

CENTRAL ILLINOIS LAND BANK AUTHORITY

POLICIES AND PROCEDURES MANUAL

As approved by the Board of Directors on July 22, 2020

Contents

I.	Policies Governing the Acquisition of Properties	1
II.	Policies Governing the Disposition of Properties	2
III.	Factors in Determining Consideration Due Upon Transfers	4
IV.	Land Banking Agreements	5
V.	Committees	5
VI.	Executive Director Authority	6
VII.	Miscellaneous	7

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 CILBA (or “Land Bank”) shall give consideration to the underlying value of the subject property, the property’s importance to local community 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 necessary to complete the proposed redevelopment.
 3. The Land Bank may acquire properties in incorporated or unincorporated areas that are not members of the Land Bank (i.e. outside of Member jurisdictions), but must have the approval of mayor/president or board/council of the governing jurisdiction before acquisition.
 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 restored to productive use without substantial rehabilitation or demolition.
 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 Executive Director 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 Executive Director shall consider the likelihood that a future sale of the property could pay the existing tax debt. If the Executive Director determines that the existing tax debt will prevent resale of the property, the Executive Director 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 or Executive Committee.

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) days using a publicly-available website, the Multiple Listing Service (MLS), or another publicly available marketing platform (“Minimum Public Marketing Period”); or b) obtain approval from the Executive Committee for a conveyance without providing the Minimum Public Marketing Period (“Marketing Waiver”). Considerations for Board or Executive Committee 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 or Executive Committee and approved in open session.
2. With the approval of the Local Director with jurisdiction over the subject property, the Executive Director may convey vacant parcels to adjacent landowners (“Side Lot Sales”) with terms and price set by the Executive Director and Local Director and 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 Local Director notified the Executive Director 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. The Land Bank may sell an option to purchase real estate, if the Executive Director finds that the option terms are otherwise 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 Executive Director determine whether the use is consistent with local development plans and any current Memorandums of Understanding.
 8. The Executive Director 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 Executive Director to the Board of Directors or Executive Committee 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 or Executive Committee.
- 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 Executive Director)
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 Executive Director, 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 or Executive Committee.

5. The Land Bank’s consideration of such factors is subject to the discretion of the Land Bank Board 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 or Executive Committee.

V. Committees. As approved by the Board of Directors, the Land Bank utilizes the following committees:

- A. Executive Committee. In accordance with Section 5.08 of the Intergovernmental Agreement, the Board created an Executive Committee with the following requirements:
 1. *Composition.* The five (5) members of the Executive Committee shall include the four Officers of the CILBA—the Chairperson, Vice-Chairperson, Treasurer and Secretary (“Officers”). Additionally, the Chairperson shall appoint one additional Executive Committee Member (“At-Large Executive Committee Member”) from the CILBA Board of Directors to ensure that the following representation on the Executive Committee: two (2) Board Members from Vermilion County, including at least one (1) Board member from a Vermilion County municipality; two (2) Board Members from Champaign County, including at least one (1) Board Member from a Champaign County municipality; and one (1) Board Member from the City of Decatur. The Chairperson shall fill any At-Large Executive Committee Member vacancy in the same manner as the initial appointment, subject to the requirements of this Section.
 2. *Terms of Executive Committee Members.* Executive Committee Members shall serve on the Executive Committee for the remaining term as CILBA Board Member, unless the Member resigns from the Executive Committee or the CILBA Board votes to remove them for any reason.
 3. *Authority.* The Executive Committee shall enjoy all powers and authority provided to the Board under Articles IV, VI, VII, VIII, IX and X of Intergovernmental Agreement, as limited, from time to time, by the Board.
 4. *Consultation with Local Government Director.* Before approving any contract or taking any other binding action regarding property acquisition or disposition,

the Executive Committee shall consult with the Local Government Director whose municipality has zoning jurisdiction over the property in question.

VI. Executive Director Authority

- A. The Board of Directors shall appoint an Executive Director 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 Executive Director 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.
- C. The Executive Director 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 CILBA.
- D. Acquisitions.
 - 1. Without Board approval, the Executive Director may authorize the acquisition of, and spend or otherwise disburse the funds necessary to acquire, any property for which the total acquisition costs are \$10,000 or less.
 - 2. Any agreement to expend more than \$10,000 to acquire property must be approved by the Board of Directors or Executive Committee.
- E. Sales.
 - 1. For any industrial, commercial, or multi-family (three (3) units or more) property, the Executive Director may, without further authorization, approve any sale of any property for consideration that is within 15% of the fair market value of the property, as determined by a real estate broker opinion or appraisal, so long as the transaction has the approval of the Director from the municipality in which the property is situated.
 - 2. For any residential property that is two (2) units or less, the Executive Director may, without further authorization, approve any sale, so long as the transaction has the approval of the Local Government Director from the municipality in which the property is situated.
 - 3. Any other sale must be approved by the Board of Directors or Executive Committee.
- F. Expense Approvals.
 - 1. The Executive Director and Board Officers may be designated as signors on behalf of the Land Bank for all bank accounts maintained by the Land Bank.

2. The Executive Director shall maintain a checkbook or equivalent linked to all bank accounts with checking privileges maintained by the Land Bank.
 3. The Executive Director is authorized to spend up to \$2,000 per invoice, cost or other expenditure without written approval from a member of the Executive Committee. All expenditures over \$2,000 must be approved by a member of the Executive Committee in writing.
 4. The Executive Director may utilize the Land Bank's line of credit, if available, for the purposes of paying operating or property expenses, including but not limited to the acquisition, rehabilitation, or maintenance of a property, in an amount equal to or less than \$20,000 with approval from a member of the Executive Committee. Any expenditure over \$20,000 shall be approved by the Board Treasurer in writing.
- G. In addition to the authority and limitations set forth herein, the Board of Directors may grant the Executive Director 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 Director, staff member (including the Executive Director) or any parent, spouse, child, partner, or sibling of the Director 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.