

City of Philadelphia

POLICIES FOR THE SALE AND REUSE OF CITY OWNED PROPERTY

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Guiding Principles

This policy shall be used to promote and regulate the sale and reuse of City properties.

The sale and reuse of City properties shall at all times be consistent with the following guiding principles.

- Encourage the development and reuse of vacant properties consistent with the City of Philadelphia's Comprehensive Plan (Philadelphia2035), and other City-approved and accepted plans.
- Eliminate blight and revitalize neighborhoods.
- Strengthen the City's tax base.
- Sell, at market value, properties without an adopted public purpose, and discount properties that provide significant community benefits.
- Convey land in a unified, predictable, timely and transparent process.

Applicability

These policies apply to the real property inventories owned by the Philadelphia Redevelopment Authority, the Philadelphia Housing Development Corporation, and the surplus inventory held by the City of Philadelphia's Department of Public Property. These agencies are collectively referred to as "The City" throughout this document, and are each responsible for decision-making during the disposition process and adherence to these policies.

All expressions of interest for property will be made through the Philadelphia Redevelopment Authority (PRA).

During the review of requests for property under these policies, the City may, at its discretion, elect not to convey the requested property. Under such circumstances, the City will provide a reason for this decision.

Qualified Purchasers & Bids

All purchasers of City-owned property must fulfill their commitments to the City and to their neighbors, which includes paying property taxes and maintaining properties in accordance with all municipal codes and ordinances.

A Qualified Purchaser is defined as one who is in good standing on all municipal obligations; and

- Does not own any property that is subject to any significant unremediated violation of City codes and ordinances; and
- Has not been an owner in a completed Philadelphia tax foreclosure proceeding within the previous five years; and
- Does not appear as the owner of record on the Philadelphia District Attorney's list of land that has been confiscated due to criminal activity.

All purchasers must submit disclosures as required by the City.

A Qualified Bid is defined as one that includes:

- 1) Adequate plans for development; and
- 2) Demonstrated capacity to complete work proposed; and
- 3) Proven financial resources; and
- 4) Demonstrated ongoing operating capacity, and
- 5) Is submitted by a Qualified Purchaser

Appropriate & Timely Development of Properties

The City expects that properties will be developed in an appropriate and timely manner according to a written agreement. To ensure that these expectations are met, the City will place conditions on land it conveys to achieve the agreed upon outcome and will follow up with a systematic review of these agreements after property has been conveyed.

Applicants will be expected to develop and use property acquired under these policies in a timely manner. This requirement will be enforced either through reverter provisions in the deed, or by requiring that property be conveyed simultaneously with construction financing closing. New owners will:

- Ensure consistency with the City of Philadelphia’s Comprehensive Plan (Philadelphia2035) and other City-approved and accepted plans
- Comply with fair housing and marketing regulations
- Conform with current zoning requirements, or obtain the appropriate zoning permit
- Maintain the property in accordance with all City codes and ordinances

Note: The City reserves the right to decline any offer to purchase City-owned property if the sale does not advance the City's goals or comport with its policies for property disposition. If an offer is rejected, a reason will be provided for the objection upon request in a timely manner.

Site Control: Options and Holds

The City recognizes that developers often require legally recognizable site control as part of the development process. The City may at times execute contingent agreements of sale or option agreements to allow developers to pursue financing and other approvals necessary for development.

Agreements or contracts for this purpose must meet the following conditions:

- The applicant must be a Qualified Purchaser
- The applicant will be responsible for property maintenance, insurance, and utilities
- The timeframe must be limited to one year or less and may be renewed solely at the City’s discretion

- The proposed use must be consistent with the City of Philadelphia’s Comprehensive Plan (Philadelphia2035) and other City-approved and accepted plans.
- The applicant may not use or move into the property
- An option fee will be due upon execution
- Not-for-profits and city-subsidized projects may be exempt from a fee
- The contract terms will be public information in accordance with applicable law.
- Applicant must have a letter of support from the District Council Member.

Requests for Proposals/Qualifications

If the City has a specific planned use for a parcel, a Request for Proposals (RFP) or Request for Qualifications (RFQ) will be issued to identify and select a potential developer. The RFP format allows the City to explain the planned use and any further restrictions that might be placed on the developer or successive owners of the property.

- RFP will be widely advertised to encourage broad participation.
- Selection criteria will include factors such as developer capacity and proposed development outcomes as well as the price.
- The price established through this process will be considered the market value of the property, and it must be acceptable to the City.
- The RFP may be developed in consultation with City Council, the City Planning Commission, and other stakeholders as appropriate.

Approaches to the Sale of Property

The sale of City property is intended to promote the greatest possible active reuse of parcels in the City's inventory, and will be accomplished through one of the following means:

Note: *In accordance with City Ordinance 110848, all properties 10,000 square feet or larger will be subject to public notice posting on the property that will include pertinent information concerning the potential sale and potential buyer. All sales transactions will be made available for public review via the website.*

Open and Competitive Market Sales

Open Market Sales such as broker listings, the use of the Multiple Listing Service, web sites or other recognized method of advertising may be used to encourage broad participation in the sale of selected properties.

- Asking prices may be established using appraisal, competitive market analysis, or Automated Valuation Model (AVM).
- Properties will be placed on the market for a duration that will allow for broad engagement by potential buyers.
- The City retains its rights to approve or reject the best Qualified Offer, based on clear criteria, including price.

Listed Direct Sales

Available properties will be published on a designated City website with an asking price. Individual requests for properties will be accepted and reviewed on an ongoing basis through the Philadelphia Redevelopment Authority.

- Qualified Applicants will be allowed to purchase property at the listed price.
- When a purchaser offers less than the asking price for a property, or more than one person wishes to purchase the property, the City will use the Open Market Sales approach to obtain the best offer for the property.

Discounted Sales

The City may convey a property for a discounted price to support public purposes such as affordable housing, economic development, community development, or side yards. If a property is identified for one of the following uses, the City will evaluate the proposal and property request to determine if the proposed project provides significant, visible community benefits that would merit the proposed reduction in sales proceeds.

Discounted Sales

The following programs qualify for discounted pricing:

Affordable Housing

Developments that provide affordable housing as defined under federal guidelines may acquire property for a discount. Affordable housing projects do not have to be directly subsidized by the City to qualify for discounted pricing. Preference may be given to affordable and mixed-income housing developments that are consistent with major goals of the City of Philadelphia's Comprehensive Plan (Philadelphia2035) and other City-approved and accepted plans including providing housing in locations that connect residents directly to a) employment opportunities, b) public transit, and c) basic services.

Economic Development Projects

Developments that advance the City's economic development goals as articulated in the City's Comprehensive Plan (Philadelphia2035) and other City-approved and accepted plans to promote economic development may be eligible for discounted pricing at the discretion of the City. Criteria include but are not limited to:

- Leveraging of previous public investments in infrastructure, job creation, and economic development
- Catalytic projects with the potential to spur additional private investment in underperforming commercial corridors, neighborhood centers, and areas of regional economic significance as identified in the City's Comprehensive Plan (Philadelphia2035) and other City-approved and accepted plans Projects that return industrial land to productive use in areas identified as appropriate for industrial development
- Projects that share costs or make investments related to significant public improvements, including but not limited to the upgrading of public utilities and the rehabilitation or provision of new public infrastructure;

Community Development Projects

A Qualified Bid that proposes significant incremental community benefits may be eligible for discounted pricing at the discretion of the City. Community benefits can include but are not limited to:

- Support for existing community facilities or provision of space for new community facilities such as libraries, recreation centers, health centers, computing centers, and playgrounds;
- Significant improvements to community infrastructure including the greening of schoolyards or recreation center yards to achieve stormwater management, public recreation, or community gardening goals as identified the City of Philadelphia's Comprehensive Plan (Philadelphia2035) and other City-approved and accepted plans Creation of new infrastructure or support for existing infrastructure to improve

safety and mobility for children, seniors, and other pedestrians, including sidewalk improvements, pedestrian plazas, traffic medians, or easements for trails

Self-amortizing Second Mortgage

For properties conveyed for a discounted price, a self-amortizing mortgage for the difference between the value and the discounted price will be executed by the purchaser to ensure that if the property is re-sold to another party within a specific time frame, the buyer will not benefit unfairly from the discounted price offered by the City. The Self-Amortizing Mortgage will not require any payments by the purchaser of the property if the property is used in conformance with the originally agreed upon terms for the duration of the mortgage.

- The length of the mortgage will be 10 years from the date of purchase
- The amount of the obligation will decrease by 10% every year for 10 years
- Upon completion of the ten year time frame the City will satisfy the mortgage
- If the purchaser wants to sell the property before the 10 year expiration date of the mortgage, the City must receive the amount owed on the mortgage before the mortgage will be satisfied.
- The market value may be established through any suitable method at the City's discretion.
- This mortgage may be assumed by heirs and successors to the original purchaser.

Community Gardens

Community gardens that have a sustained track record of excellent maintenance, broad community involvement and support and financial capacity may be conveyed to an institution that promises to maintain and care for the property for this purpose subject to a right of reversion by the City. A deed restriction will ensure compliance with this goal.

Side Yards

Property may be transferred to individuals for nominal consideration in accordance with the following:

- Must be vacant land adjacent to the applicant's residential property, with a common boundary line on either side or behind the property.
- Must be located on a block that is predominantly occupied.
- In the event that multiple adjacent property owners desire to acquire the same side lot, the lot may be transferred to the highest bidder for the property, or subdivided upon mutual agreement by both adjoining property owners.
- Maximum combined Lot Value: \$15,000
- Maximum combined Lot Size: 3000 sq ft
- Associated costs will be paid by the applicant, including all relevant taxes, fees, and title insurance.

Eligibility Requirements for Applicants for Side Yards:

- The applicant must be the owner of an adjacent property and using that property as his/her primary residence.
- An applicant may buy up to two (2) adjacent lots, as long as one of those lots must be adjacent to the applicant's property.
- The applicant must be a Qualified Purchaser, as defined above.

Note: Written notice to adjacent property will be sent via U.S. mail, and/or other such notice, will be given to all adjacent owner-occupants when an application is filed to acquire a side yard. If more than one party is interested in purchasing the property, the City will sell the property to the highest bidder.

Discontinued Programs

At the City's discretion, property may be conveyed under the terms of discontinued programs for those applicants who applied for and were awarded property under previous program guidelines, and can demonstrate continuous effort and completion of their obligations under the original program terms. Applicants will be subject to the *Qualified Purchaser & Bid* provisions, in addition to the *Ethics* provisions of these policies.

Urban Agriculture

The City supports the use of vacant land for urban agriculture that improves the quality of life in the City's neighborhoods.

Individual Garden Licenses

An individual garden is defined as a publicly-owned property for which a person is given temporary access to farm or garden and maintains for their personal use. The intent is to provide an interim use for the land to eliminate blight and improve safety until development is possible. The City expects that the majority of individual gardens will be temporary, and the land will still be available for development.

The Individual Garden Agreement (IGA) will last for one year, and may begin and end at any time throughout the year. IGAs are time-limited agreements that both the City and gardener may terminate at any time, with or without cause, upon prior written notice to the other party. The City will use reasonable efforts to avoid terminating the urban garden agreement between April 1 and November 1. IGAs may be renewed annually at the discretion of the City.

The City expects that individual gardens will be maintained throughout the term of the IGA. Maintenance standards will be provided in writing to all applicants.

Acceptable Uses

The gardener may enter and use the property only for the following non-commercial, gardening purposes:

- To grow food, flowers, ornamental plants, and other landscaping.
- To compost in rodent-resistant containers.
- Certain construction improvements as allowed by the City and agreed to in writing.

Community Garden Licenses

A community garden is defined as an area managed and maintained by a group of individuals to grow and harvest food crops or non-food crops (such as flowers) for personal or group consumption, for donation, or for sale that is incidental in nature. A community garden area may be divided into separate garden plots or orchard areas for cultivation by one or more individuals or may be farmed collectively by members of the group. A community garden may include common areas (such as hand tool storage sheds) maintained and used by the group. Community gardens may be used for recreational purposes, and improvements to facilitate such purposes may be allowed on a case by case basis upon review by the City and with community support.

Community Gardens must be sponsored by a local organization and are eligible for up to five year Community Garden Agreements (CGA), to be administered by the City and may be renewed at the discretion of the City and as authorized by the respective district Councilperson.

Additional Requirements for Community Gardens:

- Secure and maintain insurance acceptable to the City
- Provide maintenance plan and description of community benefits / programming

Acceptable Uses

The gardeners may enter and use the property only for the following non-commercial, gardening purposes:

- To grow food, flowers, ornamental plants, and other landscaping.
- To compost in rodent-resistant containers.
- Certain construction improvements as allowed by the City and agreed to in writing

Market and Community-Supported Farms

A market farm is defined as an area managed and maintained by an individual or group of individuals to grow and harvest food crops or non-food crops (such as flowers) for sale or distribution that is not incidental in nature.

Lease terms are variable and will be established by the City on an individual basis.

Additional Requirements for Market and Community-Supported Farms:

- Secure and maintain insurance acceptable to the City
- Submit a business plan / feasibility study
- Provide the applicable neighborhood/district councilperson letter of support Any additional constructed improvements must meet the terms of the City of Philadelphia's Zoning Code and must be approved by the City in writing.

Other Uses

The City reserves the right to license the use of property for a temporary use such as a community event, pop-up activity, farmers market or other such use. The terms of such a license will be determined on a case by case basis, and may require insurance coverage and other costs.

Citizen-Initiated Tax Sales

To facilitate the reuse of privately owned tax delinquent properties, the City will allow citizens to initiate a tax sale proceeding by posting a deposit with the City. When such a deposit is received the City will prioritize and process the subject property for an upcoming tax sale. This deposit will be considered the opening bid at the sale, and will be returned to the individual if that person is not the successful bidder at the sale.

Ethics

Home Rule Charter and Philadelphia Code requirements

The City of Philadelphia is committed to ethical and transparent processes for the administration of vacant land. All real estate transactions are governed by City and State laws and rules that generally prohibit, among other things, conflicts of interest, the disclosure of confidential information, and the representation of another 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 in the amount of \$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 for any reason 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.

The City shall maintain and make available for public review and inspection:

- An inventory of real property owned by the City of Philadelphia
- A record of all real property conveyed to other parties, including the price for which the property was conveyed, the party to which the property was conveyed, and the use to which the property was/will be put.
- Reports shall be prepared and posted for public review on an annual basis.