

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 120779

Amending Chapter 74, Code of Ordinances, by adding a new Article IV, Land Bank Agency.

WHEREAS, the 96th General Assembly of the State of Missouri passed House Bill Nos. 1659 & 1116 (“Land Bank Legislation”), which became effective as of August 28, 2012; and

WHEREAS, the Land Bank Legislation amended provisions of the Missouri Statutes known as the “Land Tax Collection Law,” being RSMo Sections 141.210 to 141.810, and the added Sections 141.980 to 141.1015; and

WHEREAS, RSMo Section 141.980 permitted any municipality located wholly or partially within a county in which a land trust created under RSMo Section 141.700 was operating on January 1, 2012, to establish by ordinance a land bank agency for the management, sale, transfer, and other disposition of interests in real estate owned by such land bank agency; and

WHEREAS, the City of Kansas City, Missouri (“City”), is a municipality located partially within Jackson County, for which a land trust created under RSMo Section 141.700, being the Land Trust of Jackson County, Missouri (“Land Trust”), was operating on January 1, 2012; and

WHEREAS, in recent years a substantial number of properties within the City have become vacant, dilapidated, and non-revenue generating; and

WHEREAS, the properties contain numerous violations of health, nuisance and property maintenance ordinances, contribute to the blight and deterioration of the City, and impose a significant economic burden upon the City; and

WHEREAS, there exists within the City the need for returning land, including land that is in a nonrevenue-generating, nontax-producing status to beneficial uses in private (for-profit and non-profit) and public ownership, including for the purpose of creating: (i) opportunities for revitalization of deteriorating residential, retail and commercial neighborhoods, (ii) safe, decent and affordable housing for existing and future residents, (iii) retail and commercial areas on vacant or deteriorated properties within neighborhoods, (iv) the assemblage of property for future development in a manner to consistent the purposes of the City’s consolidated plans, particularly in low to moderate income area designated by the City as a target area for revitalization, (v) creation or expansion of side yards with unimproved vacant lots in neighborhoods densely constructed for the benefit of abutting residences, (vi) space for use as urban agriculture, community gardens, or other similar uses consistent with healthy eating by residents, including restoring ground through alternative vegetative cover to build-back the soil for future use for food production, (vii) public spaces and places for parks, green spaces and other public purposes and (viii) use as wildlife conservation areas; and

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 120779

WHEREAS, the City desires to establish a land bank agency by ordinance beneficial to the people and government of the City; and

WHEREAS, the land bank agency shall be a public body corporate and politic, with a permanent and perpetual duration until terminated and dissolved in accordance with the provisions of Missouri Statutes; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY, MISSOURI,

Section 1. That Chapter 74, Code of Ordinances of the City of Kansas City, Missouri, is hereby amended by adding a new Article IV, Land Bank Agency, to read as follows:

**ARTICLE IV**

**LAND BANK AGENCY**

**Sec. 74-70. Creation as a Separate Public Body**

There is hereby established the Land Bank of Kansas City, Missouri (“land bank agency”) pursuant to the RSMo Sections 141.210 to 141.810 and Sections 141.980 to 141.1015 (“Land Tax Collection Law”). The land bank agency created pursuant to this Article IV shall be a public body corporate and politic, and shall have permanent and perpetual duration until terminated and dissolved in accordance with the provisions of RSMo Section 141.1012, and as set forth in Section 74-89.

**Sec. 74-71. Purpose**

(a) *Purpose to be Served.* The land bank agency shall manage, sell, transfer and dispose of interests in real estate owned by such land bank agency in accordance with this Chapter 74. The use of property conveyed by such land bank agency shall be for the purposes of creating: (i) opportunities for revitalization of deteriorating residential, retail and commercial neighborhoods, (ii) safe, decent and affordable housing for existing and future residents, (iii) retail and commercial areas on vacant or deteriorated properties within neighborhoods, (iv) the assemblage of property for future development in a manner consistent with the purposes of the City’s consolidated plans, particularly in any low to moderate income area designated by the City as a target area for revitalization, (v) creation or expansion of side yards with unimproved vacant lots in neighborhoods densely constructed for the benefit of abutting residences, (vi) space for use as urban agriculture, community gardens, or other similar uses consistent with healthy eating by residents, including restoring ground through alternative vegetative cover to build-back the soil for future use for food production, (vii) public spaces and places for parks, green spaces and other public purposes and (viii) use as wildlife conservation areas; and otherwise returning land in a nonrevenue-generating, nontax-producing status, to beneficial uses through private (for-profit or non-profit), or public ownership, with such

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 120779

relative priority among these stated purposes as set forth in Section 74-80(e), as further considered and applied by the board of commissioners governing such land bank agency.

(b) *Limitations of Authority.* Such land bank agency shall not own any interest in real estate that is located wholly or partially outside the city. Such land bank agency shall not be authorized to sell more than five contiguous parcels to the same entity in the course of a year, provided however, the foregoing shall be construed not to limit the authority to acquire, maintain or convey property pursuant to:

- (1) the Urban Redevelopment Corporation Law under Chapter 353 of the Missouri Statutes;
- (2) the Planned Industrial Expansion Law under Chapter 100 of the Missouri Statutes;
- (3) Chapter 68 of the Missouri Statutes applicable to the creation and powers of a port authority; or
- (4) the Real Property Tax Increment Allocation Redevelopment Act, the Housing Authorities Law or the Land Clearance for Redevelopment Law, all under Chapter 99 of the Missouri Statutes.

**Sec. 74-72. Beneficiaries**

The beneficiaries of the land bank agency shall be the taxing authorities that held or owned tax bills against the respective parcels of real estate acquired by such land bank agency pursuant to various provisions of the Land Tax Collection Law, including a deemed sale under subsection 3 of Section 141.560, by deed from a land trust under subsection 1 of Section 141.984, or pursuant to a sale under subdivision (2) of subsection 2 of section 141.550 included in the judgment of the court, and their respective interests in each parcel of real estate shall be to the extent and in the proportion and according to the priorities determined by the court on the basis that the principal amount of their respective tax bills bore to the total principal amount of all of the tax bills described in the judgment. Such taxing authorities, other than the city, as beneficiaries are limited to the net proceeds as otherwise specified in subsections 74-81(a)(4) and 74-81(b)(5). This Section 74-72, does not create in any person, entity or taxing authority, by implication or otherwise, any direct or indirect benefit, obligation, duty, promise, right to be indemnified (such as contractually, legally, equitably or by implication) or any right to be subrogated to the city's rights, including the right of reimbursement of costs and expenses borne by the city on behalf of the land bank agency.

**Sec. 74-73. Governing Board**

(a) *Composition.* The land bank agency shall be composed of a board of commissioners which shall consist of five members, all of whom shall be residents of the city. One commissioner shall be appointed by Jackson County, one commissioner shall be appointed by the school district that is wholly or partially located within the city and Jackson County and then has the largest population according to the last preceding federal decennial census, and the three remaining commissioners shall be appointed by the Mayor pursuant Section 209, Article II of the City Charter. The initial term of the commissioner appointed by Jackson County shall be one year, and thereafter each appointment by the County shall be for a period of four years. The initial term of the commissioner appointed by school district shall be two years, and thereafter each appointment by the school district shall be for a period of four years. The initial terms of the three commissioners appointed by the Mayor, shall be staggered, for one, two or three years, and thereafter four year terms. The purpose of such staggering of the initial terms is to provide ongoing continuity, with a majority of the board of commissioners remaining in office at any one time. Subsequent to the initial term of office of the commissioners, each term shall be for four years. Commissioners shall serve at the pleasure of each commissioner's appointing authority, and no cause need be stated for the removal of a commissioner. Commissioners shall serve without compensation. Any vacancy shall be filled by the same appointing authority that made the original appointment. Commissioners of the first board of a land bank agency shall be appointed within sixty days after the effective date of Ordinance No. 120779 establishing the land bank agency. If any appointing authority fails to make any appointment within the time the first appointments are required, or within sixty days after any term expires, then the appointment shall be made by the Mayor. Except as otherwise provided in subsection 2 of RSMo Section 141.720, the city or school district, as an appointing authority for this land bank agency, shall not be an appointing authority under RSMo Section 141.720 for the Land Trust of Jackson County ("Land Trust") upon completion of all transfers to the land bank agency from the Land Trust, or one year after the effective date of Ordinance No. 120779, whichever shall first occur.

(b) *Eligibility to Serve as Commissioner.* Notwithstanding any law to the contrary, any public officer shall be eligible to serve as a board commissioner and the acceptance of the appointment shall neither terminate nor impair such public office. For purposes of this section, "public officer" shall mean a person who is elected to a political subdivision office. Any political subdivision employee shall be eligible to serve as a board commissioner. All commissioners shall be at the time of appointment and remain throughout their term residents of the city, and shall resign their appointment effective immediately upon the loss of residency.

(c) *Officers.* The commissioners of the board shall select annually from among themselves a chair, a vice-chair, a treasurer, and such other officers as the board may

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 120779

determine, and shall establish their duties as may be regulated by rules adopted by the board.

(d) *Board Organization.* The board shall have the power to organize and reorganize the executive, administrative, clerical, and other divisions of the land bank agency and to fix the duties, powers, and compensation of all employees, agents, and consultants of the land bank agency. The board may cause the land bank agency to reimburse any commissioner for expenses actually incurred in the performance of duties on behalf of the land bank agency.

(e) *Board Meetings.* The board shall meet in regular session according to a schedule adopted by the board, and shall meet in special session as convened by the chairman or upon written notice signed by a majority of the commissioners. The presence of a majority of the board's total membership shall constitute a quorum to conduct business.

(f) *Voting requirements.* All actions of the board shall be approved by the affirmative vote of a majority of the commissioners of the board present and voting; provided, however, that no action of the board shall be authorized on the following matters unless approved by a roll call vote of a majority of the entire five member board:

- (1) the adoption of bylaws and other rules and regulations for conduct of the land bank agency's business;
- (2) the hiring or firing of any employee or contractor of the land bank agency, provided, however, that this function may, by majority vote, be delegated by the board to a specified officer or committee of the land bank agency, under such terms and conditions, and to the extent, that the board may specify;
- (3) the incurring of debt, including, without limitation, borrowing of money and the issuance of bonds, notes, or other obligations;
- (4) the adoption or amendment of the annual budget;
- (5) the sale of real property for a selling price that represents a consideration less than two-thirds of the appraised value of such property; and
- (6) the leasing, encumbrance, or alienation of real property, improvements, or personal property with a value of more than fifty thousand dollars.

Vote by proxy shall not be permitted. Any member may request a recorded vote on any resolution or action of the land bank agency.

(g) *Bond.* The board commissioners shall each furnish a surety bond, if such bond is not already covered by governmental surety bond, in a penal sum not to exceed twenty-



COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 120779

persons who have demonstrated special interest, experience or education in urban planning, community development, real estate, law, finance or related areas; provided, however, clerical, technical or other support staff need not have such demonstrated interest, experience or education. The board may delegate to officers and employees the authority to enter into and execute agreements, instruments of conveyance and all others related documents pertaining to the conveyance of property by the land bank agency. A land bank agency may also enter into contracts and agreements with political subdivisions for staffing services to be provided to the land bank agency by political subdivisions or agencies or departments thereof, or for a land bank agency to provide such staffing services to political subdivisions or agencies or departments thereof. Such an agreement may include, but are not limited to, contracts for the joint exercise of powers, contracts for ownership, management, development, and disposition of real property. A land bank agency may receive funding through grants and loans from political subdivisions, from the state, from the federal government, and from other public and private sources.

**Sec. 74-75. Powers.**

Subject to the other provisions of Article IV and all other applicable laws, including the Land Tax Collection Law, a land bank agency established under Ordinance No. 120779 shall have all powers necessary or appropriate to carry out and effectuate the purposes and provisions of the Land Tax Collection Law as they relate to this land bank agency, including the following powers:

- (1) to adopt, amend, and repeal bylaws for the regulation of its affairs and the conduct of its business;
- (2) to sue and be sued, in its own name, and plead and be impleaded in all civil actions, including, but not limited to, actions to clear title to property of the land bank agency;
- (3) to adopt a seal and to alter the same at pleasure;
- (4) to receive funds as grants from or to borrow from political subdivisions, the state, the federal government, or any other public or private sources;
- (5) to issue notes and other obligations according to the provisions of this chapter;
- (6) to procure insurance or guarantees from political subdivisions, the state, the federal government, or any other public or private sources, of the payment of any bond, note, loan, or other obligation, or portion thereof, incurred by the land bank agency, and to pay any fees or premiums in connection therewith;

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 120779

- (7) to enter into contracts and other instruments necessary, incidental, or convenient to the performance of its duties and the exercise of its powers, including, but not limited to, agreements with other land bank agencies and with political subdivisions for the joint exercise of powers under the Land Tax Collection Law;
- (8) to enter into contracts and other instruments necessary, incidental, or convenient to the performance of functions by the land bank agency on behalf of political subdivisions, or agencies or departments of political subdivisions, or the performance by political subdivisions, or agencies or departments of political subdivisions, of functions on behalf of the land bank agency;
- (9) to make and execute contracts and other instruments necessary or convenient to the exercise of the powers of the land bank agency; and any contract or instrument when signed by the chair or vice-chair of the land bank agency, or by an authorized use of their facsimile signatures, and by the secretary or assistant secretary, or, treasurer or assistant treasurer of the land bank agency, or by an authorized use of their facsimile signatures, shall be held to have been properly executed for and on its behalf;
- (10) to procure insurance against losses in connection with the property, assets, or activities of the land bank agency;
- (11) to invest the money of the land bank agency, including amounts deposited in reserve or sinking funds, at the discretion of the board, in instruments, obligations, securities, or property determined proper by the board, and name and use depositories for its money;
- (12) to enter into contracts for the management of, the collection of rent from, or the sale of the property of the land bank agency;
- (13) to design, develop, construct, demolish, reconstruct, rehabilitate, renovate, relocate, equip, furnish, and otherwise improve real property or rights or interests in real property held by the land bank agency;
- (14) to fix, charge, and collect rents, fees, and charges for the use of the property of the land bank agency and for services provided by the land bank agency;
- (15) subject to the limitation set forth in Section 74-71, to acquire property, whether by purchase, exchange, gift, lease, or otherwise, to grant or acquire licenses and easements, and to sell, lease, grant an option with respect to, or otherwise dispose of, any property of the land bank agency;

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 120779

- (16) subject to the limitation set forth in Section 74-71, to enter into partnership, joint ventures, and other collaborative relationships with political subdivisions and other public and private entities for the ownership, management, development, and disposition of real property;
- (17) to exercise control of such property as fully and completely as if it were a private property owner; and
- (18) subject to the other provisions of this chapter and all other applicable laws, to do all other things necessary or convenient to achieve the objectives and purposes of the land bank agency or other laws that relate to the purposes and responsibility of the land bank agency.

**Sec. 74-76. Transfer of Land Trust Property.**

As soon as possible, but no later than one year of the effective date of Ordinance No. 120779 title to any real property now held by the Land Trust, or hereafter acquired by such Land Trust, located wholly within the city shall be transferred by deed or deeds to the land bank agency. The land bank agency shall take all reasonable steps to facilitate the prompt transfer of such real property. The land bank agency shall continue to monitor the assets held by the Land Trust, and from time to time request any real property within the city held in the name of the Land Trust that was not previously transferred, even if the one year period has lapsed.

**Sec. 74-77. Tax exempt status.**

In accordance with RSMo Section 141.984.2, the income of a land bank agency shall be exempt from all taxation by the state and by any of its political subdivisions. Upon acquiring title to any real estate, a land bank agency shall immediately notify the county assessor and the collector of such ownership, and such real estate shall be exempt from all taxation during the land bank agency's ownership thereof, in the same manner and to the same extent as any other publicly owned real estate, and upon the sale or other disposition of any real estate held by it, such land bank agency shall immediately notify the county assessor and the collector of such change of ownership; provided however, that such tax exemption for improved and occupied real property held by such land bank agency as lessor pursuant to a ground lease shall terminate upon the first such occupancy, and such land bank agency shall immediately notify the county assessor and the collector of such occupancy.

**Sec. 74-78. Property Acquisition.**

(a) *Methods of Acquisition.* Subject to the limitation set forth in Section 74-71, and in addition to the properties acquired pursuant to Section 74-76, a land bank agency may acquire real property or interests in property by:

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 120779

- (1) gift, devise, transfer, exchange, foreclosure, lease, purchase, or otherwise on terms and conditions and in a manner the land bank agency considers proper;
- (2) purchase contracts, lease purchase agreements, installment sales contracts, and land contracts, and may accept transfers from political subdivisions upon such terms and conditions as agreed to by the land bank agency and the political subdivision;
- (3) bidding on any parcel of real estate offered for sale at a sheriff's foreclosure sale held in accordance with RSMo Section 141.550 provided that if the bid is not a deemed bid under subsection 3 of Section 141.560, such parcel must be located within a low to moderate income area designated as a target area for revitalization by the city, which shall include, but are not limited to those areas designated under its consolidated plan submitted from time to time to the federal government; and
- (4) transfer from any political subdivision to the land bank agency of real property and interests in real property of the political subdivision on such terms and conditions and according to such procedures as determined by the political subdivision.

(b) *Confirmation Process for Competitive Bids.* Upon confirmation under RSMo Section 141.580 of a sheriff's foreclosure sale of a parcel of real estate to a land bank agency under subdivision (2) of subsection 2 of section 141.550, said land bank agency shall pay the amount of the land bank agency's bid that exceeds the amount of all tax bills included in the judgment, interest, penalties, attorney's fees and costs then due thereon. Such excess shall be applied and distributed in accordance with subsections 3 and 4 of Section 141.580, exclusive of subdivision (3) of subsection 3 thereof. Upon such confirmation by the court, the collector shall mark the tax bills included in the judgment as "canceled by sale to the land bank" and shall take credit for the full amount of such tax bills, including principal amount, interest, penalties, attorney's fees, and costs, on his books and in his statements with any other taxing authorities.

(c) *Title.* A land bank agency shall hold in its own name all real property acquired by such land bank agency irrespective of the identity of the transferor of such property.

**Section 74-79. Property Maintenance.**

To the extent of funds available, the land bank agency shall maintain all of its real property in accordance with the city ordinances. The city has had the burden of paying for the maintenance and demolition of properties held by the Land Trust, and there is much accumulated deferred maintenance on the properties previously held by the Land Trust. The land bank agency shall promptly evaluate the inventory as provided to it by

the Land Trust, or pursuant to the sheriff's foreclosure sale under the Land Tax Collection Law, and develop priorities among those properties for demolition, repairing critical structural envelope elements, such as the roof, if the building is deemed salvageable, and secure the structures from entry to the extent possible.

**Sec. 74-80. Sale or Other Disposition of Property**

(a) *Public Review of Inventory.* The land bank agency shall maintain and make available for public review and inspection an inventory of all real property held by the land bank agency. This inventory shall be available on the land bank agency website and include at a minimum whether a parcel is available for sale, the address of the parcel if an address has been assigned, the parcel number, if no address has been assigned, and the year that a parcel entered the land bank agency's inventory. The land bank agency is encouraged to use photographs, location maps and other tools that will help the public identify the property, and may include links on its website to other sources for such information.

(b) *Policies for Disposition.* The land bank agency shall determine and set forth in policies and procedures of the board the general terms and conditions for consideration to be received by the land bank agency for the transfer of real property and interests in real property, which consideration may take the form of monetary payments and secured financial obligations, covenants, and conditions related to the present and future use of the property, contractual commitments of the transferee, and such other forms of consideration as determined by the board to be in the best interest of the land bank agency. Such policy shall include a provision that if a land bank agency owns more than five parcels of real property in a single city block and no written offer to purchase any of those properties has been submitted to the agency in the past twelve months, the land bank agency shall reduce its requested price for those properties and advertise the discount publicly; such publication may be on its website and printed lists available at its principal office.

(c) *Authority for Disposition or Pledge as Collateral.* Subject to the limitation set forth in Section 74-71 and subsection (e) below, the land bank agency may convey, exchange, sell, transfer, lease, grant, release and demise, pledge and hypothecate any and all interests in, upon or to property of the land bank agency.

(d) *Authority to Delegate.* The board may delegate to officers and employees the authority to enter into and execute agreements, instruments of conveyance and all others related documents pertaining to the conveyance of property by the land bank agency.

(e) *Priority.* Subject to subsection (f) of this section, the land bank agency shall determine a hierarchical priority ranking for the particular use of a parcel of real property conveyed by such land bank agency, and such priorities may, include, but are not limited to:

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 120779

- (1) opportunities for revitalization of deteriorating residential, retail and commercial neighborhoods;
- (2) creation of safe, decent and affordable housing for existing and future residents;
- (3) creation of retail and commercial areas on vacant or deteriorated properties within neighborhoods; public spaces and places for parks, green spaces and other public purposes;
- (4) creation or expansion of side yards with unimproved vacant lots in neighborhoods densely constructed, for the benefit of abutting owner-occupied residences;
- (5) the assemblage of property for future development in a manner consistent with the purposes of the city's consolidated plans, particularly in low to moderate income area designated by the city as a target area for revitalization;
- (6) space for use as urban agriculture, community gardens, or other similar uses consistent with healthy eating by residents, including restoring ground through alternative vegetative cover to build-back the soil for future use for food production;
- (7) public spaces and places for parks, green spaces and other public purposes; and
- (8) wildlife conservation areas.

Further, the land bank agency shall adopt a policy specifying for which categories of priority uses parcels need not be listed for sale, and may make such determination on any particular parcel. The foregoing priority uses contemplate that land that is in a nonrevenue-generating, nontax-producing status, may be returned to use in private ownership, contingent upon the recipient's covenants to develop or renovate the property consistent with their plan incorporated into and a part of their accepted offer, which can include additional conditions imposed by the land bank agency, and the recipient's obligations to pay: 1) outstanding real property taxes for any property owned by the recipient, or entities in common control with recipient, within the city, including but not limited to property acquired from the land bank agency, 2) all installments of special assessment for public improvements then due and owing, 3) any outstanding special assessments or liens imposed by the city for municipal services and/or property maintenance violations, and 4) any unsatisfied fines or fees for property maintenance violations or previously issued administrative citations as issued by the city (collectively referred to as "financial obligations"). The land bank agency may request a waiver by the city of financial obligations on a particular parcel if not extinguished pursuant to the Land Tax Collection Law, and the recipient's obligation shall not extend to such waived

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 120779

financial obligation. Payments upon an ancillary parcel, defined I Section 74-87, shall be controlled by such Section. Such covenants and obligations may be secured by a deed of trust or other collateral pledge, with the appropriateness of such pledge and length of that pledge, being a determination delegated to the land bank agency. The land bank agency's determination shall consider that the beneficiaries of its efforts are the city and the taxing authorities in accordance with Section 74-72. The length of the secured pledge shall be for no more than a period of three years, provided the length will be automatically extended upon the then owner's failure to develop or renovate the property, pay property taxes or other financial obligations to the city or maintain the property, with such extension being for whatever period necessary to exercise the land bank agency's rights under such deed of trust or other pledge of collateral. The land bank agency is empowered to exercise any and all rights under any deed of trust or pledge of collateral as security.

The city hereby delegates to the board of commissioners governing such land bank agency to determine as to a particular property for which there are competing requests for acquisition with different priority uses which use best serves the residents of the city, first, and then the taxing authorities. But in all events, such priorities shall be consistent with and no more restrictive than municipal planning and zoning ordinances.

(f) *Offers.*

- (1) *What Constitutes an Offer.* Subject to subsections (e) and (f) of this Section, a land bank agency will consider all written offers equal to or greater than fair market value to purchase real property held by the land bank agency. A written offer must be made on the forms available for that purpose from the land bank agency. Further, the land bank agency may adopt policies and procedures as to what constitutes an offer. An offer must state the proposed use for the property, and the land bank agency may consider as a part of the acceptance of such offer whether the proposed use is in compliance with the existing zoning designation and land use regulations of such property and is a use consistent with the priority for that particular parcel. Any transfer for a use that would require a change in the zoning classification, may be conditioned upon the land bank agency's receipt of a written statement from the city registered neighborhood association that it is in support of such changed use. Further, an offer must include at a minimum: a) a certified statement from the proposed purchaser, signed by at least one duly authorized individual officer if an entity, that the proposed purchaser, or the holder of a controlling interest therein, does not have any outstanding delinquent real property taxes for any property owned within the city, is current on all installments of special assessment for public improvements then due and owing, does not have any outstanding special assessments or liens imposed by the city for municipal services and/or property maintenance violations, and does not have any pending property maintenance violations or any unsatisfied fines for previously issued administrative citations as

issued by the city, b) a list of all owners, officers, members or partners of an entity which is the proposed purchaser, with their primary residences, and c) for any proposed purchaser that is an entity the offer must include a designation of local agent, with a valid city issued business license, with a principal place of business in the city, authorized to accept on behalf of such entity notices of code violations or other service of process, which designation shall be deemed to remain in full force and effect until written notice to the contrary is provided to the land bank agency, which shall be effective only if a subsequent local agent, similarly qualified, is named in such notice.

- (2) *Fair Market Value.* The land bank agency shall determine the fair market value by reasonable and cost-effective means, including, without limitation: 1) adopting the market value as determined by the Jackson County Assessor, 2) establishing a set value for unimproved vacant residentially zoned property generally in the same area, based on tiers of square footage and on market conditions for that property, to facilitate the use of such properties for priority uses (4) or (6) of subsection (e) of this Section, 3) relying upon land bank agency or city staff input, which may be based on appraisals or valuations obtained for whatever municipal purpose, or 4) real estate broker's sale price summary of other comparable properties. An appraisal, done by a licensed or certified appraiser pursuant to RSMo Chapter 339, holding a city issued business license, submitted by the person or entity with their offer, will be considered by the land bank agency, but is not determinative as to what constitutes a fair market value.
- (3) *Rejection of an Offer.* If a land bank agency rejects a written offer equal to or greater than fair market value, or does not respond to a written offer equal to or greater than fair market value within sixty days, the land bank agency's action shall be subject to judicial review under chapter 536 or any other applicable provision of law unless the basis for the land bank agency's rejection is that it has accepted another offer equal to or greater than fair market value for that property. Venue shall be in the circuit court of the Jackson County.

**Sec. 74-81. Application of Sale Proceeds.**

(a) When any parcel of real estate acquired by a land bank agency pursuant to a deemed sale under subsection 3 of RSMo Section 141.560, by deed from a land trust under subsection 1 of RSMo Section 141.984, or pursuant to a sale under subdivision (2) of subsection 2 of RSMo Section 141.550 is sold or otherwise disposed of by such land bank agency, the proceeds therefrom shall be applied and distributed in the following order:

- (1) to the payment of the expenses of sale;

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 120779

- (2) to fulfill the requirements of the resolution, indenture or other financing documents adopted or entered into in connection with bonds, notes or other obligations of the land bank agency, to the extent that such requirements may apply with respect to such parcel of real estate;
- (3) the balance to be retained by the land bank agency to pay the salaries and other expenses of such land bank agency and of its employees as provided for in its annual budget, provided, however such budget shall be deemed to include: i) all expenses for the staffing and administrative support of the land bank agency provided by the city, and ii) the maintenance, repair and demolition of properties, as accounted for by the land bank agency in cooperation with the city, and the actual costs thereof may exceed the funds budgeted, and all such actual expenses and costs borne by the city on behalf of the land bank agency shall be reimbursed first to the city and shall automatically be deemed a part of the budget for the purposes of this Section 74-81; and
- (4) any funds in excess of those necessary to meet the expenses of the annual budget of the land bank agency in any fiscal year [as set forth in subdivision (3) of subsection (a) of this section pursuant to which a budget is deemed to include the actual costs borne by the city on behalf of the land bank agency that shall be reimbursed first to the city] including a reasonable sum to carry over into the next fiscal year to assure that sufficient funds will be available to meet expenses for that next fiscal year, exclusive of net profit from the sale of ancillary parcels, shall be paid to the respective taxing authorities that, at the time of the distribution, are taxing the real property from which the proceeds are being distributed. The distributions shall be in proportion to the amounts of the taxes levied on the properties by the taxing authorities. Distribution shall be made on January first and July first of each year and at such other times as the board may determine.

(b) When any ancillary parcel, as defined in Section 74-87, is sold or otherwise disposed of by such land bank agency, the proceeds therefrom shall be applied and distributed in the following order:

- (1) to the payment of all land taxes and related charges then due on such parcel;
- (2) to the payment of the expenses of sale;
- (3) to fulfill the requirements of the resolution, indenture, or other financing documents adopted or entered into in connection with bonds, notes or other obligations of the land bank agency, to the extent that such requirements may apply with respect to such parcel of real estate;

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 120779

- (4) the balance to be retained by the land bank agency to pay the salaries and other expenses of such land bank agency and of its employees as provided for in its annual budget as set forth in subdivision (3) of subsection (a) of this section, including the obligation to reimburse the city costs and expenses incurred on behalf of the land bank agency; and
- (5) any funds in excess of those necessary to meet the expenses of the annual budget of the land bank agency in any fiscal year and a reasonable sum to carry over into the next fiscal year to assure that sufficient funds will be available to meet expenses for that next fiscal year, shall be paid in accordance with subdivision (3) of subsection (a) of this section.

(c) Except as otherwise provided in subsections (a) and (b) of Section 74-81, a land bank agency may receive and retain payments for services rendered, for rents and leasehold payments received, for consideration for disposition of real and personal property, for proceeds of insurance coverage for losses incurred, for income from investments, and for any other asset and activity lawfully permitted to a land bank agency under the Land Tax Collection Law.

(d) The land bank agency is encouraged to adopt and may revise from time to time a policy as to the percentage of an annual budget that shall be deemed reasonable to carry forward into the next fiscal year, with the understanding that upfront costs of demolition and substantial deferred maintenance on properties acquired from the Land Trust make it difficult to project such percentage in the initial years of operation of the land bank agency.

**Sec. 74-82. Payments to Land Bank Agency Subsequent to Disposition.**

If a land bank agency sells or otherwise disposes of a parcel of real estate held by it, any land taxes assessed against such parcel for the three tax years following such sale or disposition by such land bank agency that are collected by the collector in a calendar year and not refunded, less the fees provided under RSMo Section 52.260 and this Section and less the amounts to be deducted under RSMo Section 137.720, shall be distributed by the collector to such land bank agency no later than March 1 of the following calendar year; provided that land taxes impounded under RSMo Section 139.031 or otherwise paid under protest shall not be subject to distribution under this Section. Any amount required to be distributed to a land bank agency under this Section shall be subject to offset for amounts previously distributed to such land bank agency that were assessed, collected, or distributed in error. In addition to any other provisions of law related to collection fees, the collector shall collect on behalf of the county a fee of four percent of reserve period taxes collected and such fees collected shall be deposited in the county general fund.

**Sec. 74-83. Budgets and Audits.**

## COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 120779

The land bank agency shall prepare an annual budget, and the board shall review and approve a budget for the land bank agency proceeding each fiscal year, which will correspond to the fiscal year of the city. Accounts shall be established and disbursements of funds shall be in accordance with guidelines established by the board, consistent with the recommendations of the city's Finance Department and city auditor. While under no obligation to do so, the city may contribute to the annual budget in such manner as approved by the city. Such contribution or the incurring of expenses by the city on behalf of the land bank agency, shall be reimbursed to the city from sale proceeds consistent with subsections 74-81(a)(3) and 74-81(b)(4). There shall be an annual audit of the affairs, accounts, expenses, and financial transactions of a land bank agency by certified public accountants as of April thirtieth of each year, which accountants shall be employed by the commissioners on or before March first of each year, and certified copies thereof shall be furnished to the appointing authorities described in Section 74-73, and shall be available for public inspection at the office of the land bank agency. In addition to the annual audit provided for in this subdivision, the land bank agency may be performance audited at any time by the state auditor or by the auditor of the city. The cost of such audit shall be paid by the land bank agency, and copies shall be made available to the public within thirty days of the completion of the audit.

### **Sec 74-84. Authority to Issue Bonds and Other Forms of Indebtedness.**

(a) A land bank agency shall have power to issue bonds, with approval of the city, for any of its corporate purposes, which bonds shall be special, limited obligations of the land bank agency, the principal of and interest on which shall be payable solely from the income and revenue derived from the sale, lease, or other disposition of the assets of the land bank agency, or such portion thereof as may be designated in the resolution, indenture, or other financing documents relating to the issuance of the bonds. In the discretion of the land bank agency, any of such bonds may be secured by a pledge of additional revenues, including grants, contributions, or guarantees from the state, the federal government, or any agency or instrumentality thereof, or by a mortgage or other security device covering all or part of the property from which the revenues so pledged may be derived.

(b) Bonds issued by a land bank agency shall not be deemed to be an indebtedness within the meaning of any constitutional or statutory limitation upon the incurring of indebtedness. The bonds shall not constitute a debt, liability, or obligation of the state or of any political subdivision thereof, except in accordance with subsection (d) of this section, or a pledge of the full faith and credit or the taxing power of the state or of any such political subdivision, and the bonds shall contain a recital to that effect. Neither the members of the board nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof.

(c) Bonds issued by a land bank agency shall be authorized by resolution of the board and shall be issued in such form, shall be in such denominations, shall bear interest at such rate or rates, shall mature on such dates and in such manner, shall be subject to redemption at such times and on such terms, and shall be executed by one or more

## COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 120779

members of the board, as provided in the resolution authorizing the issuance thereof or as set out in the indenture or other financing document authorized and approved by such resolution. The board may sell such bonds in such manner, either at public or at private sale, and for such price as it may determine to be in the best interests of the land bank agency.

(d) Any political subdivision may elect to guarantee, insure, or otherwise become primarily or secondarily obligated with respect to the bonds issued by a land bank agency subject, however, to the provisions of Missouri law applicable to the incurrence of indebtedness by such political subdivision. No political subdivision shall have any such obligation if it does not so elect.

(e) A land bank agency may from time to time, as authorized by resolution of the board, issue refunding bonds for the purpose of refunding, extending and unifying all or any part of its valid outstanding bonds. Such refunding bonds may be payable from any of the sources identified in subsections (a) and (d) of this section, and from the investment of any of the proceeds of the refunding bonds.

(f) The bonds issued by a land bank agency shall be negotiable instruments pursuant to the provisions of the uniform commercial code of the state of Missouri.

(g) Bonds issued pursuant to this section and all income or interest thereon shall be exempt from all state taxes, except estate and transfer taxes.

(h) A land bank agency shall have the power to issue temporary notes upon the same terms and subject to all provisions and restrictions applicable to bonds under this section. Such notes issued by a land bank agency may be refunded by notes or bonds authorized under this section.

### **Sec. 74-85. Open Meetings.**

Except as otherwise provided under Missouri law, all board meetings shall be open to the public and the board shall cause minutes and a record to be kept of all its proceedings. The land bank agency shall be subject to the provisions of Chapter 610, Chapter 109, and any other applicable provisions of Missouri state law governing public records and public meetings.

### **Sec. 74-86. Conflicts of Interest and Ethics.**

Neither the members of the board nor any salaried employee of a land bank agency shall receive any compensation, emolument, or other profit directly or indirectly from the rental, management, acquisition, sale, demolition, repair, rehabilitation, use, operation, ownership, or disposition of any lands held by such land bank agency other than the salaries, expenses, and emoluments provided for in this Article IV. Neither the members of the board nor any salaried employee of a land bank agency shall own, directly or indirectly, any legal or equitable interest in or to any lands held by such land

bank agency. In accordance with RSMo Section 141.1000, a violation of this section is a felony, and any person found guilty of violating this section shall be sentenced to a term of imprisonment of not less than two nor more than five years. The board of a land bank agency shall adopt supplemental rules and regulations addressing potential conflicts of interest and ethical guidelines for members of the board and land bank agency employees, provided that such rules and regulations are not inconsistent with this Article IV or any other applicable law.

**Sec. 74-87. Ancillary Parcels.**

(a) *Definition.* An “ancillary parcel” shall mean a parcel of real estate acquired by the land bank agency other than: 1) pursuant to a deemed sale under subsection 3 of RSMo Section 141.560; 2) by deed from the Land Trust under Section 74-76; or 3) pursuant to a sale under subdivision (2) of subsection 2 of RSMo Section 141.550.

(b) *Application of Proceeds from Ancillary Parcels.* To the extent that a land bank agency receives payments or credits of any kind attributable to liens or claims for real property taxes owed to a taxing authority for an ancillary parcel, the land bank agency shall remit the full amount of the payments to the collector for distribution to the appropriate taxing authority in accordance with subsection 74-81(b)(1), unless a taxing authority has elected to contribute all or any portion of such taxes. Whenever any ancillary parcel is acquired by a land bank agency and it is encumbered by a lien or claim for real property taxes owed to a taxing authority, such taxing authority may elect to contribute to the land bank agency all or any portion of such taxes that are distributed to and received by such taxing authority.

**Sec. 74-88. Quiet Title Action.**

A land bank agency shall be authorized to file an action to quiet title pursuant to RSMo Section 527.150 as to any real property in which the land bank agency has an interest. For purposes of any and all such actions the land bank agency shall be deemed to be the holder of sufficient legal and equitable interests, and possessory rights, so as to qualify the land bank agency as adequate petitioner in such action.

(a) *Service of Petition.* Prior to the filing of an action to quiet title the land bank agency shall conduct an examination of title to determine the identity of any and all persons and entities possessing a claim or interest in or to the real property. Service of the petition to quiet title shall be provided to all such interested parties by the following methods:

- (1) registered or certified mail to such identity and address as reasonably ascertainable by an inspection of public records;
- (2) in the case of occupied real property by first class mail, addressed to "Occupant";

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 120779

- (3) by posting a copy of the notice on the real property;
- (4) by publication in a newspaper of general circulation in the municipality in which the property is located; and
- (5) such other methods as the court may order.

(b) *Affidavit.* As part of the petition to quiet title the land bank agency shall file an affidavit identifying all parties potentially having an interest in the real property, and the form of notice provided.

(c) *Statutory Hearing.* In accordance with subsection 4 of RSMo Section 141.1009, the court shall schedule a hearing on the petition within ninety days following filing of the petition, and as to all matters upon which an answer was not filed by an interested party the court shall issue its final judgment within one hundred twenty days of the filing of the petition.

(d) *Consolidation of Parcels into Single Petition.* The land bank agency shall be authorized to join in a single petition to quiet title one or more parcels of real property.

**Sec. 74-89. Dissolution.**

The land bank agency may be dissolved as a public body corporate and politic not less than sixty calendar days after an ordinance or resolution for such dissolution is enacted by the city. Not less than sixty calendar days advance written notice of consideration of such an ordinance or resolution of dissolution shall be given to the members of the board of the land bank agency, shall be published in a local newspaper of general circulation within such municipality, and shall be sent by certified mail to each trustee of any outstanding bonds of the land bank agency. No land bank agency shall be dissolved while there remains outstanding any bonds, notes, or other obligations of the land bank agency unless such bonds, notes, or other obligations are paid or defeased pursuant to the resolution, indenture or other financing document under which such bonds, notes, or other obligations were issued prior to or simultaneously with such dissolution. Upon dissolution of a land bank agency pursuant to this section, all real property, personal property, and other assets of the land bank agency shall be transferred by appropriate written instrument to and shall become the assets of the municipality that established the land bank agency. Such municipality shall act expeditiously to return such real property to the tax rolls and shall market and sell such real property using an open, public method that ensures the best possible prices are realized while ensuring such real property is returned to a suitable, productive use for the betterment of the neighborhoods in which such real property is located. Any such real property that was acquired by the dissolved land bank agency pursuant to a deemed sale under subsection 3 of RSMo Section 141.560, by deed from a land trust under subsection 1 of Section 74-76, or pursuant to a sale under subdivision (2) of subsection 2 of RSMo Section 141.550 shall be held by such municipality in trust for the tax bill owners and taxing authorities having an interest in any tax liens which were foreclosed, as their interests may appear in the

judgment of foreclosure, and upon the sale or other disposition of any such property by such municipality, the proceeds there from shall be applied and distributed in the following order:

- (1) to the payment of the expenses of sale;
- (2) to the reasonable costs incurred by such municipality in maintaining and marketing such property; and
- (3) the balance shall be paid to the respective taxing authorities that, at the time of the distribution, are taxing the real property from which the proceeds are being distributed.

**Sec. 74-90. Limitation of Powers.**

A land bank agency shall neither possess nor exercise the power of eminent domain. A land bank agency shall not have the power to tax.

**Sec. 74-91. Interpretation of Ordinance and Severability of Provisions.**

All powers granted to the land bank agency under Ordinance No. 120779 shall be interpreted broadly to effectuate the intent and purposes of such Ordinance, and not to serve as a limitation of powers. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion thereof, shall not affect the validity of the remaining provisions of the Ordinance.

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Approved as to form and legality:

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Amelia McIntyre  
Assistant City Attorney