



# LAND DEPOSIT PROGRAM

## POLICIES AND PROCEDURES

April 2021

### SECTION 1: LAND DEPOSIT POLICY

- A. **PURPOSE:** The purpose of the Land Deposit Program Policies and Procedures (the “Land Deposit Policy” or the “Policy”) of Blight Authority of Memphis, Inc. (“BAM”) is to create a framework for a consistent process for administering BAM’s Land Deposit Program. BAM has adopted this Land Deposit Policy to ensure the integrity and efficiency of BAM’s Land Deposit Program (the “Land Deposit Program” or the “Program”).
- B. **SCOPE:** BAM shall follow this Land Deposit Policy in the administration of the Land Deposit Program. BAM’s administration of the Program includes, but is not limited to, reviewing applications and determining the eligibility of applicants, properties, and projects proposed for the Program, determining the respective obligations of BAM and Program participants, and negotiating and entering into Land Deposit Agreements. The Land Deposit Policy is only applicable within the context of the Land Deposit Program, as described herein, and does not apply to the administration of BAM’s other programs or processes. The Land Deposit Program shall be administered in accordance with applicable laws.
- C. **FORMS:** The Land Deposit Policy shall be used in conjunction with the following Land Deposit Forms and Agreements, which are incorporated herein by reference. The Land Deposit Policy and Forms may be amended at any time by BAM’s Board of Directors (the “Board”) or by any Committee selected by the Board. Agreements will vary by project.
1. APPLICATION AND PROPOSAL FORM
  2. LAND DEPOSIT AGREEMENT
  3. PURCHASE AND SALE AGREEMENT
  4. BOARD RESOLUTION FOR APPROVAL OF PROPOSAL

### SECTION 2: LAND DEPOSIT PROGRAM

- A. **PURPOSE:** The Land Deposit Program used by BAM as a tool to further its mission to convert vacant, abandoned, foreclosed, or tax delinquent properties into productive use, reduce blight, increase property values, and improve the quality of life in Memphis neighborhoods by facilitating redevelopment and revitalization efforts of local Nonprofits.



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B. **DESCRIPTION:** The Land Deposit Program (or the “Program”) involves transactions in which a Nonprofit transfers properties to BAM to be held in the Land Bank tax free for a defined short term, pending a transfer of the properties back to the Nonprofit. By holding properties in the Land Bank, BAM temporarily reduces holding costs for the Nonprofit, while the Nonprofit assembles properties or engages other activities, such as pre-development planning, financing, and structuring, in furtherance of an approved project. Providing this incentive to local Nonprofits encourages community-led economic development efforts.

C. **TERMS AND DEFINITIONS:**

The following terms, as used in this Land Deposit Policy, have the definitions provided in this section. The terms are used in Land Deposit Agreements in accordance with the specifications provided herein.

1. **“Deposit Term”** means a specified period of time of up to five (5) years during which BAM holds properties tax free on behalf of a Partner pursuant to a Land Deposit Agreement.
2. **“Holding Fee”** means the administrative fee paid to BAM by a Partner on an annual basis pursuant to a Land Deposit Agreement. The Holding Fee is based on a rate of \$2.40 per \$100 of the assessed value of the property. In the event that the Partner transfers additional properties to the Land Bank during the Deposit Term, the Holding Fee will increase by \$2.40 per \$100 of the assessed value of each of the added properties.
3. **“Installation Fee”** means a one-time fee paid to BAM by the Partner at closing pursuant to a Land Deposit Agreement. The Installation Fee includes a reimbursable security deposit of five hundred dollars (\$500) (the “Security Deposit”) and may include the costs of legal fees and other expenses related to the transfer of properties.
  - a. **Option for Partner to Pay Transfer Expenses:** In some instances, it may be more cost effective for the Partner to arrange for legal services related to the transfer of properties and pay related legal fees and transfer expenses directly. BAM may, in its discretion, allow the Partner to make such arrangements and pay such fees and costs directly, and in that event, the Installation Fee will be limited to the Security Deposit. The Land Deposit Agreement shall specify the amount of the Installation Fee and items included.
  - b. **Security Deposit:** If BAM receives any notice of code violations associated with a property deposited in the Land Bank by a Partner, BAM will notify the



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Partner of the violation and the Partner will be required to remediate the same. BAM may use the Security Deposit to cover fees related to violations. If the fees exceed the amount of the Security Deposit, BAM will issue a payment request to the Partner to cover such costs. The Partner will be responsible for reimbursing any fees and expenses paid by BAM related to violations and for ensuring that the Security Deposit is maintained at five hundred dollars (\$500) throughout the Deposit Term. Once the Deposit Term concludes, BAM will release the funds in the amount of the Security Deposit, unless the Partner has forfeited its right to reimbursement, pursuant to the provisions of the Land Deposit Agreement.

4. **“Land Bank”** means the inventory of real property owned by BAM.
5. **“Land Deposit Agreement”** means a written agreement between a Partner and BAM that identifies the parcels of real property to be held by BAM in the Land Bank as part of the Land Deposit Program, specifies the Deposit Term, provides the amount of the Holding Fee and Installation Fee, defines the rights and obligations of BAM and the Partner during the Deposit Term, and includes such other matters as appropriate.
6. **“Nonprofit”** or **“Not-for-Profit”** means an organization that does not earn profits for its owners. All money earned and donated to the Nonprofit is used in pursuing the Nonprofit’s objectives and keeping it running. For purposes of this Policy, the term “Nonprofit” can include various types of entities, including, but not limited to, the following: nonprofit corporations, nonprofit LLCs, unincorporated entities operating as associations, trusts, or foundations pursuant to written articles of governance, and limited partnerships in which a Nonprofit has a controlling interest.
7. **“Partner”** means a party, which enters into a Land Deposit Agreement with BAM and transfers property to BAM, or causes property to be transferred to BAM, to be held in the Land Bank for the Deposit Term. Partners must meet the eligibility requirements of Section 3.A. herein.
8. **“Transferor”** means a party which transfers a property or properties to BAM on behalf of a Partner, pursuant to a Land Deposit Agreement. BAM and the Partner may agree in a Land Deposit Agreement that the Partner will purchase (or otherwise acquire) a property or properties from a Transferor and cause the Transferor to convey said property or properties directly to BAM on the Partner’s behalf. This process eliminates the need for two conveyances (one from the Transferor to the Partner, and a second from the Partner to BAM).



**D. BENEFITS OF THE PROGRAM:**

The Land Deposit Program provides many benefits, including, but not limited to, the following:

1. permits advance acquisition of potential development sites by community-based Nonprofits;
2. reduces obstacles to redevelopment;
3. supports projects that are aligned with BAM's mission and are supported by the community;
4. supports the ability of Nonprofits to build assemblies of properties or hold portfolios of properties for a term of up to five years;
5. allows Nonprofits to use the Deposit Term to engage in activities, such as pre-development planning, financing, and structuring;
6. eliminates violations of housing and building codes and public nuisances on properties to be developed;
7. ensures proper maintenance of properties throughout the Deposit Term;
8. encourages local control of the market;
9. stabilizes blighted properties that are vulnerable to out-of-town investors and predatory and speculative activities;
10. supports small to large scale development projects, including projects where multiple tracts of land must be accumulated over time;
11. attracts development projects that stimulate the economy while preserving the affordability, viability, and character of communities in Memphis, Tennessee;
12. supports revitalization of low-income, underserved neighborhoods that have experienced significant disinvestment;
13. reserves parcels of land for future strategic governmental purposes, such as affordable housing, open spaces, and greenways; and
14. results in responsible ownership of properties and return of properties to productive use.



**SECTION 3: PROGRAM ELIGIBILITY CRITERIA**

**A. PARTICIPANT ELIGIBILITY:**

Applicants must meet the following eligibility criteria in order to be considered for participation in the Land Deposit Program:

1. Applicant is a Memphis-based Nonprofit.
2. Applicant is authorized to do business in the State of Tennessee.
3. Applicant does not own any real property that is tax delinquent and has not owned a property that has been tax delinquent during Applicant's ownership for at least two (2) years.
4. Applicant has paid all Memphis and Shelby County property taxes that are due and payable for all properties proposed for transfer to BAM. Applicant will be required to provide evidence of payment at the time of Applicant's execution of the Land Deposit Agreement.
5. Applicant agrees to pay all future property taxes on properties proposed for transfer to BAM, which accrue for periods before or after the Deposit Term, including, but not limited to, any prorated amounts due for the years in which the properties are conveyed.
6. Applicant does not own any properties that constitute nuisances or that are in material violation of state and/or local codes. Applicant does not have a history of allowing code violations and nuisances to exist on its properties.
7. Applicant has not lost any title or had any foreclosure filings against any of Applicant's properties during Applicant's ownership.
8. Applicant agrees to maintain the properties in compliance with applicable codes during the Deposit Term unless BAM agrees to provide maintenance or approves a third party to provide maintenance during the Deposit Term.
9. Applicant is committed to returning all properties proposed for transfer to BAM to productive use.
10. By submitting an application to BAM, Applicant agrees, acknowledges, and represents to BAM as follows:
  - a) An authorized representative of Applicant has read and understands the Land Deposit Policy and agrees on behalf of Applicant to abide by its provisions;



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- b) Applicant has disclosed any and all potential conflicts of interest associated with BAM;
- c) Applicant has verified that any and all information that Applicant has provided to BAM in an application, proposal, or by any other means, is true and correct;
- d) Applicant will be solely liable for any harm resulting from Applicant providing any false or inaccurate information or fabricated documents to BAM; and
- e) Applicant indemnifies BAM from any claim that may result from Applicant providing false information or documents to BAM, failing to disclose material information or conflicts of interests to BAM, or any other failure of Applicant to verify the truth of its statements or to comply with the provisions of this Land Deposit Policy.

**B. PROPERTY ELIGIBILITY:**

Applicants must identify specific parcels of real property that are part of a development plan or other project that is consistent with BAM's mission. Each parcel of real property that is proposed by Applicant for transfer to BAM as part of the Land Deposit Program ("Property") must meet the following criteria:

1. The Property is located within the City of Memphis.
2. The Property is not in use or occupied. Proof of vacancy is required prior to transfer to BAM.
3. All property taxes that are due and payable for the Property are paid in full or will be paid in full prior to transfer to BAM.
4. The Property is free or released of all outstanding mortgages and security instruments.
  - a. Exception: A deed to secure debt or security deed may encumber Property at the time of the transfer to BAM provided that the obligations secured by such security instrument do not require monthly or periodic payment of sums by BAM to the mortgagee. Under no circumstances will BAM have direct liability to a mortgagee pursuant to a security instrument.
  - b. Each Land Deposit Agreement that contemplates transfer of a property to BAM that is encumbered by a security instrument will require a separate written agreement between the mortgagee and BAM that provides, among other things, that (1) the mortgagee expressly consents to the transfer to BAM, (2) the mortgagee expressly subordinates its interests to covenants, conditions and restrictions as may be required BAM, and (3) prior to the



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exercise of mortgagee rights under the security instrument, the mortgagee will request on behalf of the Partner the reconveyance of the Property to the Partner and pay to BAM any costs or fees attributable to the Property.

5. The Property is free or released of any and all liens or encumbrances in favor of local, state, or federal government entities unless removal of liens is part of partnership plan. Governmental liens for nuisance abatement activities or code enforcement activities may exist as a matter of record title if such liens are expressly acceptable to BAM and can be waived or discharged by the governmental entity holding such liens.
6. The Property has not been contaminated by hazardous substances, solid waste, or any other pollutant unless the contamination will be remediated through a BAM approved plan.
  - a. For example, BAM may accept contaminated properties if approved for a Brownfield Project (*See* TCA 68-212-202(a)(1) and TCA 68-212-224) or other environmental response program and BAM is eligible for liability protection through the program.

**C. PROJECT ELIGIBILITY:**

Proposed projects must meet the following criteria:

1. The project aligns with BAM's mission and will result in productive use of the properties within a reasonable time frame.
2. The project will facilitate the reclamation, rehabilitation, or reutilization of real property within the City of Memphis.
3. The Applicant has conferred with members of the community regarding the project and can demonstrate to BAM that the project aligns with community goals and is supported by the community.
4. The proposed uses for the properties are consistent with current zoning requirements or a waiver for non-conforming use will be obtained as a condition precedent to transfer to BAM.

**SECTION 4: APPLICATION PROCESS**

**A. APPLICATION SUBMISSION:**

1. **ALL APPLICANTS:** All Applicants must submit the Application and Proposal Form and provide a list of the addresses, parcel numbers, and legal description for each property proposed for transfer to BAM.



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2. **ESTABLISHED NONPROFITS:** Applicants with established records of community development practices for over five (5) years need only submit the documents listed in 4.A.1 at the time of application. Further information and documentation may be requested by BAM, if needed.
3. **OTHER NONPROFITS:** All other applicants must provide a strategic plan and timeline and evidence to support that the applicant has the fiscal and operational capacity and experience necessary to support the completion of planned development for each project, in addition to the documents listed in 4.A.1.

**B. ADMINISTRATIVE REVIEW AND DATA COLLECTION:**

1. Upon receipt, BAM's Executive Director reviews the Application and Proposal Form to see if the Applicant has completed the forms and determine whether the Applicant meets the minimum eligibility criteria.
2. If the application is incomplete or additional information or documentation is needed, the Executive Director requests that the Applicant provide additional information or documents.
3. If the Applicant is clearly ineligible for participation in the Program based on minimum eligibility requirements, or the Executive Director determines that an applicant or project will not be a good fit for the Program, the Executive Director reports the same to the Programs Committee and notifies the Applicant of the reasons that Applicant and/or the proposed project is ineligible for the Program.
4. If the Applicant appears to be qualified based on minimum eligibility requirements and the Applicant and proposed project appear to be a good match for the Land Deposit Program, the Executive Director prepares a written report summarizing the proposal for distribution to BAM's Programs' Committee and schedules a meeting to present the summary to the Committee.

**C. BOARD REVIEW AND EXCEPTIONS:**

1. The Executive Director presents the summary to the Programs Committee. The Programs Committee reviews the proposal and executive report. Depending on circumstances, additional documentation may be requested and reviewed or the Programs Committee may meet with the Applicant's representatives.
2. At the next Board meeting, the Programs Committee makes a recommendation to the Board concerning whether to approve the project proposal as-is, approve the proposal with certain modifications or added requirements, or deny the proposal.
3. The Board considers the Programs Committee's recommendation and makes a decision. The Board has the discretion to decide whether BAM is to approve, deny, or revise





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requests. The Board may request additional information or documentation if needed to make its decision. The decision, including the factors influencing the Board's decision and reasons for approval or rejection, is reflected in the meeting minutes.

4. All Land Deposit projects will be Board approved and government-supported. BAM is not required to enter into a Land Deposit Agreement with any person or entity, and always retains full discretion and authority to decline to prospective projects.
5. BAM staff will notify the Applicant of its approval or disapproval and of any changes or additions that may be necessary as determined by BAM in its sole discretion.

**D. PROTOCOL FOR PROPERTY CONVEYANCE:**

1. Once the project is approved, the Land Deposit Agreement is finalized and executed by the Executive Director. BAM staff will compile the closing documents for property transfer and complete the transaction with the Partner.
2. While clean title is not mandatory requirement for transfer, the Land Deposit Agreement should set forth the understanding between BAM and the Partner regarding title and insurance. The Agreement should specify whether or not the Partner has an Owner's Policy for the property or if the partner intends to submit a plan for cleaning title while it remains in BAM's inventory. The Land Deposit Agreement should require vendor certificates of insurance naming BAM as an Additional Insured.
3. The balance owed to BAM by Partner for the Installation Fee and first year Holding Fee must be paid using a money order or cashier's check at the time of closing.
4. The Properties will be conveyed to BAM by Partner by quitclaim deed. At the request of the Partner or at the end of the Deposit Term, BAM will be convey the Properties back to the Partner with a quitclaim deed.
5. All new property deeds are to be forwarded to the attention of the Shelby County Assessor's Office. The Shelby County Assessor's Office will process BAM's exemption status, including the notice of assessment changes consistent with the due diligence practices and state law.
6. Once acquired, properties will be held in BAM's inventory until the Partner submits a request for release of a property or properties. Partners will be responsible for paying the Holding Fee each year of the Deposit Term, in accordance with the Land Deposit Agreement.
7. Partners must maintain the properties and ensure that all properties comply with all applicable laws, community standards, and with BAM's Property Maintenance Standards, throughout the Deposit Term, unless BAM has agreed to assume maintenance of the properties pursuant to the terms of a Land Deposit Agreement.



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**SECTION 5: EXCEPTIONS TO LAND DEPOSIT POLICY**

This Land Deposit Policy shall act as a guideline for the administration of the Land Deposit Program and should be followed in most cases. BAM may make limited exceptions to this Land Deposit Policy in its discretion. Any significant exceptions made by BAM to the requirements in this Land Deposit Policy and the reasons therefor, should be documented and subject to Board approval. Any significant exceptions related to the eligibility criteria listed in Section 3 and the reasons therefor should be set forth in the Land Deposit Agreement.