7-24-19

SPONSOR: COUNCILMEMBER O'DELL

GENERAL **ORDINANCE No.** 2919

AN ORDINANCE AUTHORIZING AN AMENDMENT TO CHAPTER 2 OF THE CODE OF ORDINANCES TO ENACT A NEW ARTICLE XV TITLED "LAND BANK PROGRAM" CREATING THE ST. JOSEPH LAND BANK UNDER THE AUTHORITY OF A LAND BANK COMMISSION AND ENACTING A NEW DIVISION 23 OF ARTICLE V, "BOARDS AND COMMISSIONS," TO ESTABLISH A LAND BANK ADVISORY COMMITTEE.

WHEREAS, The creation of a St. Joseph Land Bank has been established by Council as a priority to improve community appearance; and

WHEREAS, A St. Joseph Land Bank shall be established to assist in returning of unproductive land in nontax-producing status to private ownership or other productive use and to avoid other land from falling into that state; and

WHEREAS, During the 2019 Legislative Session, the General Assembly approved legislation authorizing the City of St. Joseph to establish a land bank for the management, sale, transfer, and other disposition of interests in real estate; and

WHEREAS, By this ordinance, the City Council of the City of St. Joseph will exercise authority granted by the general assembly to create the St. Joseph Land Bank, a public body corporate and politic that will operate as a political subdivision without the power to tax or acquire property through the exercise of the power of eminent domain;

WHEREAS, Although the St. Joseph Land Bank will be a separate body, its success will be dependent on coordinated efforts, aligned goals, and financial support from the City of St. Joseph.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ST. JOSEPH, MISSOURI, AS FOLLOWS:

SECTION 1. That Chapter 2 of the Code of Ordinances of the City of St. Joseph, Missouri, be, and hereby is, amended by enacting a new Article XV entitled "St. Joseph Land Bank" to be numbered, entitled and read as follows:

ARTICLE XV. ST. JOSEPH LAND BANK

DIVISION 1. ADMINISTRATION

Sec 2-1501. Creation; purpose.

(a) *Creation.* There is hereby established the St. Joseph Land Bank Agency ("land bank agency") pursuant to the RSMo Sections 140.190 and 140.980 to 140.1015 ("Land Bank Act"). The land bank agency created pursuant to this article 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 140.1012, and as set forth in this article.

(b) *Purpose.* The land bank agency may utilize the powers granted in this article to manage, sell, transfer, and otherwise dispose of interests in real estate owned by the land bank agency to foster the public purpose of returning land, including land that is in a nonrevenue-generating, nontax-producing status, to use in private ownership.

Sec. 2-1502. Definitions.

For the purposes of this article, the following words and terms shall have the meanings respectively ascribed:

(1) *Ancillary parcel.* A parcel of real estate acquired by the land bank agency other than any sale conducted under section 140.190, 140.240, or 140.250;

(2) *Land bank agency.* The St. Joseph Land Bank Agency established by the city under the authority of section 140.981;

(3) *Land taxes.* Taxes on real property or real estate, including the taxes both on the land and the improvements thereon;

(4) *Mayor.* The mayor of the city of St. Joseph.

(5) *Political subdivision.* A county, city, town, village, school district, library district, or any other public subdivision or public corporation that has the power to tax;

(6) *Presiding commissioner.* The presiding commissioner of Buchanan County.

(7) *Reserve period taxes.* Land taxes assessed against any parcel of real estate sold or otherwise disposed of by the land bank agency for the first three tax years following such sale or disposition;

(8) *Tax bill.* Real estate taxes and the lien thereof, whether general or special, levied and assessed by any taxing authority;

(9) *Taxing authority.* Any governmental, managing, administering, or other lawful authority, now or hereafter empowered by law to issue tax bills.

Sec. 2-1503. 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 the land bank agency pursuant to a sale conducted under section 140.190, 140.240, or 140.250, and their respective interests in each parcel of real estate shall be to the extent and in proportion to the priorities based on the principal amount of their respective tax bills bore to the total principal amount of all of the tax bills.

Sec. 2-1504. Powers and duties.

(a) The land bank agency shall have all powers necessary or appropriate to carry out and effectuate the purposes and provisions of the land bank act and this article, including the following powers in addition to those herein otherwise granted:

(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 borrow from private lenders, political subdivisions, the state, and the federal government as may be necessary for the operation and work of the land bank agency;

(5) To issue notes and other obligations according to the provisions of this article;

(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;

(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 this article;

(8) To enter into contracts and other instruments necessary, incidental, or convenient to:

a. The performance of functions by the land bank agency on behalf of political subdivisions, or agencies or departments thereof; or
b. The performance by political subdivisions, or agencies or departments thereof, 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. Any contract or instrument if signed both by the executive director of the land bank agency and by the secretary, assistant secretary, treasurer, or assistant treasurer of the land bank agency, or by an authorized facsimile signature of any such positions, 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 moneys of the land bank agency, including amounts deposited in reserve or sinking funds, at the discretion of the land bank agency in instruments, obligations, securities, or property determined proper by the land bank agency and to name and use depositories for its moneys;

(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) To acquire property, whether by purchase, exchange, gift, lease, or otherwise, except not property not wholly located in the city; 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;

(16) To enter into partnerships, 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, except not for property not wholly located in the city; and

(17) Subject to the other provisions of this article 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.

(b) *Land ownership.* Except as otherwise expressly set forth in sections 140.980 to 140.1015 or this article, in the exercise of its powers and duties under the land bank act and this article and its powers relating to property held by the land bank agency, the land bank agency shall have complete control of the property as fully and completely as if it were a private property owner.

(1) *Geographic limit.* The land bank agency shall not own real property unless the property is wholly located within the boundaries of the city.

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

(c) *Property maintenance.* The land bank agency shall maintain all of its real property in accordance with the laws and ordinances of the jurisdictions in which the real property is located.

Sec. 2-1505. Governance.

(a) *Governing board; powers; qualifications.* The land bank agency shall be composed of a board of commissioners which shall consist of seven members; one commissioner shall be appointed by Buchanan County, one commissioner shall be appointed by the St. Joseph School District, and five commissioners shall be appointed by the mayor with the approval of the City Council. The mayor and presiding commissioner shall serve as ex officio commissioners. The board shall have all authority available to the city council pursuant to RSMo 140.982, except that authority which is otherwise limited in this article.

~~(1) *Experience.* Commissioners must have experience in real estate, banking, development, or construction and must demonstrate such experience in an application to serve as a commissioner.~~

~~(2)~~ 1 *Payment of city taxes and fees.* No person who is in arrears for any city taxes or fees shall be entitled to serve as a commissioner. Any person serving as a commissioner may be required to sign a certification that he or she does not owe any taxes or user fees levied by the city including, but not limited to, business license fees, special assessments, demolition and weed abatements, parking tickets, and municipal court costs or fines. Said certification form shall be kept on file in the office of the City Clerk. Failure to pay any such taxes or fees by the date on which they are due may be grounds for removal from the board of commissioners.

(b) *Terms.* The initial term of one commissioner appointed by the mayor shall be one year. The initial term of the commissioner appointed by Buchanan County and one commissioner appointed by the mayor shall be two years. The initial term of two commissioners appointed by the mayor shall be three years. The initial term one commissioner appointed by the mayor and the commissioner appointed by the St. Joseph School District shall be four years. Subsequent to the initial term of office of the commissioners, each term shall be for the longer of either four years or until a successor is appointed. Commissioners shall serve at the pleasure of each commissioner's appointing authority. Commissioners shall serve without compensation. Any vacancy shall be filled by the same appointing authority that made the original appointment, except, if any appointing authority fails to make any appointment, then the appointment may be made by the mayor with the consent of the city council. Each commissioner may be reappointed.

(c) *Removal.* Commissioners may be removed by the appointing authority, provided that any commissioner so removed shall, if the commissioner so requests, have a hearing by the appointing authority before such removal. The request to remove shall be filed by any commissioner at least seven days prior to the meeting at which the removal is to be considered. Grounds for removal of commissioners, although not deemed exclusive, may be that the member:

(1) Lacks at any time during the term of appointment any qualifications for the board membership; or

(2) Is absent from three consecutive meetings, regardless if the meetings are regularly scheduled or specially called; or

(3) Fails to attend meetings with sufficient frequency to remain informed of the matters taken up by the board of commissioners; or

(4) Consistently raises matters outside the powers, duties, function, or scope of board of commissioners.

The appointing authority shall have the sole discretion for determining if grounds for removal are satisfied.

(d) *Eligibility to serve as commissioner.* Except as otherwise prohibited by law, 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 or must have substantial business interests the city, and shall resign their appointment effective immediately upon the loss of residency. The appointment of any board commissioner who is qualified to serve because he or she has substantial business interests in the city shall declare that the board commissioner is qualified by virtue of having a such substantial business interests.

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

(f) *Board and staff organization.* The board shall have the power to organize and reorganize the executive, administrative, clerical, and other departments of the land bank agency and to fix the duties, powers, and compensation of all employees, agents, and consultants of the land bank agency. A land bank agency may employ a secretary, an executive director, its own counsel and legal staff, technical experts, and other agents and employees, permanent or temporary, as it may require and may determine the qualifications and fix the compensation and benefits of such persons. 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.

(g) *Board meetings.* The board shall meet in regular session according to a schedule adopted by the board and shall meet in special session as in accordance with procedures established by the board.

(h) *Voting requirements.* All actions of the board shall be approved by the affirmative vote of a majority of the commissioners of the entire board; 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~~ seven 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.

(i) *Bond.* Any commissioner or other person with authority to act on behalf of the land bank shall furnish a surety bond, if such bond is not already covered by governmental surety bond, in a penal sum not to exceed twenty-five thousand dollars to be approved by the director of administrative services of the city, issued by a surety company licensed to do business in this state, which bond shall be deposited with the county clerk of such county, and shall guarantee the faithful performance of such person's duties under this Article XV and the Land Bank Act. The bond may be written to cover all the commissioners. The payment of the premium, or the pro rata portion, for or other expense of such bond may be borne by the appointing authority of such commissioner or by the land bank agency.

(j) *Oath.* Before entering upon the duties of office, each board commissioner shall take an oath administered by the city clerk.

(k) *Non-liability.* Board Commissioners, individually or collectively, shall not be liable personally on the bonds or other obligations of the land bank agency, and the rights of creditors of the land bank agency shall be solely against the assets of the land bank agency. Notwithstanding the foregoing, the land bank agency may obtain such insurance it deems appropriate or prudent for itself, or the board commissioners or staff of the land bank agency in their official capacity with the land bank agency.

(l) *Records and meeting.* Except as otherwise provided under state law, the land bank agency meetings shall cause minutes and a record to be kept of all its proceedings. The land bank agency shall be subject to the provisions of RSMo chapter 109, chapter 610, and any other applicable provisions of law governing public records and public meetings.

Sec. 2-1506. Employees.

(a) *Compensation and benefit prohibitions.* No employee of the 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 the land bank agency other than the salaries, expenses, and emoluments provided for in the land bank act. Employees of the city who are providing services to the land bank in the course of their employment with the city shall not be deemed employees of the land bank agency and shall not receive compensation as employees of the land bank agency.

(b) *Interest in land prohibition.* No employee of the land bank agency shall own, directly or indirectly, any legal or equitable interest in or to any lands held by the land bank agency other than the salaries, expenses, and emoluments provided for in sections 140.980 to 140.1015.

(c) *Penalty.* A violation of the requirements stated in RSMo 140.1000 is a class D felony pursuant to RSMo 140.1000.

(d) *Employment rules and regulations.* The land bank agency may adopt supplemental rules and regulations addressing potential conflicts of interest and ethical guidelines for land bank agency employees, provided that such rules and regulations are not inconsistent with this Article or any other applicable law.

Sec. 2-1507. Audit.

(a) *Annual audit.* There shall be an annual audit of the affairs, accounts, expenses, and financial transactions of the land bank agency by a certified public accountant before April thirtieth of each year, which accountant shall be employed by the land bank agency on or before March first of each year. Certified copies of the audit shall be furnished to the city, and the city shall post the audit on its public website. Copies of the audit shall also be available for public inspection at the office of the land bank agency.

(b) *State audit.* 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 and posted on the land bank agency's website within thirty days of the completion of the audit.

Sec. 2-1508. Funding and revenues.

(a) *Authority to receive funds.* The land bank agency may receive funding through grants, gifts, and loans from political subdivisions, the state, the federal government, and other public and private sources.

(b) *Proceeds of property sales.* Except as otherwise provided in subsections 8 and 9 of RSMo 140.985 and section 2-1523 of this article, the 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 the land bank agency under the land bank act.

(c) *3-year land taxes.* If the 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 the land bank agency that are collected by the county collector in a calendar year and not refunded, less the fees provided under RSMo 52.260 and subsection (d) of this section and less the amounts to be deducted under RSMo 137.720, are required by RSMo 140.988 to be distributed by the county collector to the land bank agency no later than March first of the following calendar year, provided that land taxes impounded under RSMo 139.031 or otherwise paid under protest shall not be subject to distribution under this subsection. Any amount required to be distributed to the land bank agency under this subsection are subject to offset for amounts previously distributed to the land bank agency that were assessed, collected, or distributed in error.

(d) *Reserve period taxes; county-entitled.* In addition to any other provisions of law related to collection fees, the county collector shall collect on behalf of the county a fee established by state law for reserve period taxes collected.

Sec. 2-1509. Quiet title actions

(a) *Authorized.* Pursuant to RSMo 140.1009, the land bank agency shall be authorized to file an action to quiet title under RSMo 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 an adequate petitioner in such action.

(b) *Title examination required.* 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";

(3) By posting a copy of the notice on the real property;

(4) By publication in a newspaper of general circulation in the city in which the property is located; and

(5) Such other methods as the court may order.

(c) *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.

(d) *Court hearing.* Pursuant to RSMo 140.1009, the court shall schedule a hearing on the petition within 90 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 120 days of the filing of the petition.

(e) *Multiple count petitions.* The land bank agency shall be authorized to join in a single petition to quiet title one or more parcels of real property.

Sec. 2-1510. Dissolution.

(a) *Authority.* The land bank agency may be dissolved as a public body corporate and politic no sooner than 60 calendar days after an ordinance or resolution for such dissolution is passed by the city.

(b) *Notice.* No less than sixty calendar days' advance written notice of consideration of such an ordinance or resolution of dissolution shall be given to the land bank agency, shall be published in a local newspaper of general circulation within the city, and shall be sent certified mail to each trustee of any outstanding bonds of the land bank agency.

(c) *Outstanding obligations.* No land bank agency shall be dissolved while there remains any outstanding 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.

(d) *Transfer of assets.* Upon dissolution of the 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 city. As required by RSMo 140.1012, the city will be obligated to act expeditiously to return such real property to the tax rolls and 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 neighborhood in which such real property is located. Pursuant to RSMo 140.1012, any such real property that was acquired by the dissolved land bank agency pursuant to a sale conducted under section 140.190, 140.240, or 140.250 will be held by the city 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 foreclosure, and, upon the sale or other disposition of any such property by the city, the proceeds therefrom are required to be applied and distributed in the following order:

(1) *Expenses.* To the payment of the expenses of sale;

(2) *Reasonable costs.* To the reasonable costs incurred by the city in maintaining and marketing such property; and

(3) *Taxing authorities.* The balance is required to 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. 2-1511. Limitations on authority (eminent domain; taxation; property ownership).

The land bank agency shall neither possess nor exercise the power of eminent domain. The land bank agency shall not have the power to tax. The land bank shall not own real property unless the property is wholly located within the boundaries of the city that established the land bank agency.

[Sections 2-1512 through 2-1520 reserved]

DIVISION 2. PURCHASE AND CONVEYANCE OF PROPERTY

Sec. 2-1521. Priorities.

(a) *Uses fostered.* The use of property conveyed by the land bank agency shall be for the purposes of creating: (i) opportunities for revitalization of focused areas in deteriorating residential neighborhoods, (ii) safe, decent, and affordable housing for existing and future residents, (iii) retail and commercial areas on vacant or deteriorated properties within residential neighborhoods, (iv) the assemblage of property for future development in a manner consistent with the purposes of the city's 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 (viii) improved neighborhoods consistent with funding provided by third-parties seeking to improve such neighborhoods; (ix) 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 relative priority among these stated purposes as set forth in section 2-1523, as further considered and applied by the board of commissioners governing the land bank agency.

(b) *Limitations of authority.* The land bank agency shall not own any interest in real estate that is located wholly or partially outside the city.

Sec. 2-1522. Purchase of land.

(a) *Taxation.* As set forth in the RSMo 140.980 to 140.1015, the income of the land bank agency shall be exempt from all taxation by the state and by any of its political subdivisions.

(1) *County official notification.* Upon acquiring title to any real estate, the land bank agency shall immediately notify the county assessor and the county 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. Upon the sale or other disposition of any real estate held by it, the land bank agency shall immediately notify the county assessor and the county collector of such change of ownership.

(2) *Exception-leased land; County official notification.* Tax exemption for improved and occupied real property held by the land bank agency as a lessor pursuant to a ground lease shall terminate upon the first occupancy, and the land bank agency shall immediately notify the county assessor and the county collector of such occupancy.

(b) *Acquisition-from parties.* The land bank agency may acquire real property or interests in property by gift, devise, transfer, exchange, foreclosure, lease, purchase, or otherwise on terms and conditions and in a manner the land bank agency considers proper. The land bank agency may acquire property by 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.

(c) *Acquisition-tax foreclosure.* The land bank agency may bid on any parcel of real estate offered for sale, offered at a foreclosure sale under sections 140.220 to 140.250, or offered at a sale conducted under section 140.190, 140.240, or 140.250. Notwithstanding any other law to the contrary, any political subdivision may transfer to the land bank agency 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.

(1) *Tax foreclosure bid.* Pursuant to RSMo 140.984, upon issuance of a deed of a delinquent land tax auction under subsection 4 of section 140.250, subsection 5 of section 140.405, or other sale conducted under section 140.190, 140.240, or 140.250 of a parcel of real estate to the land bank agency, the 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, taxes, and costs then due thereon.

(2) *Cancellation of tax bills.* If the real estate is acquired in a delinquent land tax auction, RSMo 140.984 requires such excess be applied and distributed in accordance with section 140.230. Upon issuance of a deed, the county collector will mark the tax bills included in the judgment as "cancelled by sale to the land bank" and will take credit for the full amount of such tax bills, including principal amount, interest, penalties, attorney's fees, and costs, on his or her books and in his or her statements with any other taxing authorities.

(d) *Encumbered ancillary parcels.* If any ancillary parcel is acquired by the land bank agency and 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. To the extent that the land bank agency receives payments or credits of any kind attributable to liens or claims for real property taxes owed to a taxing authority, the land bank agency shall remit the full amount of the payments to the county collector for distribution to the appropriate taxing authority.

Sec. 2-1523. Land sale requirements.

(a) *Minimum offers.* The land bank agency shall only accept written offers equal to or greater than the full amount of all tax bills, interest, penalties, attorney's fees, and costs on real property to purchase the real property held by the land bank agency.

(b) *Priorities.* The land bank agency shall convey property owned by it to prioritize the following uses of the real property:

(1) Revitalization of focused areas in deteriorating residential neighborhoods;

(2) Revitalize retail and commercial areas on vacant or deteriorated properties within residential neighborhoods;

(3) Improve neighborhoods consistent with funding provided by third-parties seeking to improve such neighborhoods;

(4) Use for purely public spaces and places;

(5) Use for affordable housing;

(6) Such other uses and in such hierarchical order as determined by the city.

(c) *Methods of sale.* 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. The land bank agency may gift any interest in, upon, or to property to the city.

(d) *Land inventory; public notice.* The land bank agency shall maintain and make available for public review and inspection an inventory and history of all real property the land bank agency holds or formerly held. This inventory and history shall be available on the land bank agency's website and include at a minimum:

(1) Whether a parcel is available for sale;

(2) The address of the parcel if an address has been assigned;

(3) The parcel number if no address has been assigned;

(4) The year that a parcel entered the land bank agency's inventory;

(5) Whether a parcel has sold; and

(6) If a parcel has sold, the name of the person or entity to which it was sold.

(e) *Polices and procedures for sale.* The land bank agency shall determine and set forth in policies and procedures 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. 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 the land bank agency determines to be in the best interest of its purpose.

(f) *Three year ownership—required.* The land bank agency shall ensure that any contract for the sale of residential property owned by the land bank agency shall have a clause that the buyer shall own the property for three years following the buyer's purchase of the property from the land bank. The clause shall state that a violation of those terms makes the buyer civilly liable to the land bank agency for an amount equal to twice the sale price of the property.

(g) *Contractual authority.* The land bank agency may delegate to officers and employees the authority to enter into and execute agreements, instruments of conveyance, and all other related documents pertaining to the conveyance of property by the land bank agency.

(h) *Unsold property clusters.* If the 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.

(i) *Productive use—2-year limitation.*

(1) *2-year limitation.* No later than two years from the date it acquired the property, the land bank agency shall either sell, put to a productive use, or show significant progress towards selling or putting to a productive use a parcel of real property. A productive use may be renting the property; demolishing all structures of the property; restoring property of historic value; or using the property for a community garden, park, or other open public space.

(2) *Extension of limitation—unforeseen circumstances.* The city, by ordinance or resolution of the city council, may grant the land bank agency a one-year extension if it determines by a majority vote that unforeseen circumstances have delayed the sale or productive use of a parcel of property.

(3) *Failure to achieve productive use.* If the land bank agency owns a parcel of real property that does not have a productive use after two years, or does not receive an extension under this section, RSMo 140.986 requires the property to be offered for public sale using the procedures under sections 140.170 to 140.190.

Sec. 2-1524. Sale proceeds.

(a) *Sale proceeds.* Pursuant to RSMo 140.984, when any parcel of real estate acquired by the land bank agency is sold or otherwise disposed of by the land bank agency, the proceeds therefrom shall be applied and distributed in the following order:

(1) *Sale expenses.* To the payment of the expenses of the sale;

(2) *Financing obligations.* 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) *Agency expenses.* To the balance to be retained by the land bank agency to pay the salaries and other expenses of the land bank agency and of its employees as provided for in its annual budget; and

(4) *Excess funds.* 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 initial 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 land bank agency may determine.

(b) *Sale proceeds-Ancillary parcels.* Pursuant to RSMo 140.985, when any ancillary parcel is sold or otherwise disposed of by the land bank agency, the proceeds therefrom shall be applied and distributed in the following order:

(1) *Land taxes.* To the payment of all land taxes and related charges then due on such parcel;

(2) *Sale expenses.* To the payment of the expenses of sale;

(3) *Financing obligations.* 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;

(4) *Agency expenses.* To the balance to be retained by the land bank agency to pay the salaries and other expenses of the land bank agency and of its employees as provided for in its annual budget; and

(5) *Excess funds.* 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 initial expenses for that next fiscal year, shall be paid in accordance with subdivision (4) of subsection (a) of this section.

SECTION 2. That Article V, "Boards and Commissions," of Chapter 2 of the Code of Ordinances of the City of St. Joseph, Missouri, be, and hereby is, amended by enacting a new Division 23 to be numbered, entitled and read as follows:

DIVISION 23. LAND BANK ADVISORY COMMITTEE

Sec. 2-801. Established; membership.

(a) *Purpose.* There shall be a land bank advisory committee, which shall serve in an advisory capacity to the city council in matters regarding administration of the St. Joseph Land Bank and funding and resources dedicated to the St. Joseph Land Bank.

(b) *Membership.* The land bank advisory committee shall consist of nine members, one to be appointed by each individual member of the city council and approved by the city council. The land bank advisory committee shall elect a chairman annually from one of its members who shall serve for a period of one year.

(c) *Term.* Appointments to the initial land bank advisory committee shall be made on a staggered term basis with three members serving a one-year term, three members serving a two-year term and three members serving a three-year term. Thereafter, members shall be appointed to serve three-year terms. No member who has served a full three-year term shall be appointed to serve a successive term. However, members who have not served a full three-year term may be reappointed to serve a successive term.

(d) *Qualifications.* Each member's qualifications shall be in accordance with the general provisions enumerated for boards and commissions in this article.

SECTION 3. That any ordinances, or parts of ordinances in conflict with this ordinance be, and hereby are, repealed.

SECTION 4. That if any provision of this ordinance is found to be invalid, such provision shall be considered to be severable from the other parts of this ordinance and shall not affect the validity of the remaining parts of this ordinance.

SECTION 5. That this ordinance shall be in full force and effect from and after August 29, 2019.

Approved as to form:

City Attorney

Passed August 12, 20 19

Attest: Paula Hegle 16
City Clerk

Mayor

Date: July 9, 2019
Type of Ordinance: General Ordinance

EXPLANATION TO COUNCIL BILL

ORIGINATING DEPARTMENT: Planning and Community Development

PURPOSE: To authorize an amendment to Chapter 2 of the Code of Ordinances to enact a new Article XV titled "Land Bank Program" creating the St. Joseph Land Bank under the authority of a Land Bank Commission and enact a new Division 23 of Article V, "Boards and Commissions" to establish a Land Bank Advisory Committee.

REMARKS: The creation of a St. Joseph Land Bank has been established by the City Council as a priority to improve community appearance and to assist in returning of unproductive land in nontax-producing status to private ownership or other productive use and to avoid other land from falling into that state. During the 2019 Legislative Session, the General Assembly approved House Bill 821 authorizing the City of St. Joseph to establish a land bank for the management, sale, transfer, and other disposition of interests in real estate. That authority is proposed to be exercised by this ordinance and to create the St. Joseph Land Bank. The St. Joseph Land Bank will serve as a separate public body that will operate as a political subdivision without the power to tax or acquire property through the exercise of the power of eminent domain.

In addition to establishing the St. Joseph Land Bank, the attached ordinance proposes to establish the Land Bank Advisory Committee. Upon formation, the committee will advise the City Council on funding and in-kind contribution to the St. Joseph Land Bank.

Submitted By:

Clint Thompson, Director
Planning & Community Development

Reviewed By:

J. Bruce Woody,
City Manager