

Legislation Text

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Amending Chapter 16-400 of The Philadelphia Code, entitled “Surplus Properties,” by adding criteria for evaluating non-competitive dispositions, all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Chapter 16-400 of The Philadelphia Code is amended to read as follows:

TITLE 16. PUBLIC PROPERTY

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CHAPTER 16-400. SURPLUS PROPERTIES

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§ 16-402. Definitions.

(1) In this Chapter the following definitions shall apply:

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(f) *Community Land Trust.* An organization that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1954, whose directors, management and resources are independent of any for-profit corporation or funder, and whose bylaws indicate that the organization:

(.1) *Acquires parcels of land, held in perpetuity, for conveyance under ground leases;*

(.2) *Ensures the permanent affordability of any structural improvements located on its land;*

(.3) *Serves a defined demographic constituency or a constituency of all individuals who live, work, or worship in the geographic area served by the organization; and*

(.4) *Has a board of directors that is at least 75% composed of the organization’s constituents, as defined in section 16-402(1)(f)(.3).*

(g) *Ground Lease.* The conveyance of land, which may be undeveloped, developed for use as a community garden or open space, or containing a vacant structure, for a specified, long-term period to a lessee who then has the right to develop, improve and use the property for the duration of the conveyance.

(h) *Permanent Affordability.* The continuous preservation of housing or other structural

improvements, pursuant to restrictions of a City contract or government financing agreement, at a sales or rental price that remains affordable to the same economic class of households or enterprises as the initial occupants over a period spanning the useful life of the structure, and in no case for fewer than ninety-nine (99) years.

(i) *Community Garden.* A parcel of land managed and maintained by a group of individuals for neighborhood residents share in the products of the land, which may include but not be limited to affordable food, accessible play areas, and open community space.

(j) *Community Control.* A system of land ownership and decision-making in which property residents, and in some cases other community members, participate in and benefit from ownership, stewardship, and governance of property within a given neighborhood.

(k) *Accepted Neighborhood Plan.* A plan prepared by an organization other than the City Planning Commission or a public or quasi-public agency that satisfies the requirements and procedures for recognition by such Commission as set forth in regulation.

(l) *Area Median Income or AMI.* The median income for the Philadelphia area adjusted for household size as calculated by the U. S. Department of Housing and Urban Development.

(m) *Affordable.* Having total monthly costs for occupants of the property at or below thirty percent (30%) of household income, as measured by AMI; for homeownership projects, monthly costs shall be calculated on the basis of all mortgage costs, property taxes, homeowner's insurance, and condominium or homeowner association fees applicable and owing; for residential rental projects, monthly costs shall be calculated on the basis of thirty percent (30%) of gross monthly income, adjusted for household size, less a reasonable allowance for utilities.

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§ 16-404. Disposition: Inventory, Methods, Terms, and Approvals.

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(2) Methods.

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(d) Disposition without Competitive Process.

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(.2) Applications for non-competitive dispositions shall be evaluated for [financial and operational capacity to complete the proposed project,] *capacity to implement a plan for the proposed property that aligns with an accepted Neighborhood Plan* and other considerations, in accordance with the Disposition Policy.

(.2.1) *Priority shall be given to projects that provide for the permanent affordability and community control of any proposed development, provided the application sets forth such evidence as may*

be required by regulation to demonstrate satisfaction of the following criteria:

- (a) The applicant is organized and operated as a community land trust;*
 - (b) The proposed development is designed to benefit households in the geographic or demographic community served by the community land trust and;*
 - (i) More than fifty percent (50%) of the residential rental units developed in such projects are occupied, at the time of the each initial and subsequent lease, by households whose income is at or below 50% of AMI; or*
 - (ii) More than fifty percent (50%) of the homeownership units developed in such project are occupied, at the time of the each initial and subsequent sale, by households whose income does not exceed 80% of AMI.*
 - (c) The proposed site use aligns with an accepted Neighborhood Plan; and*
 - (d) The applicant has the organizational capacity to manage the property and execute the proposed project in a timely and efficient manner.*
- (.3) Absent good cause for extension, within [Within] 120 days of receiving a completed application for the disposition of a surplus property pursuant to this subsection 16-404(2)(d), the Agency shall consider all timely filed applications related to the property and advise [the applicant] all applicants in writing whether the Agency will offer the property [to the applicant.] for disposition.*
- (a) Within 10 business days of receipt of the initial application, the Agency shall post information regarding the application and the proposed disposition of surplus property on the Agency's website and on each portion of the property that abuts a street, in a manner clearly visible from each such street. Such information shall indicate the City property, parcel or parcels for which an application for disposition has been received, whether the applicant is a community land trust, the opportunity to submit additional proposals, and the deadline for such submission. The Agency shall also forward such information to the Chief Clerk of Council and any Registered Community Organizations, as defined in subsection 14-203 (259), whose registered boundaries comprise any portion of the surplus property proposed for disposition.*
 - (b) Only applications received within 60 days from the date the Agency posts notice of the proposed disposition, as provided in subsection (.a), will be considered by the Agency.*
 - (c) A community land trust that submits an application that fails to meet the requirements of this subsection 16-404(2)(d) shall be afforded an opportunity to cure such deficiencies and re-submit its proposal. The Agency shall grant the community land trust applicant 30 days to address any deficiencies and may, in its discretion, grant an additional 15 days to re-submit the application upon a showing of good cause by the applicant.*
 - (d) The Agency shall evaluate all completed applications and provide applicants that meet the priority requirements of subsection 16-404(2)(d)(.2.1a) a written explanation within 7 days as to why their proposal was not recommended for approval. The Agency will give priority to the applications from community land trusts except in instances where the community land trust failed to remedy the expressed deficiencies the Agency previously alerted them to in their application. The Agency shall file a*

copy of such written explanation with the President and Chief Clerk of Council as well as the relevant District Councilmember.

(.4) If the applicant's proposal *has* been deemed suitable to recommend for approval, the Agency shall provide [the] *that* applicant with a purchase agreement that [includes] *is* [a] valid for no less than one year (subject to extension by the Agency) from the time of delivery of an executed agreement by the applicant. Such purchase shall include such restrictions in connection with the purchase agreement and transfer of title as deemed appropriate by the Agency and as required by the Disposition Policy and this Chapter.

(3) Terms.

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(f) An Agency shall require an agreement for all dispositions of surplus properties.

(.1) For dispositions by the Redevelopment Authority, the agreement shall be a redevelopment contract in accordance with the Urban Redevelopment Law and Chapter 16-600.

(.2) For dispositions by any other Agency, the agreement shall include the provisions required by subsections 16-601(1)(a) through 16-601(1)(e), except that all references in such provisions to the Redevelopment Authority shall be considered as references to the Agency.

(.a) For dispositions to community land trusts pursuant to subsection 16-404(2)(d), the agreement may be a Purchase and Development Agreement, subject to compliance with such terms and conditions as the Agency deems necessary to evaluate the community land trust's financial and operational capacity to purchase, develop and maintain the property in perpetuity in accordance with its development plan and such other requirements as the Agency may impose. A Purchase and Development Agreement pursuant to this Section shall include an initial lease term of no more than five (5) years, at the expiration of which the property shall revert to the ownership of the City of Philadelphia, the Philadelphia Redevelopment Authority or the Philadelphia Land Bank, automatically, without any conveyance thereof being required, if the Agency does not transfer title of the property to the community land trust. The Agency may transfer title of the property to the community land trust, at or before the expiration of the initial lease term, provided the community land trust has demonstrated satisfaction of the agreement requirements, which may include but not limited to:

(i) Payment in full of all amounts owed to the City for the duration of the lease term;

(ii) Effective financial stewardship of the community land trust and the surplus property, as evidenced by audited financial statements or other documentation;

(iii) Substantial progress on the proposed development project and capacity to timely complete the project as approved by the Agency;

(iv) Cost and proof of funds to complete the project;

(v) Proof of insurance on the surplus property;

(vi) Commitment to adhere to deed restrictions preventing resale of the

property; and

(vii) Bylaws provisions or other legally binding document ensuring land transfer to a nonprofit organization obligated to honor the ground leases between the community land trust and its lessees upon dissolution of the organization.

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SECTION 2. Effective date. This Ordinance shall take effect immediately.