



**PHILADELPHIA
REDEVELOPMENT
AUTHORITY**

Disposition Policies

Effective January 1, 2020

Disposition Policies

Overview and General Information

These Disposition Policies (these "Policies") supplement Chapter 16-400 of the Philadelphia Code (the "Code"). These Policies are intended to create a unified, predictable, transparent, and consistent approach to the disposition of Surplus Properties owned by the Philadelphia Land Bank ("Land Bank") and the Philadelphia Redevelopment Authority ("PRA") (each "Agency" and collectively "Agencies"). All terms not defined in these Policies shall have the meaning given to them in Chapter 16-400 of the Code.

Notwithstanding anything to the contrary contained in these Policies, no Agency shall be obligated to (i) select any applicant for Surplus Property; or (ii) dispose of a Surplus Property to an applicant for such property, including the highest scoring applicant.

Public Information

Each Agency shall publish its Surplus Properties on the following website: <https://phillylandbank.org>

Expressions of Interest

An Expression of Interest ("EOI") is not an application for Surplus Property, but simply an indication that an individual or entity is interested in acquiring the property.

Individuals or entities who submit an EOI will be contacted within 30 days, as follows.

- If the EOI is for a proposed use that qualifies for a non-competitive process under Section 16-404(2)(d) of the Code, the Agency will inform such individual or entity whether the property is available for disposition and, if available, will provide the individual or entity an application.
- If the EOI is not for a proposed use that qualifies for a non-competitive process under Section 16-404(2)(d) of the Code, the Agency will inform such individuals or entities that they will be contacted once the property is available for disposition pursuant to a competitive process under Section 16-404(2)(c) of the Code.

Qualified Applicant

An individual or entity who seeks to obtain a surplus property must submit an application in such form as is specified by the Agency. Properties may only be conveyed to a Qualified Applicant who has submitted a timely and complete application.

An applicant is qualified if:

1. The applicant has no City tax or water delinquencies, or other City delinquencies, or is in a current payment agreement with respect to any such delinquencies;
2. No properties owned by the applicant have outstanding violations under the Philadelphia Code. A violation shall not be considered outstanding if there is an agreement with the City to come into compliance; and
3. As permitted pursuant to section 16-404(2)(a)(.3), the following other threshold criteria must be satisfied:

- a. All other individuals or entities who have, or are reasonably expected to have, a direct ownership, controlling, or managing interest in the applicant must comply with 1 and 2 above (“Related Individual/Entity”).
- b. Neither the applicant nor any Related Individual/Entity has a conflict of interest as disclosed on any forms or other documentation provided to the Agency.
- c. Neither the applicant nor any Related Individual/Entity has answered “yes” on question 1, 2, 3, or 4 on the Additional Disclosures Form.

Compliance with all of the above requirements will be confirmed at each of the following times (i) as part of the evaluation of the application; (ii) prior to submission to the applicable Agency’s Board of Directors; (iii) prior to submission to Philadelphia City Council; and (iv) prior to settlement.

The Agency may request that the Qualified Applicant provide additional documentation and/or a signed affidavit certifying no material changes, among other things, at any time during the disposition process. A Qualified Applicant who is selected/recommended and later becomes non-compliant will be provided a reasonable opportunity to become compliant as determined by the Agency, but no less than 30 days.

Property Dispositions

All Surplus Property shall be disposed of by either a competitive or non-competitive process.

Competitive Process

An Agency shall advertise a Surplus Property available for a competitive disposition for no less than 30 days, during which time applicants may submit an application for the property.

Advertising such as broker listings, using the Multiple Listing Service, websites, or other methods to encourage broad participation for the competitive disposition of selected properties may be utilized. At a minimum, properties must be advertised prominently on the Agency’s website or at <https://phillylandbank.org/>.

Dispositions by competitive process may take one of the following formats including, without limitation, Requests for Proposals (“RFP”) or Requests for Qualifications (“RFQ”). All listings pursuant to a competitive process must clearly state the address of the property; the property’s appraised value; any requirements or preference for the use/reuse of the property, and the applicable evaluation criteria. An RFP or RFQ may be developed in consultation with the City Planning Commission, other public departments, or other stakeholders, as deemed appropriate by the Agency. Whether Surplus Property is included in an RFP or an RFQ shall be determined solely by the Agency.

~~The 404(2)(c) Staff Evaluation Code using Qualified Applicant attached to these guidelines~~
 In the event of a tie, the Agency, in its sole discretion, may ask the tied applicants to

- provide oral presentations to the evaluators; and
- ask the evaluators to re-evaluate the tied applications.

The following applies when there is a single Qualified Applicant to be evaluated pursuant to a competitive process:

- The Qualified Applicant may be brought in for an oral presentation before individual evaluation sheets are completed.
- The applicant will be scored as they normally would pursuant to a competitive process. However, because there is a single applicant, each evaluator will also indicate whether the applicant is recommended or not recommended. If a majority of the evaluators recommend the applicant, then

the applicant will proceed. If the evaluators do not recommend the applicant, then the applicant will not be permitted to re-submit for the same property for a period of six (6) months.

Non-Competitive Process

Pursuant to Section 16-404(2)(d) of the Code, an Agency may dispose of Surplus Property to a Qualified Applicant without a competitive process under one of the following circumstances:

Side/Rear Yard: Pursuant to § 16-404(2)(d)(.1) of the Code.

An applicant seeks property for use as a side or rear yard, provided such property has no permanent structures, such property is not more than 1,440 square feet, such property is comprised of no more than two adjacent parcels, and the applicant owns and occupies adjacent property as a primary residence.

Garden/Open Space/ Recreational Area: Pursuant to § 16-404(2)(d)(.2) of the Code.

An applicant seeks property for use as a community garden, open space or recreational area, provided such applicant is organized as a non-profit organization under Pennsylvania law.

Business Expansion: Pursuant to § 16-404(2)(d)(.3) of the Code.

An applicant seeks property for use as expansion of an existing business in the near vicinity of the property, which is defined as within 1,000 feet of such Surplus Property if such use is parking, or otherwise within 500 feet of such Surplus Property.

Development Assemblage: Pursuant to § 16-404(2)(d)(.4) of the Code.

A significant portion of the proposed development site, being at least 50%, is already owned by such applicant and the Surplus Property will be developed as part of the development project.

Affordable, Mixed Income, and Workforce Housing: Pursuant to § 16-404(2)(d)(.5) of the Code

At least 51% of the development qualifies as either affordable or workforce housing, under local or federal guidelines, or mixed-income housing, pursuant to Section 14-702(7) of The Philadelphia Code.

Community Based Facilities: Pursuant to § 16-404(2)(d)(.6) of the Code.

The development is a community-benefitting use, such as, without limitation, a daycare, healthcare or senior center, that is designed to benefit low-income and moderate-income households, all as further defined in the Disposition Policy.

An Agency is not obligated to dispose of Surplus Property pursuant to a non-competitive process solely because the proposed use for the property qualifies for a non-competitive process under Section 16-404(2)(d).

Applications pursuant to a non-competitive process involving unsubsidized residential development, commercial development, or business expansion, shall be evaluated as follows:

- The Qualified Applicant may be brought in for an oral presentation before individual evaluation sheets are completed.
- The evaluators will score the applicant using the scoring rubric attached to these Policies. However, because there is a single applicant, each evaluator will also indicate whether the applicant is recommended or not recommended.
- If a majority of the evaluators recommend the applicant, then the applicant will proceed. If the evaluators do not recommend the applicant, then the applicant will not be permitted to re-submit for the same property for a period of six (6) months.

Applications pursuant to a non-competitive process involving federal or state subsidized residential development (e.g., LIHTC), side/rear yards, or gardens, shall be evaluated as follows:

- The Senior Vice President for Land Management, or his/her designee, will review the application and indicate whether the applicant is recommended or not recommended.
- If the applicant for a side/rear yard or garden is not recommended, then such applicant will not be permitted to re-submit for the same property for a period of one (1) month.

Pricing

Valuation Price

For all Dispositions, the Agency will obtain an appraisal or an in-house opinion of value for Surplus Property by a licensed appraiser ("Valuation Price"). When determining the Valuation Price, the Agency may consider any factors affecting the Surplus Property including, without limitation, the cost of any environmental remediation as determined by a third-party engineer or other reputable consultant and the cost to demolish existing structures. The Valuation Price shall be advertised with competitive process listings, and may be used to evaluate the applicant's offer price in response to a competitive process listing.

Offer Price

If all offers in response to a competitive process are below the Valuation Price, the Agency may choose to re-list the Surplus Property for competitive process or proceed with the Applications received. At the time of submitting its application, an applicant may submit for consideration information relevant to the value of the Surplus Property in support of its offer price, including, without limitation, the cost of any environmental remediation as determined by a third-party engineer or other reputable consultant and the cost to demolish existing structures. The Agency may negotiate an offer price that considers the cost of addressing such issues. The Agency may engage a qualified consultant to peer review any third-party due diligence to substantiate any price reduction.

Nominal and Discounted Pricing

When calculating a discounted price, the Agency may consider the benefit provided by the proposed use and, if applicable, the amount of discount needed to make the project both financially feasible and continually sustainable. The Agency will strive to apply a discount that is no greater than the minimum reduction necessary to make the project viable while capturing the greatest possible return for the Agency, as determined by the Agency, in its sole discretion. Pursuant to Section 16-404(3)(b)(.2), the following are eligible for nominal or discounted pricing:

- **Side/Rear Yards:** A side or rear yard pursuant to Section 16-404(2)(d)(.1).
- **Gardens/Open Space/Recreational Space:** A use that creates a garden, open space, or recreational area pursuant to Section 16-404(2)(d)(.2).
- **Affordable, Mixed Income, and Workforce Housing:** Affordable or mixed-income housing pursuant to Section 16-404(2)(d)(.5).
- **Community Benefiting Use:** A use pursuant to Section 16-404(2)(d)(.6).
- **Economic Development Projects:** An economic development project where a significant portion of jobs are created for community residents.
- **Urban Agriculture:** An urban agriculture project.
- **Other Use:** A use that advances the Strategic Plan (defined in Section 16-406), the City's Comprehensive Land Use Plan, or any other plans approved by the City of Philadelphia.

Religious Institutions

Religious Institutions are not eligible for a nominal or discounted sales price. However, non-profit entities affiliated with religious institutions may be eligible for a nominal or discounted sales price if (i) the Surplus Property will be used for secular purposes only; and (ii) the Qualified Applicant and the proposed use comply with these Policies.

Additional Terms

Timeline for Response and Agreements

Competitive Process

Pursuant to Section 16-404(2)(c) no later than 120 days after the submission deadline for any Surplus Property for a competitive process, the Agency may provide the Qualified Applicant with the highest score with a proposed agreement. The Qualified Applicant will sign and return the Agreement within 30 days of receipt. Failure to comply with this deadline, as may be extended, will result in the Qualified Applicant being disqualified.

The proposed agreement shall include an offer price. If the Qualified Applicant signs the agreement within the time prescribed in these Policies, the offer price shall be valid for at least one year from the date the Qualified Applicant delivers the signed agreement to the Agency. This period may be extended by the Senior Vice President for Land Management for PHDC, in his/her sole discretion.

After the conclusion of that one-year period, the Agency may cancel all rights and reservations for the applicant or extend rights and reservations and keep the original price if it is still deemed appropriate by the Senior Vice President for Land Management for PHDC, in his/her sole discretion.

Non-Competitive Process

The Agency will respond to all Expressions of Interest eligible for a non-competitive process no later than thirty (30) days from receipt with either a denial letter or by sending the applicant an application.

The applicant will have 45 days to submit a completed application and all other items required by the Agency. Failure to comply with this deadline will result in the EOI being closed.

No later than 75 days of receiving an application for Surplus Property, the Agency shall advise the applicant in writing whether its application has been accepted or denied.

The proposed Agreement shall include an offer price. If the Qualified Applicant signs the Agreement within 45 days from receipt, the offer price set forth in the agreement shall be valid for no more than one year from the date the Qualified Applicant signs the agreement. This period may be extended by the Senior Vice President for Land Management for PHDC, in his/her sole discretion.

After the conclusion of that one-year period, the Agency may cancel all rights and reservations for the applicant or extend rights and reservations and keep the original price if it is still deemed appropriate by the Senior Vice President for Land Management for PHDC, in his/her sole discretion.

Property Reservations

Developers often require legally recognizable site control as part of the development process. Either prior to or concurrent with an agreement, the Agency may provide a reservation letter to demonstrate the Agency's commitment to an exclusive negotiating relationship with the developer. Any sales price provided in a reservation letter shall be valid for no more than one year from the date of the letter.

Appropriate and Timely Development of Properties

Surplus Properties will be timely developed in accordance with a written agreement.

Generally, construction will commence within three (3) months from settlement (unless otherwise stated in the agreement) and the property shall be rehabilitated and/or improved within eighteen (18) months of acquisition of title unless the Qualified Applicant has demonstrated practical cause as to why the time for completion should be extended. Any extension exceeding six (6) months from the initial deadline shall require approval of the Agency's Board of Directors. To ensure these expectations are met, the Agency will place conditions or restrictions on property it conveys to achieve the agreed-upon outcome and will monitor these agreements until construction is complete.

Property Restrictions

At a minimum, the agreement and the deed conveying Surplus Property must contain the following, to the extent feasible in the context of the particular transaction:

- (1) an irrevocable power of attorney, coupled with an interest, appointing the grantor or its designee as true and lawful attorney-in-fact for the grantee to enter into and take possession of such property, with any other necessary provisions, in the event of a failure by the grantee to comply with any term or condition established in connection with the transfer of title; and
- (2) a requirement that failure of compliance with any term or condition established in connection with transfer of title will cause title to the property to 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, upon notice that such failure exists and such failure is not remedied by the expiration of any applicable cure period.

In addition, unless Council authorizes otherwise, the agreement, the deed, or both, shall contain any and all restrictions, conditions, and covenants deemed appropriate by the Agency for the particular transaction, in its sole discretion, including, without limitation, the following:

All Transactions Shall Contain the Following Restrictions

A. Maintenance of Premises and Improvements.

- From and after settlement, applicant shall maintain the property and the improvements thereon in such condition as to remove and keep out the elements of blight and enforce adequate safeguards for the proper maintenance of all parts of the property and the improvements.

B. Covenant Against Discrimination.

- No person shall be deprived of the right to live in the property because of race, creed, color, national origin, gender, sexual orientation, or disability; and there shall be no discrimination against any person in the use or sale of the property because of race, creed, color, national origin, gender, sexual orientation, or disability.

Nominal or Discounted Pricing Restrictions

For property conveyed under the Nominal or Discounted Pricing, the Agency must, in its discretion, put in place one or more of the following unless Council authorizes otherwise:

- a) Permanently deed restrict the property.
- b) Provide a minimum 30-year self-amortizing mortgage for the difference between the Valuation Price, and the nominal or discounted sales price. The self-amortizing mortgage will reduce down evenly over the term of the mortgage and may only be assigned or transferred with consent of the Agency.
- c) Provide a minimum 30-year purchase money mortgage for the difference between the Valuation Price, and the nominal or discounted sales price. The Purchase Money Mortgage will not amortize and will be due and payable at the end of the mortgage term.
- d) Record a Declaration of Restrictive Covenants, which includes restrictions to ensure project affordability.

Side/Rear Yards disposed under the Side/Rear Yard section of this document will have 30-year Mortgage that will be considered satisfied on the 30th anniversary of the mortgage, and shall have use restrictions during the term of the mortgage to ensure that the property continues to be utilized as a side/rear yard. If the purchaser desires to sell the property prior to the end of the term, approval must be granted by the Agency and the mortgage must be paid in full.

For properties sold through a competitive process at an offer price that is below the Valuation Price, the Agency may, in its discretion, record a deed restriction, mortgage, or other encumbrances to protect the public's interest.

Workforce Housing Restrictions

A. Declaration of Restrictions.

- All workforce housing transactions will have a declaration of restrictions regarding income eligibility and resale price.

Side/Rear Yard Restrictions

A. Permitted Use.

- Property shall only be used as a side yard or rear yard, as applicable, incidental to the applicant's adjacent primary residence and not for any other use or purpose whatsoever.
- Parking, maintaining, and storage of motor vehicles, trailers, machinery, motorcycles, ATVs, boats, and watercrafts is prohibited.
- No commercial activities.
- The property must be fenced. Any alley way located adjacent to the property shall not be fenced or obstructed in any way.
- Must be used, operated, and maintained in accordance with the agreement and all applicable laws.
- The applicant is encouraged, but not obligated, to consolidate the side/rear yard and the applicant's property and to obtain a single OPA account within one year.

Garden Restrictions

A. Permitted Use and the Ancillary Use(s).

- "Permitted Use" - growing, harvesting, and storing flowers, fruits, vegetables, small ornamental plants, and cover crops (collectively "Crops") for personal or group consumption, for donation, or for sale, but excluding any plants regulated or prohibited by federal law.
- "Ancillary Use(s)" - (i) installing and maintaining compost storage containers, fencing, a storage shed, raised garden beds or planter boxes, rain barrels, cisterns, and other items for water collection and irrigation, a single bulletin board not greater than nine (9) square feet, washing stations, sitting areas; (ii) social, meeting, and educational activities related to the Permitted Use; and (iii) other uses which are reasonably necessary to growing and maintaining Crops and are not in conflict with the agreement.

B. Restrictions.

- No later than one (1) year following settlement and at all times thereafter, at least fifty percent (50%) of the total land area of the property must be actively used for the Permitted Use for at least five (5) consecutive months in each calendar year.
- No more than fifty percent (50%) of the total land area of the property may be used for any of the Ancillary Use(s) at any time.
- The sale of Crops at the property is not permitted to exceed a certain dollar amount as determined by the Agency, in its sole discretions, in any calendar year.
- All compost must be stored in rodent-resistant containers.
- No structures are permitted on the property unless expressly permitted by the agreement.
- Parking, maintaining, and storage of motor vehicles, trailers, non-gardening machinery, motorcycles, ATVs, boats, and watercrafts is prohibited. Keeping or breeding any pets, animals, fowl, poultry, fish, or livestock on the property is prohibited.
- The property shall at all times be used, operated, and maintained in accordance with the agreement and all applicable laws.

Non-Disposition Interim Uses

Individual/Household Garden

Surplus property may be eligible for a license agreement as an Individual/Household Garden(s) if the following conditions are satisfied:

1. The applicant's primary residence (the "Applicant's Residence") must be within 1,500 feet of the Individual/Household Garden(s).
2. The applicant does not have to be a homeowner, but must be an occupant of the Applicant's Residence.
3. The Individual Garden Agreement ("IGA") will be for no more than one year, but may be renewed annually at the request of the applicant and at the discretion of the Agency.
4. The Agency may terminate the IGA, upon 60 days prior written notice.

The following obligations and restrictions apply to each Individual/Household Garden(s):

1. The applicant will pay a fee of \$25 per year fee under each IGA.
2. The applicant will have to maintain the Individual/Household Garden(s) and maintain the sidewalk space (e.g., public right of way) adjacent to the Individual/Household Garden(s) including, without limitation, snow/ice removal and removal of overgrowth.
3. The applicant will use the Individual/Household Garden(s) for only these non-commercial, gardening purposes: (i) to grow food, flowers, ornamental plants, and other landscaping; (ii) to compost in rodent-resistant containers; and (iii) to place certain improvements to support the gardening use with the prior written approval of the Agency such as tool sheds, fences, raised-beds, storm water storage containers, and composting containers.
4. The following uses are not permitted (a complete list of prohibited uses will be included in the license agreement):
 - a. No permanent structures may be installed on the property
 - b. Cars cannot be parked or repaired on the site
 - c. Must agree not to grow any plants regulated or prohibited by federal laws on the property.
5. The Agency may impose any other restrictions, covenants, or conditions to protect the public's interest.

Community-Managed Gardens and Open Space

Surplus property may be eligible for a license agreement as a Community Garden(s) or a Community-Managed Open Space(s). The following conditions must also be satisfied:

1. The applicant must demonstrate to the satisfaction of the Agency the operational and financial capacity to maintain and manage the property.
2. A signed letter of support by a Registered Community Organization, local Community Development Corporation, other civic association or a letter of support signed by the majority of the neighbors on the block or within a one block radius of the garden is required.
3. The applicant must document opportunities for neighborhood residents to access and benefit from the site.
4. Applicants with an established performance record seeking to work in the existing neighborhood can seek to acquire additional sites if they meet the above stated criteria.
5. Community gardens and community-managed Open Spaces are eligible for leases for up to one year in length. A proposed lessee may seek a term in excess of one year.
6. Gardeners can also work with existing nonprofit partners to lease land from the Agency for a onetime application fee per lease.

The Agency can, at any time, in its sole discretion deny any license agreement.

Additional Interim Uses

Interim uses not expressly described here are permitted. The Agencies may determine the suitability of these other uses at their discretion.

Other

Ethics

The City of Philadelphia is committed to ethical and transparent processes for the disposition of property. All real estate transactions are governed by City and State laws and rules that generally prohibit conflicts of interest, disclosing confidential information, and the representation of a person or organization by a City official or employee in a transaction with the City.

Financial Assistance

Any grant, loan, tax incentive, bond financing subsidy (for land purchase or otherwise), or other form of assistance that is realized by or provided to a person for \$50,000 or more through the authority or approval of the City is by law considered Financial Assistance under Chapter 17-1400 of the Philadelphia Code.

Financial Assistance recipients must meet eligibility requirements by disclosing their political contributions.

Financial Assistance includes the transfer of City property for less than market value. Recipients of Financial Assistance must comply with campaign contribution limits and must disclose campaign contributions for five years after receiving Financial Assistance. They must also disclose solicitations from any City official. For more information on these requirements, please see www.phila.gov/integrityworks. Any person inside or outside of City government with a concern that the disposition or administration of City property is unethical or violates the City's Financial Assistance requirements should contact the City's Chief Integrity Officer at (215) 686- 2178 or Inspector General at (215) 686-1770.