



# **QUAD CITIES LAND BANK AUTHORITY**

## **Policies and Procedures Manual**

As approved by the Board of Directors on November 21, 2022

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The Quad Cities Land Bank Authority is an intergovernmental agency formed in April 2022 by the City of Moline, City of Rock Island, and City of East Moline.

The Mission of the Quad Cities Land Bank Authority is to strategically acquire vacant, abandoned, tax delinquent properties, address title liabilities, and facilitate the revitalization of those properties to a productive use consistent with local government plans and priorities.

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## **I. Policies Governing the Acquisition of Properties**

- A. Criteria for Vetting Land Bank Acquisitions. In determining whether to acquire a parcel of real property, the Quad Cities Land Bank Authority (or “Land Bank”) shall give consideration to the underlying value of the subject property, the property’s importance to local community, surrounding neighborhood, and economic development efforts, the financial resources available for acquisitions and/or ongoing management, the operational capacity of the Land Bank, and the projected length of time the property will be held by the Land Bank. Specifically:
1. The Land Bank will focus on properties with an identifiable end use that would (a) promote economic development and job creation; or (b) support the local government’s community development or land assembly plan.
  2. The Land Bank will focus on projects where the Land Bank’s participation is beneficial for completion of the proposed redevelopment.
  3. The Land Bank may acquire properties in unincorporated areas outside of member communities (i.e. outside of Member jurisdictions). Such acquisitions will be discussed by the Board of Directors to verify how the purchase relates to the future annexation goals of the member communities.
  4. The Land Bank will focus on acquiring properties that have potential value that would generate operating resources for Land Bank operations.
  5. The Land Bank will focus on acquiring properties that can be returned to productive use without extensive rehabilitation or demolition costs.
  6. The Land Bank will focus on unoccupied properties. However, the Land Bank may acquire occupied structures if the Land Bank determines that it furthers the Land Bank’s purpose. If the Land Bank acquires an occupied property, the Land Bank Program Manager shall take necessary steps to mitigate financial and legal risks using a licensing or lease agreement with the occupant.
  7. The Land Bank will consider acquiring blighted properties with structures that require demolition, if (a) demolition would be a strategic step in reducing blight in the local jurisdiction, and (b) the Land Bank has access to funds that are needed to pay for all demolition costs.

8. The Land Bank will consider acquiring vacant, non-conforming, or undevelopable properties that could be placed into a Side Lot Disposition Program or support local development and open space plans.
9. The Land Bank will consider acquiring properties that are environmentally contaminated, after completing necessary due diligence (i.e. Phase I EA). Acquisition will be based on factors including, but not limited to: remediation funding, management requirements, risk/liability protections, and strategic importance to the municipality and region.

**B. Pre-Acquisition Investment; Deeds in Lieu of Foreclosure and Tax Abatement**

1. To help facilitate rehabilitation, the Land Bank may provide or pay for predevelopment assistance (e.g. surveys, due diligence, etc.) and/or property maintenance/rehabilitation on non-Land Bank property. All costs incurred shall be secured by a mortgage or lien that would allow the Land Bank to recoup its investment or allow for Land Bank intervention via a foreclosure or deed-in-lieu of foreclosure.
2. The Land Bank may acquire property by judicial deed or deed-in-lieu of foreclosure and complete all required notices to abate taxes pursuant to section 21-95 of the Property Tax Code, 35 ILCS 200/1-1 *et. seq.*
3. Before deciding to abate tax liens pursuant to Section 21-95 of the Property Tax Code, 35 ILCS 200/1-1 *et. seq.*, the Land Bank Program Manager shall consider the likelihood that a future sale of the property could pay the existing tax debt. If the Land Bank Program Manager determines that the existing tax debt will prevent resale of the property, the Land Bank Program Manager is authorized to proceed with an acquisition strategy that would allow the Land Bank to acquire the property without the existing tax liens.

- C. Any exception to the policies governing property acquisition must be authorized by the Board of Directors.

**II. Policies Governing the Disposition of Properties**

- A. Disposition Requirements. When approving a sale of Land Bank property, the following considerations shall be made:

1. With the exception of Side Lot Sales, prior to disposing of any Land Bank property, the Land Bank shall: a) market the property to the general public for a minimum of ten (10) calendar days using a publicly-available website, or another publicly available marketing platform (“Minimum Public Marketing Period”); or b) obtain approval from the Board for a conveyance without providing the Minimum Public Marketing Period (“Marketing Waiver”). Considerations for Board approval of a Marketing Waiver shall include, but not be limited to, a) whether the transferee is a local government, b) transferee is a party to an approved land banking agreement with the Land Bank, and c) the transferee is uniquely qualified to revitalize the property. Any sale that is not provided the Minimum Public Marketing Period shall be identified at a public meeting of the Board and approved in open session.

2. With the approval of the Board of Directors with jurisdiction over the subject property, the Land Bank Program Manager may convey vacant parcels to adjacent landowners (“Side Lot Sales”) with terms and price set by the Land Bank Program Manager without the Minimum Public Marketing Period.
3. The Land Bank’s disposition of property must be consistent with any/all Memorandums of Understanding with local municipalities.
4. The Board of Directors notified the Land Bank Program Manager that proposed transferee has unpaid citations, liens, fines, or violations of state and local codes and ordinances (outstanding government obligations); or b) tax delinquency.
5. The Land Bank may consider alternative financing options (i.e. Land Bank financing) when selling property.
6. With Board of Director approval, the Land Bank Program Manager may enter into an Option to Purchase agreement or a Right of First Refusal transaction if the terms are consistent with Land Bank policies and procedures.
7. At its discretion, the Land Bank may require a purchaser of property to provide a precise narrative description of future use of the property prior to disposition, to help the Land Bank Program Manager determine whether the use is consistent with local development plans and any current Memorandums of Understanding.
8. The Land Bank Program Manager finds that the transferee has sufficient financial, organizational, and real estate development capacity necessary to proceed with any proposed development; and 2) transferee provides a statement identifying any conflict of interest, as established by the Land Bank’s conflict of interest policy, or any familial or financial affiliation between any purchaser or member of the purchasing entity and the prior owner of the property (collectively “Red Flag Relationship”). Any purchaser and transaction with a Red Flag Relationship shall be brought by the Land Bank Program Manager to the Board of Directors for review and approval.
9. If the Land Bank remediated environmental conditions or abated delinquent tax liens prior to disposing of the property, then the Land Bank may not convey the property or proceeds from any future sale back to any party that was wholly or partially responsible for previous environmental conditions or delinquent taxes.
10. Any non-full time residents or entities of the state of Illinois may acquire Land Bank property only (1) with an enforceable plan to place the property into immediate productive use, meaning the property is to be occupied immediately or with the immediate commencement of some form of development project that fits the stated mission of the Land Bank; and (2) with representation by a local agent (i.e., a real estate agent, property manager or lawyer).
11. Any transaction that contravenes any of the above policies must be approved by the Land Bank Board of Directors.

- B. Development Agreements; Deed Restrictions. In an effort to ensure that transferees promptly restore Land Bank properties to the intended use, the Land Bank may require property transfers to be subject to a development agreement or subject to deed restrictions.
1. Each development agreement should include, but not be limited to, the following components:
    - a. Project Description (including intended use)
    - b. Development Schedule
    - c. Financing Structure
    - d. Enforcement Mechanism (including conditions leading to title reversion, if deemed necessary by the Land Bank Program Manager)
  2. Each development agreement will be drafted by the Land Bank and signed by both the Land Bank and the transferee at or before the time of transfer.
  3. To the extent it is deemed necessary by the Land Bank Program Manager, the Land Bank may convey title subject to a deed restriction requiring the rehabilitation to be completed by a deadline and restricting future use of the property within the limits of the law.

### **III. Factors in Determining Consideration Due Upon Transfers**

- A. For every transfer of real property, the Land Bank shall require good and valuable consideration in an amount determined by the Land Bank in its sole discretion.
- B. The Land Bank will consider the costs of Land Bank acquisition, maintenance, repair, demolition, and marketing, as well as indirect costs of the operations of the Land Bank allocable to the property (“Land Bank Costs”) and fair market value when determining the required consideration for each property.
- C. The following factors shall constitute general guidelines for determination of the consideration to be received by the Land Bank for the transfer of properties:
  1. With the exceptions set forth in this section, properties shall be sold for their fair market value of the property or, at minimum, the Land Bank Costs.
  2. At its sole discretion, the Land Bank may accept consideration in the form of cash, deferred financing, performance of contractual obligations, imposition of restrictive covenants, or other obligations and responsibilities of the transferee, or any combination thereof.
  3. The transfer of any commercial, industrial, or residential (three (3) units or more) property will require some form of real estate evaluation (e.g. broker’s price opinion, appraisal) to establish fair market value.
  4. Any exception to the policies governing consideration shall be approved by the Land Bank Board of Directors.

5. The Land Bank's consideration of such factors is subject to the discretion of the Land Bank Board of Directors and support from the local unit of government where the property is located.

#### **IV. Land Banking Agreements**

- A. The Land Bank may acquire and hold title to property for a defined period not to exceed five (5) years, subject to terms and conditions of an agreement with a third-party transferee ("Land Banking Agreement"). The Land Banking Agreement must, at a minimum, identify the term of the land banking arrangement and require the transferee to pay all costs incurred by the Land Bank to acquire, manage and transfer the properties. The transferee cannot be the liable party for any past delinquent taxes or environmental conditions on the properties subject to the Land Banking Agreement.
- B. All Land Banking Agreements shall be reviewed and approved by the Board of Directors.

#### **V. Committees.**

The Land Bank currently has no approved Board committees. If the Land Bank creates a committee(s), this section will be amended to identify the composition, authority and term of the committee.

#### **VI. Land Bank Program Manager Authority**

- A. The Board of Directors shall employ a Land Bank Program Manager to (1) ensure compliance with all governing laws, rules, and directives, and (2) conduct Land Bank business in a manner consistent with these policies and procedures.
- B. The Land Bank Program Manager has the authority to execute, on behalf of the Land Bank, all contracts, agreements, including land banking agreements, loan documents, and other documents necessary to close property acquisitions, sales, or other transfers, after the approval of the Board of Directors.
- C. The Land Bank Program Manager may assign through a grant of power of attorney or otherwise the authority to execute documents on behalf of the Land Bank to the Land Bank's attorneys in order to facilitate acquisitions, sales, or other transfers of property and to otherwise advance the objectives of the Quad Cities Land Bank Authority, after the approval of the Board of Directors.
- D. Expense Approvals
  1. The Treasurer of the Land Bank Board of Directors shall maintain a checkbook or equivalent linked to all accounts associated with the Land Bank. All expenses must have Board of Directors approval. Payments will be processed per established bank protocols.
  2. Any emergency approvals will require an emergency meeting of the Land Bank Board of Directors.

- E. In addition to the authority and limitations set forth herein, the Board of Directors may grant the Land Bank Program Manager additional authority in order to carry out the objectives of the Land Bank.

**VII. Miscellaneous**

- A. Conflicts of Interest. In addition to complying with the Conflict of Interest section 5.12 of the Land Bank's Intergovernmental Contract and By Laws, the Land Bank may not convey any legal interest in Land Bank property to a Land Bank Board members, staff member (including the Land Bank Program Manager) or any parent, spouse, child, partner, or sibling of a Board members or staff member.
- B. Non-Discrimination; WBE and MBE Opportunities. The Land Bank shall not provide services in a manner that discriminates against an individual because of the actual or perceived status, practice, or expression of that person's race, color, sex, age, religion, disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status, source of income, gender identity or housing status; or the actual or perceived association with such a person.

The Land Bank shall not fail or refuse to hire, recruit, promote, demote, discharge, or otherwise discriminate against an individual with respect to employment, compensation, or a term, condition, or privilege of employment because of the actual or perceived status, practice, or expression of that person's race, color, sex, age, religion, disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status, source of income, gender identity or housing status; or the actual or perceived association with such a person.

The Land Bank will pursue opportunities to work with Women-Owned Business Entities (WBE) and Minority-Owned Business Entities (MBE) when issuing contacts for services and working with potential developers.