intended purpose or being developed to its highest and best use
- Conduit transfers entailing the sequential acquisition and disposition of property according to an approved disposition strategy
- Acquisition of real property located in areas where opportunities exist to maintain and increase owner occupancy; preserve stability in viable neighborhoods; assist in halting neighborhood decline and/or foster development in areas that are non-viable for private investment

7. Acquisition Methods

The Land Bank may acquire real property, or any interest in real property, by the following methods:

- conveyance of title from the City of Rochester,
- through a City tax foreclosure auction by placing a bid in accordance with the Land Bank Act
- by acceptance of donation from public or private entities or individuals
- by purchase from public or private entities or individuals
- by placing a bid at auction, including but not limited to, auctions for foreclosure of Monroe County taxes, or mortgage liens
- on any terms and conditions permitted pursuant to the Land Bank Act.

8. Trump Bid / Credit Bid

The Land bank shall use its powers to place a bid on properties at a municipal tax foreclosure auction for the purpose of acquiring property for any approved project, program, or any other purpose in conformance with the mission of the land bank.

9. Option to Purchase Real Estate

The Land Bank may acquire an option to purchase real property for a specified percentage of the purchase price with a negotiated time frame to be negotiated by the Land Bank. This payment will be credited to the sale price at closing. If closing does not occur, the fee shall be forfeited. All option agreements are subject to all policies and procedures of the Land Bank pertaining to property acquisitions.

10. Operational and Financial Capacity

The Land Bank shall acquire real property only in the event it has operational and financial capacity to complete the requirements of the transaction.

11. Planned Disposition Strategy

A planned disposition strategy that furthers community development objectives, along with an estimate of the length of the holding period, must be identified prior to acquisition. The disposition strategy may include holding the property in ownership by the land bank for a period of time, demolition, sale to a developer or other strategies. In all cases involving conduit transfers, a transaction agreement must be approved in advance and executed by the Land Bank and the Transferee. Such a transaction agreement will generally be in the form of an Acquisition and Disposition Agreement prepared in accordance with this Policy.

12. Characteristics of Real Property

Acquisition of real property by the Land Bank from entities other than the City of Rochester or County of Monroe shall be limited to property that is tax delinquent, tax foreclosed, vacant or abandoned; provided however that the Land Bank may purchase other real estate consistent with an approved development plan.

Acquired properties may include, but are not restricted to the following categories:

- parcels of vacant land
- parking lots
- parcels improved with high or low-density residential, commercial, mixed-use, special use, parking/storage or industrial structures

13. Purchase Price

Purchase price shall not exceed the fair market value of the real property, as determined by an appropriate method of valuation such as a Broker Price Opinion, appraisal or comparative market

analysis performed by Land Bank staff or a qualified independent real estate professional, as further defined in Land Bank procedures, by the greater of \$5,000 or 10% (ten percent) of said value. Any payment of purchase price in excess of the fair market value shall be at the sole discretion of the Executive Director. Closing costs and related acquisition expenses shall not exceed what is reasonable and typical in the local market.

14. Environmental

An environmental review will be conducted prior to acquisition of any real property that is currently, or was formerly, used for commercial or industrial purposes, or any property where contamination is suspected.

15. Title

All real property must be conveyed to the Land Bank with insurable title, free of outstanding liens or encumbrances, including taxes, special assessments, water and refuse bills, and any other charges assessed by the City of Rochester and County of Monroe subject to such exceptions as specifically authorized by the board of directors. In no event shall property be acquired where outstanding liens and/or encumbrances exceed the fair market value. All property must be conveyed with insurable title. It may be possible for lien holders to donate their interests in a property.

16. Boundary Lines

The Land Bank may grant and accept easements to resolve boundary line title tissues, including building encroachments between adjoining parcels and fence encroachments. The Executive Director may authorize boundary line agreements and driveway agreements with the owners of parcels adjacent to Land-Bank owned parcels, without conveyance of ownership. Consideration for said easements and agreements may be set at \$1 (payment waived).

17. Acknowledgment of Donated Property

The Land Bank will not determine the value of donated property for the purpose of tax benefits, but will provide a letter describing the property donated.

18. Property Management

The Land Bank will either provide directly or obtain appropriate property management services for all assets it owns. Prior to authorizing the acquisition of a property, the Board shall ensure that maintenance responsibilities will be addressed via an agreement that is specific to a certain acquisition, through an agreement between the Land Bank and the City of Rochester, or by another method. Management responsibilities may include, but not be limited to any of the following:

- Payment of all charges attributable to the property during the holding period, including property taxes, assessment charges, water and refuse charges, and utility expenses
- Grass cutting, debris removal, tree maintenance, and snow removal
- Structural maintenance and/or repair necessary to protect the investment of the Land Bank, secure a structure or land against unauthorized entry or correct an immediate danger

- Discretionary repairs to comply with codes or improve marketability
- Legal costs including potential evictions, leases, tenant or prior owner workouts, clearing of title, representation for acquisition, representation for disposition, and any other legal costs to be incurred by the Land Bank during the Holding Period
- Marketing costs
- Appraisal services
- Environmental costs required prior to disposing of the property, including but not limited to asbestos removal, lead paint remediation, removal and disposal of hazardous substances
- The maintenance requirements imposed by N-PCL § 1608(d).

19. Inventory List

Pursuant to N-PCL §§ 1608(h) and 1608(i), within one week of the acquisition of any parcel of real property, the Land Bank shall inventory the acquired parcel in a publicly available inventory list. The list shall include the following details regarding every parcel of real property so acquired: 1) the location 2) the purchase price 3) the current assessed value 4) any amount owed to a locality for real property taxation and 5) any conditions or restrictions applicable to the property. Every parcel of real property acquired by the Land Bank shall remain on the inventory list at least one week prior to any disposal of any interest in said real property.

20. Exceptions to Policy

Any exception to the policy governing acquisitions shall be taken to the governing body of the Land Bank for approval.

21. Annual Review and Amendments of Policy

This Policy is subject to modification and amendment at the discretion of the Board in accordance with the PAL § 2800 and N-PCL §520. The Policy shall be reviewed and approved annually by the Land Bank Board. On or before March 31st of each year, the Policy most recently reviewed and approved including the name of the Contracting Officer shall be filed with the Comptroller of the State and posted on the Land Bank's website.