



# BLIGHT AUTHORITY OF MEMPHIS, INC.

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## BAM BOARD OF DIRECTORS MINUTES

*Wednesday, April 7, 2021*

A meeting of the Board of Directors ("Board") of Blight Authority of Memphis, Inc. ("BAM") was held on Wednesday, April 7, 2021, via Zoom recorded conference call. Public Notice of the meeting was published in the Memphis Daily News.

### **WELCOME**

#### **Roll Call**

The following board members were in attendance:

- Kathy Moore Cowan
- Louisa Yanes
- Emily Trenholm
- Jill Steinberg
- Shawn Massey
- Councilwoman Cheyenne Johnson
- James Harvey, Jr.

The following staff members and BAM representatives were present:

- Leslie Smith
- Suzanna Marshall
- Allison Baker

Chairman Kathy Cowan called the meeting to order at 3:35 pm.

#### **Minutes**

The Board was allowed to review the minutes from the last board meeting held on March 3, 2021.

- Massey made a motion to approve the minutes, and Trenholm seconded the motion, all approved.

#### **Public Comments**

No new comments or attendance

## **FINANCE REPORT**

### **Committee Updates**

Smith shared with the full Board the committee's work towards developing the draft accounting policies and procedures. The committee hopes to present the draft policy to the Board by June 2021.

Smith announced to the board that BAM received office furniture donation from Butler Snow and Raines Family.

### **Budget & Reporting**

Smith shared with the board fundraising updates and BAM's financial standing. Balance Statement and the Profit and Loss Statement will be distributed to the full Board immediately following the meeting beginning.

## **GOVERNANCE REPORT**

### **Open Public Records & General Counsel Briefing**

Allie Raines, the Legal Counsel, presented her findings from the governance. Baker provided the board with a brief presentation on open meetings and public records dos and donts. Materials were distributed to the full board to use for future reference.

## **PROGRAMS REPORT**

### **Committee Updates**

Massey provided a recap of the program committee's progress and updates.

### **HCD Fellow Presentation**

Suzanna Marshall provided a brief Adopt-A-Lot presentation to the full Board.

### **Inventory Snapshot**

Smith presented a graph that summarized BAM's current and potential properties coming down the pipeline.

### **Review Proposed Policy**

Programs Committee presents the Land Deposit Policy to the full Board for consideration of adoption. Raines provides a brief explanation of the policy. The Board was emailed the draft policy a week before the meeting.

- Trenholm motions to approve land deposit policy draft. Massey seconded. All in favor and none were opposed. Item passed.

### **Review Proposed Program Proposals**

Smith presented Frayser CDC's portfolio Land Deposit request to the Board for consideration of approval. The Board was emailed a copy of the report a week before the meeting.

- Massey motions to move forward and accept the portfolio request of Frayser CDC. Trenholm seconded. All in favor and none were opposed. Item passed.

## **EXECUTIVE REPORT**

### **Strategic Plan**

Smith provided the full board highlights from the Blight Summit and provided next steps for the strategic planning process.

### **Board Recruitment**

Smith reminded the Board to recruit board members.

### **CLOSING**

The next Board Meeting will be Wednesday, May 5, 2021, at 3:30 and hosted on Zoom.

Cowan adjourns the meeting at 4:31 pm.

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**Blight Authority of Memphis, Inc.**  
**Profit & Loss**  
**April 2021**

	Apr 21
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
43300 · Direct Public Grants	
43340 · Nonprofit Organization Grants	37,500.00
<b>Total 43300 · Direct Public Grants</b>	37,500.00
43400 · Direct Public Support	
43450 · Individ, Business Contributions	352.36
<b>Total 43400 · Direct Public Support</b>	352.36
45000 · Investments	
45030 · Interest-Savings, Short-term CD	-7.89
<b>Total 45000 · Investments</b>	-7.89
46400 · Other Types of Income	
46430 · Miscellaneous Revenue	0.01
<b>Total 46400 · Other Types of Income</b>	0.01
<b>Total Income</b>	37,844.48
<b>Gross Profit</b>	37,844.48
<b>Expense</b>	
62100 · Contract Services	
62140 · Legal Fees	2,430.00
<b>Total 62100 · Contract Services</b>	2,430.00
65000 · Operations	
65060 · Payroll Expenses	
65061 · Payroll - Salaries & Wages	8,653.86
65062 · Payroll - FICA Employer	536.55
65063 · Payroll - Medicare Employer	125.49
65066 · Payroll Fees	204.70
<b>Total 65060 · Payroll Expenses</b>	9,520.60
<b>Total 65000 · Operations</b>	9,520.60

9:23 PM

05/10/21

Accrual Basis

Blight Authority of Memphis, Inc.

Profit & Loss

April 2021

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	<u>Apr 21</u>
65100 · Other Types of Expenses	
65110 · Advertising Expenses	25.38
65120 · Insurance - Liability, D and O	80.92
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Total 65100 · Other Types of Expenses	106.30
	<hr/>
Total Expense	12,056.90
	<hr/>
Net Ordinary Income	25,787.58
	<hr/>
Other Income/Expense	
Other Expense	
80100 · Capital Purchases	
80110 · Grant Capital Purchase - Land	476.00
80120 · Grant Capital Purchase - Bldg	1,785.00
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Total 80100 · Capital Purchases	2,261.00
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Total Other Expense	2,261.00
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Net Other Income	-2,261.00
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Net Income	<b>23,526.58</b>
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# APPENDICES TO ACQUISITION & DISPOSITION POLICY

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## **CONTENTS:**

- **APPENDIX I: NEIGHBORHOOD PRESERVATION ACT**
- **APPENDIX II: QUIET TITLE**

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# APPENDIX I

## NEIGHBORHOOD PRESERVATION ACT

**Note:** Appendix I is a supplement to Section 5.C.5 of BAM’s Acquisition & Disposition Policy, which discusses the Neighborhood Preservation Act as a method that BAM can use to acquire property. Appendix I provides background regarding NPA actions and explains the processes and procedures for NPA actions and receiver’s lien sales to BAM’s potential roles in these processes.

1. **NPA RECEIVER’S LIEN AUCTION:**

The Neighborhood Preservation Act (“NPA”) T.C.A. §13-6-101 et seq., is another tool used by the City to address the problem of vacant and abandoned properties. Civil actions to enforce compliance under the NPA are brought under T.C.A. §13-6-106. Such actions allege that a specified property constitutes a public nuisance and seek abatement of the nuisance. BAM can take on various roles in such actions: BAM is qualified to be a petitioner<sup>1</sup>, a receiver<sup>2</sup>, or a purchaser at a receiver’s lien sale.<sup>3</sup> BAM is eligible to act as a receiver if appointed, and, like any other receiver, BAM can rehabilitate a property and either recover its expenses or acquire the property by a receiver’s deed through the enforcement of a receiver’s lien against the property. If BAM is not the receiver, BAM can use its statutory power to acquire properties advertised for NPA receiver’s lien auction by preemptive bid.<sup>4</sup> The minimum bid at a receiver’s lien sale is the full amount of the receiver’s lien.<sup>5</sup>

a. **NEIGHBORHOOD PRESERVATION ACT:** The NPA, as amended, allows for “acceptable petitioners”<sup>6</sup> to file a petition for a judgment in rem against a blighted property, naming the property itself as the defendant, and seeking an order that the property is a public nuisance and for the abatement of said nuisance.<sup>7</sup> NPA actions against properties in Shelby County, Tennessee are heard in the Shelby County Environmental Court (the “Court”).

(1) **ABATEMENT OF NUISANCE:** If the subject property is found to be a public nuisance, the Court enters an Order of Compliance, requiring the owner to abate the nuisance.<sup>8</sup> The property owner must submit a development plan, meeting certain criteria, and provide periodic updates to the Court regarding work progress until the nuisance is abated.<sup>9</sup>

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<sup>1</sup>T.C.A. §13-6-102(2)(A)(nonprofit corporations are included in the NPA definition of “acceptable petitioner”).

<sup>2</sup> T.C.A. §13-6-106(8) & T.C.A. §13-6-102(4). (BAM is a “Certified Person” to receive or purchase properties).

<sup>3</sup> *Id.* and T.C.A. §13-6-106 (j)(3).

<sup>4</sup> T.C.A. §13-6-106 (j)(3).

<sup>5</sup> T.C.A. §13-6-106 (j)(2).

<sup>6</sup> T.C.A. 13-6-102(2) defines an “acceptable petitioner” as (A) Any nonprofit corporation; (B) The municipal corporation within which such subject parcel is located; (C) The owner or legal occupant of a parcel of real property that is adversely impacted by the condition of the subject parcel; or (D) Any interested person.

<sup>7</sup> T.C.A. §13-6-106(a).

<sup>8</sup> T.C.A. §13-6-106(e).

<sup>9</sup> T.C.A. §13-6-106(h) and (e).

- (2) **FAILURE TO ABATE NUISANCE:** If the owner fails to abate the nuisance, the Court may allow another interested party that submits a satisfactory development plan to do so.<sup>10</sup> If no owner or interested parties abates the nuisance, the Court may appoint a receiver to take over the property and abate the nuisance.<sup>11</sup>
- b. **EFFECT OF NPA PETITION:** The filing of a petition for a judgment in rem under T.C.A. §13-6-106 of the NPA (“NPA Petition”), which satisfies the statutory requirements<sup>12</sup>, has several effects. The filing of the NPA Petition (1) creates a receiver’s lien; (2) acts as a bar on transfer of the property; and (3) authorizes the City to access the property if the owner fails to secure or maintain the property.<sup>13</sup>
- (1) **RECEIVER’S LIEN:** The filing of the NPA Petition creates a receiver’s lien that secures an undetermined amount (until the Court establishes the amount),<sup>14</sup> to secure all costs and expenses incurred by the receiver (including attorney’s fees), costs incurred by the City, any delinquent property taxes, and a receiver’s fee.<sup>15</sup>
- (a) **PRIORITY OF LIEN:** The receiver's lien is a first-priority lien, which is superior to all prior and subsequent liens or other encumbrances associated with the property.<sup>16</sup> This means that if the receiver’s lien is enforced by judicial sale, all prior recorded mortgages on the property are stripped away and are null and void.
- (b) **ABSTRACT OF LIEN LIS PENDENS:** The petitioner must also file an abstract of lien lis pendens, which is certified by the clerk, in the Shelby County Register’s Office within one day of certification.<sup>17</sup> The outstanding principal amount of the receiver's lien carries interest at a standard statutory rate applicable to judgment liens, as provided in T.C.A. §67-5-2010.<sup>18</sup>
- (2) **BAR ON TRANSFER:** The filing of the NPA Petition acts as a bar of any transfer of title of the property or interests related to the property, including, but not limited to, transfers by tax sale or other foreclosure, transfers or creation of lien interests in the property, or otherwise, from the date of the filing until the petition is dismissed or until specific orders of the Court authorizing a transfer of title, if the petition has attached a certificate of public nuisance issued in accordance with T.C.A. §13-6-106(a).

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<sup>10</sup> T.C.A. §13-6-106 (f) and (h).

<sup>11</sup> T.C.A. §13-6-106 (g).

<sup>12</sup> See T.C.A. §13-6-106(a)-(d) for requirements.

<sup>13</sup> T.C.A. §13-6-106(c).

<sup>14</sup> T.C.A. §13-6-106 (c)(1).

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*



## ACQUISITION & DISPOSITION POLICY APPENDICES

- (3) **CITY ACCESS:** The filing of a NPA Petition authorizes the City, in its discretion, to access the subject property for boarding, securing, and maintaining the property at any time if the Court determines that the owner has failed to do so. If the City incurs costs in taking such action, the costs incurred are charged to the property owner.
- c. **RECEIVER'S LIEN AUCTION:** If the receiver's lien is not satisfied by the owner, the court directs the receiver to offer the property for sale, following the procedures provided in T.C.A. §§35-5-101 — 35-5-109<sup>19</sup>.
- (1) **MINIMUM BID:** The minimum bid at a receiver's lien sale is the full amount of the receiver's lien.<sup>20</sup>
- (2) **PREEMPTIVE BID BY BAM– BAM ACQUIRES PROPERTY:** If the receiver's lien is not satisfied by the owner, BAM can notify the receiver in writing advance of the receiver's lien sale that it wishes to enter the minimum bid for cash for the property. If BAM provides such notice, BAM's minimum bid shall preempt all other bids, and BAM shall be the prevailing bidder.<sup>21</sup>
- (3) **NO BIDDER– RECEIVER ACQUIRES PROPERTY:** If there is no bidder at the receiver's lien auction for greater than the minimum bid, the property shall be transferred by receiver's deed to the receiver, and there shall be no requirement of cash payment of the minimum bid by the receiver.<sup>22</sup> Thus, if BAM acts as the receiver in the action and no one bids greater than the minimum bid at the lien auction, the property would be transferred to BAM.
- (4) **DISTRIBUTION OF SUCCESSFUL BID PAYMENT:** When the successful bid is paid in cash, the amount of the minimum bid is paid to satisfy the receiver's lien, including payment to the appropriate property tax officials, of that portion of the receiver's lien that constituted delinquent property taxes. Any surplus shall be distributed, as approved by the Court, to the owner and interested persons in the priority in which their interests encumbered the property before the auction.<sup>23</sup>
- (5) **REPORT OF PREVAILING BID AND RECORDING OF RECEIVER'S DEED:** The receiver shall report the prevailing bid at the sale to the Court, and upon approval by the Court, a receiver's deed shall be issued to the successful bidder and promptly recorded in the Office of the Shelby County Register of Deeds.<sup>24</sup>

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<sup>19</sup> See T.C.A. §13-6-106 (j).

<sup>20</sup> See T.C.A. §13-6-106 (j)(2).

<sup>21</sup> See T.C.A. §13-6-106 (j)(3).

<sup>22</sup> See T.C.A. §13-6-106 (j)(4).

<sup>23</sup> See T.C.A. §13-6-106 (j)(5).

<sup>24</sup> See T.C.A. §13-6-106 (j)(6).



## ACQUISITION & DISPOSITION POLICY APPENDICES

- (6) **TRUSTEE CREDIT:** The Shelby County Trustee shall be allowed a credit pursuant to §67-5-1903(b)(1) for any local taxes and assessments that are not collected as a result of the failure of the receiver's lien sale to receive a cash payment for the minimum bid.<sup>25</sup>
- (7) **TITLE:** Title is absolute in the purchaser, and the interests of any interested persons prior to the auction are terminated as of the date of the sale. The receivership is terminated after the sale by order of the court after a hearing on receiver's motion for termination of the receivership.<sup>26</sup>

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<sup>25</sup> T.C.A. §13-6-106 (j)(6).

<sup>26</sup> T.C.A. §13-6-106 (j)(6) and BAM's Charter, ¶15.

## **APPENDIX II**

**Note:** Appendix II is a supplement to expound upon Section 6 of BAM’s Acquisition & Disposition Policy, which discusses BAM’s power to acquire properties through expedited bulk quiet title proceedings, and explain the procedures for such proceedings.

### **QUIET TITLE**

#### **SECTION 5: QUIET TITLE**

Tennessee law authorizes BAM to file bulk quiet title actions for properties in which BAM has an interest.<sup>27</sup> Quiet title actions are suits to remove a cloud in title. A cloud in title means any claim or potential claim to ownership of the property. BAM’s ability to file “bulk” quiet title actions means that BAM can file one complaint to quiet title for multiple parcels of real property. The Land Bank Act also provides for an expedited process for these actions.

##### **A. IMPORTANCE OF BAM’S BULK QUIET TITLE POWER:**

BAM must be able to sell the properties held in the Land Bank to ensure that the properties are returned to productive use. BAM’s marketing and selling of properties benefits the City by (1) reducing the quantity of blighted properties; (2) reducing costs to the City for maintenance of the properties; (3) increasing property tax revenue by returning the properties to the tax rolls; (4) increasing tax revenue by improving the value of surrounding properties; (5) stabilizes neighborhoods and improves quality of life for neighborhood residents. BAM must be able to sell properties so that the properties will be returned to productive use. Bulk quiet title actions promote efficiency by allowing BAM to acquire clear title to multiple properties at the same time. See **Appendix II** of this Policy for information regarding Quiet Title procedures.

##### **B. QUIET TITLE PROCEDURE:** BAM will file any actions for quiet title in the Chancery Court for Shelby County, Tennessee.<sup>28</sup>

1. **AUTHORITY AND STANDING TO FILE:** Pursuant to T.C.A. §13-30-117, BAM has the authority to file actions to quiet title as to any properties in which BAM has an interest. BAM shall be deemed to be the holder of sufficient legal and equitable interests, and possessory rights, so as to qualify BAM as an adequate complainant in such action.<sup>29</sup>
2. **TITLE EXAMINATION REQUIREMENT:** Prior to filing a quiet title action, BAM is required to conduct an examination of title to determine the identity of any and all persons and entities possessing a claim or interest in or to each of the properties (“Interested Parties”).<sup>30</sup>

<sup>27</sup> T.C.A. §13-30-117 and §13-30-109(2).

<sup>28</sup> See T.C.A. §16-11-101, and <https://www.shelbycountyn.gov/2100/Which-Court>

<sup>29</sup> T.C.A. §13-30-117(a) .

<sup>30</sup> T.C.A. §13-30-117(b).

3. **SERVICE OF COMPLAINT:** Service of the complaint to quiet title shall be provided to all Interested Parties by the following methods:<sup>31</sup>
  - a. Registered or certified mail to such identity and address as reasonably ascertainable by an inspection of public records;<sup>32</sup>
  - b. In the case of occupied real property by registered or certified mail, addressed to “occupant”;<sup>33</sup>
  - c. By posting a copy of the notice on the real property;<sup>34</sup>
  - d. By publication in a newspaper of general circulation in the municipality in which the property is located;<sup>35</sup>
  - e. By electronically publishing notices with addresses and descriptions via the municipality's website;<sup>36</sup> and
  - f. Such other methods as the court may order.<sup>37</sup>
4. **AFFIDAVIT REQUIREMENT:** BAM must file an affidavit with any complaint for quiet tile, identifying all parties potentially having an interest in the properties, and the form of notice provided.<sup>38</sup>
5. **EXPEDITED PROCESS:** The Court must schedule a hearing within 90 days after BAM files the compliant. For all matters upon which no interested party files an answer, the court must issue a judgment within 120 days of BAM’s filing.<sup>39</sup>

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<sup>31</sup> T.C.A. §13-30-117(b).

<sup>32</sup> T.C.A. §13-30-117 (b)(1).

<sup>33</sup> T.C.A. §13-30-117 (b)(2).

<sup>34</sup> T.C.A. §13-30-117 (b)(3).

<sup>35</sup> T.C.A. §13-30-117 (b)(4).

<sup>36</sup> T.C.A. §13-30-117 (b)(5).

<sup>37</sup> T.C.A. §13-30-117 (b)(6).

<sup>38</sup> T.C.A. §13-30-117 (c).

<sup>39</sup> T.C.A. §13-30-117 (d).



# ACQUISITION & DISPOSITION POLICIES AND PROCEDURES

May 2021

## SECTION 1: ACQUISITION & DISPOSITION POLICY

- A. BAM'S PURPOSE:** Blight Authority of Memphis, Inc. ("BAM") is a public-benefit nonprofit corporation, which was established by the Memphis City Council, pursuant to the Tennessee Local Land Bank Program<sup>1</sup>, to operate a land bank to support economic revitalization through returning vacant, abandoned, and tax-delinquent properties in Memphis to productive use.<sup>2</sup>
- B. POLICY PURPOSE:** BAM's Board of Directors (the "Board") has adopted the Acquisition and Disposition Policies and Procedures (the "Acquisition & Disposition Policy" or the "Policy") to provide a framework for a consistent process for acquisition and disposition of real property in the land bank to assist BAM in fulfilling its role equitably, effectively, and efficiently and to ensure that BAM is using its powers in a manner that aligns with BAM's mission, furthers BAM's goals, and supports the initiatives of the City of Memphis (the "City" or "Memphis") and its communities.
- C. INTENT FOR USE:** The Board intends to use this policy to guide BAM's acquisition and disposition of real property. The Board intends for this Policy to be a "living" document, which will be reviewed and updated regularly as BAM continues to develop and implement its programs and refine its policies and procedures for acquisition and disposition. BAM will follow this Policy to ensure the integrity and efficiency of its programs and processes. However, the Board reserves the right to exercise its discretion and allow exceptions to this Policy as it deems necessary or appropriate. This Policy should not be interpreted to limit the authority granted to BAM under the law or to impose new legal obligations or restrictions upon BAM.
- 1. POLICY, AGREEMENTS, & OTHER DOCUMENTS:** BAM will use this Policy in conjunction with BAM's agreements, forms, and other policies. BAM may enter into agreements with the City related to the use and transfer of properties within Memphis jurisdictional limits, and BAM may manage properties outside of Memphis limits only if granted such authority in an intergovernmental agreement.<sup>3</sup> If a provision of an agreement between BAM and a governmental entity conflicts with a provision of this Policy, the provision of the agreement will control and the conflicting provision should be modified as necessary to resolve the conflict.

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<sup>1</sup> See Tennessee Local Land Bank Program at T.C.A. §13-30-101, et seq.

<sup>2</sup> See Memphis, Tenn., Resolution Authorizing Establishment of the Blight Authority of Memphis, Inc. (Nov. 3, 2015), ("Resolution"); See also <https://www.memphistn.gov/government/boards-and-commissions>.

<sup>3</sup> See T.C.A. § 13-30-110(d).



## ACQUISITION & DISPOSITION POLICY

2. **POLICY & APPLICABLE LAW:** BAM must abide by all applicable laws, whether or not the laws are specifically mentioned in this Policy. This Policy paraphrases, quotes<sup>4</sup>, and summarizes certain laws that are applicable to BAM and/or relevant to BAM's acquisition and disposition of real property. Citations to referenced laws are provided in footnotes for any reader interested in reviewing the full text of the law. If any provision of this Policy is found to be in conflict with any applicable law, the law shall control, and this Policy should be modified to the extent necessary to resolve any conflict.

**D. APPLICABILITY:** This Policy includes policies and procedures that are generally applicable to BAM's acquisitions and dispositions as well as policies and procedures that are only applicable under specific circumstances. Section titles and captions may be used as reference to provide context in interpreting the applicability of the provisions.

**E. TERMS AND DEFINITIONS:**

The following terms, as used in this Policy, have the meanings set forth in this section, unless the context clearly indicates otherwise. Additional terms are defined in the text of the Policy.

1. **ACQUISITION** means an act by BAM of receiving or obtaining title or any other beneficial interest in real property.
2. **BLIGHT (OR BLIGHTED)** refers to the physical conditions of vacant or derelict structures and vacant lots that have been abandoned, neglected, or unmaintained and are causing harm to the surrounding properties and the owners and occupants of those properties. Such conditions are typically characterized by structural damage, deterioration, and dilapidation, environmental hazards, abandoned personal property, uncollected litter, dumping, overgrown lawns, and excessive weed growth.
3. **BOARD** means BAM's Board of Directors, which is the governing body of BAM.
4. **CREDIT BID** refers to BAM's power to acquire property through tax sale auctions for no cash bids where there are no other bidders on a parcel.<sup>5</sup>
5. **DISPOSITION** means an act by BAM of transferring title or any other beneficial interest in real property from BAM to another party.
6. **LAND BANK** means the inventory of real property that is acquired and held by BAM for future disposition in furtherance of BAM's public purpose. This definition is used in this Policy because it mirrors the statutory definition used in the Land Bank Act.<sup>6</sup> The term "land bank" is often used as a general term to describe an entity that holds and disposes of

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<sup>4</sup> Quotations are omitted here and may be omitted in other sections of the Policy for convenience and ease of review. BAM does not claim to be the author of any quoted text or claim that the full text of any law is stated exactly as written in this Policy.

<sup>5</sup> T.C.A. §13-30-110(f)(2) provides BAM's power to acquire tax sale properties for no cash bid in the absence of other bidders.

<sup>6</sup> "Land bank" is defined in the Legislation as "real property, however obtained or acquired and held by a corporation, created pursuant to this chapter, with the intent of acquiring and holding onto the real property so acquired until such a time as the corporation is able to find a willing and able buyer to acquire the real property from the corporation." See T.C.A. §13-30-103(3).



## ACQUISITION & DISPOSITION POLICY

real property. However, referring to BAM itself as a “land bank”<sup>7</sup> can create confusion because other entities or agencies with different powers, purposes, functions, and governing laws may also be referred to as land banks.<sup>8</sup>

7. **LAND BANK ACT (OR ACT)** means the Tennessee Local Land Bank Program, BAM’s enabling legislation, which is found at T.C.A. §13-30-101, et seq.
8. **MAINTENANCE** means the ongoing upkeep of landscaping and structural conditions according to the specifications of local codes and ordinances.
9. **NONPROFIT** means an organization that uses all of its funds for pursuing the organization’s objectives and keeping it running and does not earn any profits for its owners. “Nonprofit” as used in this Policy can include various types of organizations, including, but not limited to, 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 entity has a controlling interest.
10. **PRIORITY NEIGHBORHOODS** means neighborhoods that BAM has identified as target areas for BAM’s services due to the neighborhoods possessing clear and substantial needs for heavy Blight investment, stabilization, and support. While BAM may acquire properties throughout the City of Memphis, BAM intends to focus its efforts in Priority Neighborhoods for several years in order to achieve measurable positive impacts. BAM may designate new Priority Neighborhoods at such time as the Board deems appropriate.
11. **PROPERTY (OR PROPERTIES)** refers to Real Property unless otherwise indicated.
12. **REAL ESTATE** means an identified parcel or tract of land, including improvements, if any.<sup>9</sup>
13. **REAL PROPERTY** means one (1) or more defined parcels or tracts of land or interests, benefits, and rights inherent in the ownership of real estate.<sup>10</sup>
14. **TRANSFeree** means a party which receives a property or properties from BAM.
15. **TRANSFEROR** means a party which transfers Real Property to BAM.
16. **TRUMP BID** refers to BAM’s power to acquire properties at a tax sale for the minimum bid regardless of higher bids.<sup>11</sup>

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<sup>7</sup> While “Land Bank” is defined in this Policy as BAM’s inventory, BAM does commonly refer to itself (and is referred to by others) as the Local Land Bank, City Land Bank, and Memphis Land Bank because it is easier than explaining that BAM is a nonprofit corporation formed under the Land Bank Act to operate a land bank for the City.

<sup>8</sup> For instance, the Shelby County Land Bank (“SCLB”) is the real estate arm of Shelby County Government, which receives properties obtained by Shelby County after a tax sale has been conducted and the redemption period has expired. However, SCLB is not a public benefit nonprofit corporation, was not created under the Land Bank Act, does not operate in the same manner or for the same purposes as BAM, and is not governed by the Local Land Bank Act.

<sup>9</sup> This is the definition used in the Land Bank Act. See T.C.A. 13-30-103(5).

<sup>10</sup> This is the definition used in the Land Bank Act. See TCA §13-30-103(6).

<sup>11</sup> T.C.A. § 13-30-110(f)(2) provides BAM with the statutory power to acquire tax sale properties for the minimum bid amount even if other bidders submit higher bids.

## **SECTION 2: LEGISLATION & LAND BANKS**

**A. ENABLING LEGISLATION:** The Tennessee Local Land Bank Program (the “Land Bank Act”), T.C.A. §13-30-101, et seq., was enacted by the Tennessee General Assembly to address the “crisis in many cities and their metro areas caused by disinvestment in real property and resulting in a significant amount of vacant and abandoned property.”<sup>12</sup> The Land Bank Act allows any local government in Tennessee to create a corporation to operate a land bank within that local government’s jurisdiction<sup>13</sup> and assigns such corporations with powers to make them uniquely equipped to assist local governments in addressing vacant and abandoned properties.

**B. MAXIMUM POWERS AUTHORIZED BY THE LAND BANK ACT:** BAM’s powers are very broad. The City of Memphis granted BAM all of the general powers authorized by the Land Bank Act, including amendments, and all powers incidental or necessary to the performance of those powers.<sup>14</sup> Pursuant to the Land Bank Act, BAM has the power to “do all things necessary or convenient to achieve the objectives and purposes of the corporation related to the real property held in the land bank.”<sup>15</sup>

**C. PROBLEMS OF VACANT, ABANDONED, AND BLIGHTED PROPERTIES:**

Vacant, abandoned, and Blighted properties can cause long-term problems that wreak havoc on communities, such as decreased property values, increased crime, lost tax revenue, increased costs for code enforcement and nuisance abatement, sanitation and safety concerns, and reduction of market driven redevelopment.

**1. DISCUSSED IN MEMPHIS 3. 0:** “Reduced blight and vacancy” is one of the major objectives that City included in the Memphis 3.0 Comprehensive Plan (“Memphis 3.0”).<sup>16</sup> The City has recognized that “Blight in a community often leads to and can support other social ills, including increased crime, poor public health, and diminishing home values, [and] disproportionately affects people who live in poverty.”<sup>17</sup> Memphis 3.0 provides that “[t]he City should focus efforts to address blight and vacancy that expend the appropriate type of resources and that use strategies sensitive to the market, growth goals, and community preference.”<sup>18</sup>

**2. LEGISLATIVE FINDINGS OF THE TENNESSEE GENERAL ASSEMBLY**

a. **PROBLEMS OF BLIGHT:** Vacant, abandoned, and tax-delinquent properties represent lost revenue to local governments, large costs associated with demolition, safety hazards, and spreading deterioration of neighborhoods, including resulting mortgage foreclosures.<sup>19</sup>

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<sup>12</sup> T.C.A. §13-30-104.

<sup>13</sup> *Id.*

<sup>14</sup> See Resolution and BAM’s Charter, ¶15.

<sup>15</sup> T.C.A. §13-30-109(11).

<sup>16</sup> See City of Memphis, Memphis and Shelby County Division of Planning and Development, Memphis 3.0 The Comprehensive Plan of the City of Memphis, Tennessee, as adopted in 2019. (“Memphis 3.0”), p. 165.

<sup>17</sup> *Id.* at p. 165

<sup>18</sup> *Id.*

<sup>19</sup> T.C.A. §13-30-102(2).

- b. **RELATED PROBLEMS:** Other problems associated with vacant and abandoned properties may include multiple taxing jurisdictions lacking common policies, ineffective property inspection, code enforcement, and property rehabilitation support, lengthy and/or inadequate foreclosure proceedings, and lack of coordination and resources to support economic revitalization.<sup>20</sup>
- c. **NEED FOR COORDINATED SOLUTIONS:** There is a need to strengthen and revitalize the economy of the state and its local units of government by confronting and solving the problems caused by vacant and abandoned properties in a coordinated manner, fostering the development of such properties, and promoting economic growth.<sup>21</sup>

### 3. **STUDIES ON THE IMPACT OF BLIGHT.**

Organizations around the country have studied the impacts of Blight and found it to be extremely costly and harmful to communities. For example, results of a study of 41 communities in Pennsylvania demonstrated that Blight poses serious health and safety threats, increases costs to local governments for enforcement and maintenance, reduces property values and tax revenue, and makes communities less attractive for investment.<sup>22</sup> The report from the study stated that “Blighted and vacant properties damage the fabric of the community, cost significant dollars to maintain, and erode the local tax base because of the tax delinquency often associated with blighted properties,” that “blight prevents private reinvestment in the neighborhoods because it undermines the values of real estate making market driven redevelopment unlikely,” and that “the costs of blight on an annual basis are staggering.”<sup>23</sup>

**D. LOCAL LAND BANK AS A SOLUTION:** The Tennessee General Assembly identified local land banks as one of the tools that can be used by communities to facilitate the return of vacant, abandoned, and tax-delinquent properties to productive use and convert vacant spaces into vibrant places.<sup>24</sup>

## **SECTION 3: COORDINATED ACTION TO ADDRESS COMMUNITY NEEDS**

While BAM is an independent legal entity,<sup>25</sup> BAM is an instrument of the City, which was created by and for the City to operate the Land Bank, and facilitate the return of vacant, abandoned, tax-delinquent, and Blighted properties to productive use. The objective of tackling such properties is one that is common among various departments and agencies of local government, as well as, many local community-based organizations. Through the Land Bank Act, the Tennessee General Assembly provided corporations, such as BAM, with a unique combination of statutory powers and independent discretion, specifically designed to maximize the ability of such corporations to operate land banks for their local governments in flexible, creative, and effective ways to address vacant, abandoned, tax-delinquent, and Blighted properties. However, BAM cannot address these properties alone. The Land

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<sup>20</sup> See T.C.A. §13-30-102(3)

<sup>21</sup> See *Id.*

<sup>22</sup> Tri-COG Collaborative, FINANCIAL IMPACT ANALYSIS OF BLIGHT(2013)(available online here: <https://nkj.e1e.myftpupload.com/wp-content/uploads/Tri-COGCostofBlightexecutivesummary913.pdf>)

<sup>23</sup> *Id.*

<sup>24</sup> See T.C.A. §13-30-102(5).

<sup>25</sup> BAM is governed by its own Board, the Land Bank Act, the Resolution, and BAM’s organizational documents. BAM’s Board members all of whom shall be appointed by the Mayor of the City of Memphis and approved by the Memphis City Council. See BAM’s charter.



## ACQUISITION & DISPOSITION POLICY

Bank Act calls for coordinated solutions.<sup>26</sup> BAM's operation of the City's Land Bank is only one tool out of a large toolbox of other organizations and resources that are available for communities to address Blighted properties. Thus, BAM's strategies for acquisition and disposition of properties in the Land Bank should be used in alignment with other available tools and public strategies, informed by community needs, and deployed in coordination with other systemic reforms in order to maximize BAM's effectiveness in its efforts to address vacant, abandoned, tax-delinquent, and Blighted properties.<sup>27</sup>

### **A. INTERACTION AND COORDINATION WITH LOCAL GOVERNMENT**

#### **1. INDEPENDENT AUTHORITY TO ASSIST WITH COMMON PURPOSE:**

BAM is declared to be a public instrumentality, created to perform the public function on behalf of the City of operating a land bank to support economic revitalization through returning properties to productive use.<sup>28</sup> BAM depends on the City for adequate funding<sup>29</sup> to accomplish its purpose and has accountability obligations to the City in regards to performance of its public function. BAM must prepare an annual financial and activity report, along with an audit, which must be filed with the City and made available to the public.<sup>30</sup> In spite of these accountability requirements, BAM is a legally separate entity from the City (a public benefit nonprofit corporation), which is governed by its own Board and organizational documents.<sup>31</sup> The Act repeatedly emphasizes the independence and breadth of authority of corporations created under the Act.

##### **a. BAM HAS INDEPENDENT AUTHORITY TO EXERCISE ITS POWERS.**

Pursuant to the Act, BAM has complete and independent authorization for performance of all of acts and powers granted to BAM under the Act.<sup>32</sup>

##### **b. BAM IS NOT SUBJECT TO RESTRICTIONS IMPOSED ON LOCAL GOVERNMENT.**

Except as expressly set forth in the Land Bank Act<sup>33</sup>, in the exercise of BAM's powers and duties under the Act and its powers relating to property in the Land Bank, the Act provides BAM with "complete control as fully and completely as if it represented a private property owner" and provides that BAM "shall not be subject to restrictions imposed by the charter, ordinances or resolutions of a local unit of government."<sup>34</sup>

<sup>26</sup> See *Id.*

<sup>27</sup> See BAM's Action Plan; See Section 1.E.8. of this Policy for definition of Priority Neighborhoods.

<sup>28</sup> See T.C.A. §13-30-104, Memphis, Tenn., Resolution Authorizing Establishment of the Blight Authority of Memphis, Inc. (Nov. 3, 2015), ("Resolution"); See also <https://www.memphistn.gov/government/boards-and-commissions/>, and BAM's Charter.

<sup>29</sup> See *Id.* (provides that the City is financially accountable for BAM); T.C.A. §13-30-104(b)(2) (provides creating local governments are responsible for the initial funding for that BAM the City (1) The legislative body of each municipality may appropriate funds for the financial aid of any nonprofit charitable organization or any nonprofit civic organization in accordance with the guidelines required by subsection (b).

<sup>30</sup> T.C.A. § 13-30-112(a-e)

<sup>31</sup> As acknowledged in the City of Memphis Comprehensive Annual Financial report for fiscal year 2020, and previous financial reports, at <https://www.memphistn.gov/government/finance/cafr-information/>, (stating that BAM is "a legally separate entity for which the City is financially accountable."

<sup>32</sup> T.C.A. §13-30-115.

<sup>33</sup> The Land Bank Act provides that certain laws applicable to local government are applicable to BAM subject Tennessee open meetings, public records, ethics requirements and allows the creating local government to

<sup>34</sup> T.C.A. §13-30-11



## ACQUISITION & DISPOSITION POLICY

- c. **BROAD POWERS:** BAM’s powers must be interpreted broadly and not limited in order for BAM to operate effectively its purpose. The Act requires that all powers granted in the Act “shall be broadly interpreted to effectuate the intent and purposes and not as a limitation of powers.”<sup>35</sup>
2. **COLLABORATION WITH LOCAL GOVERNMENT:**  
BAM will collaborate with the City of Memphis and its departments and other local agencies, as necessary or beneficial to BAM’s administrations of its programs. When feasible, BAM will endeavor to acquire and dispose of properties in a manner that supports the existing goals, efforts, and initiatives of the City of Memphis, such as Memphis 3.0, and the City’s departments and agencies, and offices of other local governments when feasible, such as the Shelby County Land Bank<sup>36</sup> and other governmental offices, commissions, and authorities that deal with vacant, abandoned, and Blighted properties.
3. **CONTRACTS BETWEEN BAM AND LOCAL GOVERNMENT:**  
BAM will seek to enter into agreements with local government entities as authorized by the Land Bank Act.
  - a. **BAM WILL SEEK TO ENTER INTO AGREEMENTS WITH LOCAL GOVERNMENT ENTITIES FOR THE FOLLOWING PURPOSES:**
    - (1) to ensure that BAM will be able to employ the powers granted under the Act and perform its duties efficiently with the support of local governments and the agencies and departments thereof;
    - (2) to reduce the likelihood of interference or delays related to BAM’s exercise of its powers and increase the likelihood of collaboration and coordination with other entities and public initiatives;
    - (3) to set forth the terms and procedures for transfers of properties between BAM and local government and their respective rights and obligations related to such transfers and the performance of their public functions;
    - (4) to ensure that BAM is supporting the initiatives of local government in the manner deemed appropriate; and
    - (5) to increase the likelihood that local government and community organizations will utilize BAM as a tool to facilitate the return of vacant, abandoned, tax delinquent, and Blighted properties to productive use.

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<sup>35</sup> *Id.*

<sup>36</sup> BAM will seek to coordinate its acquisition and assembly efforts with Shelby County Land Bank as recommended in Memphis 3.0.



## ACQUISITION & DISPOSITION POLICY

### b. **THE LAND BANK ACT PROVIDES AUTHORITY FOR BAM TO ENTER INTO CONTRACTS WITH LOCAL GOVERNMENT.**

- (1) BAM may make and execute contracts and other instruments necessary or convenient to the exercise of the powers to acquire, hold and dispose of real property held in the land bank;<sup>37</sup>
- (2) BAM may 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, intergovernmental agreements under the existing Tennessee Code for the joint exercise of powers under the Land Bank Act.<sup>38</sup> BAM may also enter into contracts and agreements with the City for the City to provide staffing services to BAM.<sup>39</sup>
- (3) Any municipality or county may convey to BAM,<sup>40</sup> and BAM may accept from the local government,<sup>41</sup> transfers of real property and interests in real property on such terms and conditions, and according to such procedures, as upon such terms and conditions as agreed between BAM and the local government.<sup>42</sup> BAM may also accept donations, contributions, revenues, capital grants or gifts from any municipality or county in Tennessee and enter into related agreements.<sup>43</sup>

### **B. COORDINATION WITH NEIGHBORHOODS AND COMMUNITY PARTNERS**

Tackling the problems of vacant, tax delinquent, and Blighted properties is not a one-entity job. In addition, to coordinating its strategic acquisition and disposition efforts with local government entities and initiatives, BAM will continue to build relationships and coordinate its efforts with leaders of Priority Neighborhoods, local community development corporations,<sup>44</sup> Nonprofits, community-based organizations, and other community partners. These partners can assist in maintaining properties, redeveloping properties for their highest missional end use, returning properties to productive uses that are beneficial to communities, and ensuring that the Properties will remain free of Blight for the long term. There are plenty of organizations and community leaders in Memphis that are seeking to reduce vacancy, abandonment, tax-delinquency, and Blight, which can provide valuable data and various resources to inform and support BAM's acquisition and disposition strategies and programs, work in partnership with BAM to maintain, develop, and rehabilitate properties in the Land Bank, return properties to productive uses, facilitate economic revitalization, improve Memphis neighborhoods, improve public health and safety, support local businesses, and improve quality of life for Memphis residents.

1. **WORKING IN PRIORITY NEIGHBORHOODS:** BAM will seek to strategically acquire and dispose of properties in Priority Neighborhoods in a manner that supports the existing

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<sup>37</sup> T.C.A. §13-30-109(6)

<sup>38</sup> T.C.A. §13-30-109(5).

<sup>39</sup> T.C.A. §13-30-108.

<sup>40</sup> T.C.A. §13-30-110(e).

<sup>41</sup> T.C.A. §13-30-110(b).

<sup>42</sup> T.C.A. §13-30-110(e) and (b).

<sup>43</sup> T.C.A. § 13-30-109(8).

<sup>44</sup> A list of CDCs in Memphis is available from BLDG Memphis here: [https://www.bldgmemphis.org/our\\_community](https://www.bldgmemphis.org/our_community).



## ACQUISITION & DISPOSITION POLICY

efforts and initiatives of neighborhood leaders, residents, nonprofit partners, community development stakeholders, other community partners in the neighborhood.

2. **COMMUNITY ENGAGEMENT:** BAM will seek to develop a community engagement process that results in authentic community input, which can inform BAM's acquisition and disposition strategies. Through community engagement efforts and partnership with Innovate Memphis and other community partners, BAM will seek to gain insight regarding the specific needs of the neighborhood in determining how BAM can best contribute to local efforts and use its acquisition and disposition powers to stabilize the neighborhoods. BAM will use Community Benefit Agreements when possible to ensure that its actions are consistent with community needs and goals.<sup>45</sup>

### **SECTION 4: ACQUISITION OF REAL PROPERTY**

**A. AUTHORITY TO ACQUIRE PROPERTY:** The Tennessee General Assembly and City of Memphis have granted BAM very broad discretion related to the acquisition of real property. BAM can acquire properties in Memphis in almost any manner that BAM deems appropriate to further its mission. The Land Bank Act specifically provides that BAM can:

1. **ACQUIRE REAL PROPERTY OR INTERESTS IN REAL PROPERTY FOR THE LAND BANK BY:**

- a. Gift;
- b. Devise;
- c. Transfer;
- d. Exchange;
- e. Foreclosure;
- f. Purchase; or
- g. Otherwise on terms and conditions and in a manner BAM considers proper.<sup>46</sup>

2. **ACQUIRE REAL PROPERTY FOR THE LAND BANK BY:**

- a. Purchase contracts;
- b. Lease purchase agreements;
- c. Installment sales contracts or land contracts (sometimes called a contract for deed).<sup>47</sup>

3. **ACCEPT TRANSFERS FROM MUNICIPALITIES OR COUNTIES** upon such terms and conditions as agreed to by BAM and the local government.<sup>48</sup>

4. **ACQUIRE PROPERTIES AT TAX SALE BY EITHER:**

- (1) **TRUMP BID:** for the minimum bid amount regardless of higher bids; or

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<sup>45</sup> According to a study by the University of Michigan, "successful land bank programs revitalize blighted neighborhoods and direct reinvestment back into these neighborhoods to support their long-term community vision." de Wit, Jessica *Revitalizing Blighted Communities with Land Banks* (available at <http://umich.edu/~econdev/landbank>).

<sup>46</sup> T.C.A. §13-30-110(a).

<sup>47</sup> T.C.A. §13-30-110(b).

<sup>48</sup> T.C.A. §13-30-110(b).



## ACQUISITION & DISPOSITION POLICY

- (2) **CREDIT BID:** for no cash bids if there are no other bidders for the selected properties.
5. **MAKE AND EXECUTE CONTRACTS AND OTHER INSTRUMENTS** necessary or convenient to the exercise of the powers to acquire, hold and dispose of real property held in the Land Bank.<sup>49</sup>
6. **HOLD PROPERTY TAX EXEMPT:** BAM is a public instrumentality of the City of Memphis, and BAM's operation of the Land Bank is a public function. Thus, all of BAM's properties, including all properties held in BAM's name in the Land Bank, at any time owned by it, and all income and revenues from said properties shall be exempt from all taxation in the state of Tennessee.<sup>50</sup>

### **B. LIMITS TO AUTHORITY TO ACQUIRE REAL PROPERTY**

#### 1. **BAM MUST:**

- a. **HOLD LAND BANK PROPERTIES IN BAM'S OWN NAME** irrespective of the identity of the transferor.<sup>51</sup>
- b. **ENSURE THAT LAND BANK PROPERTIES ARE MAINTAINED** in accordance with Tennessee law and local ordinances of the jurisdiction in which the property is located.<sup>52</sup>
- c. **MAINTAIN A PUBLIC INVENTORY OF ALL PROPERTIES IN THE LAND BANK.**<sup>53</sup>

#### 2. **BAM MUST NOT...**

- a. **OWN OR HOLD PROPERTIES OUTSIDE OF MEMPHIS:** BAM may only own and hold properties that are located within the jurisdictional limits of the City of Memphis.
  - (1) BAM may enter into agreements with the City related to the use and transfer of properties within Memphis limits, and to the extent that a provision of such an agreement conflicts with a provision in this Policy, the provision of the agreement will control.
  - (2) BAM may manage properties outside Memphis boundaries if such authority is provided pursuant to an intergovernmental contract, but may not hold title to such properties.<sup>54</sup>

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<sup>49</sup> T.C.A. §13-30-109(6)

<sup>50</sup> T.C.A. §13-30-104.

<sup>51</sup> T.C.A. §13-30-111(a).

<sup>52</sup> T.C.A. §13-30-110(c).

<sup>53</sup> T.C.A. §13-30-111(b).

<sup>54</sup> See T.C.A. § 13-30-110(d).



## ACQUISITION & DISPOSITION POLICY

- b. **HOLD PROPERTY ACQUIRED BY EMINENT DOMAIN:** BAM is prohibited from owning, holding, maintaining, or managing any property acquired by any county or municipality through eminent domain.<sup>55</sup>

### **SECTION 5: GUIDELINES FOR ACQUISITION OF REAL PROPERTY**

#### **A. PRE-ACQUISITION CONSIDERATIONS**

In identifying properties for acquisition, BAM will target properties that meet one or more of the following criteria:

1. Acquisition of the property will align with goals and guidelines of Memphis 3.0;
2. Acquisition of the property will align with criteria or goals identified in agreement between BAM and the City of Memphis or with another governmental entity in an intergovernmental agreement;
3. Acquisition will support the efforts of City Code Enforcement;
4. Acquisition of the property was proposed by an applicant to one of BAM's programs, the proposal meets BAM's eligibility criteria for the program, and the Executive Director and Programs Committee have recommended that the Board proceed with acquisition;
5. A qualified end user has committed to purchasing the property and has submitted a proposed development plan and proof of adequate funds;
6. Acquisition of the property will support existing efforts of a local government entity or community group or organization;
7. BAM has received a request from a prospective end user, neighborhood resident, local governmental entity, community stakeholder, or other interested party to review the property for acquisition;
8. Redevelopment of the property will support strategic development efforts;
9. Redevelopment of the property is likely to act as catalyst for further development;
10. Redevelopment of the property is part of a comprehensive development plan;
11. Acquisition of the property will support public infrastructure or green space development;
12. Acquisition of the property will support neighborhood stabilization;
13. Acquisition of the property will improve neighborhood conditions by reducing blight;
14. Acquisition of the property will help to remediate harmful impacts or social ills caused by blight;

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<sup>55</sup> T.C.A. §13-30-120.



## ACQUISITION & DISPOSITION POLICY

15. Acquisition of the property will help create or preserve homeownership or commercial opportunities;
16. Title issues prevent the property from being developed to its highest and best use, but there is an existing market for the property and BAM has a plan and necessary funds available to clear title;
17. Acquisition of the property will support an existing plan for historic preservation;
18. BAM has the resources to maintain and market the property or such services will be provided by another party pursuant to a written agreement;
19. Acquisition of the property will further BAM's mission.

### **B. DUE DILIGENCE PRIOR TO ACQUISITION**

BAM should exercise due diligence prior to acquiring real property for the Land Bank. Due diligence will vary based on the circumstances under which the property is being acquired, but in most instances should include the following:

1. **ASSESS THE CONDITION AND MARKETABILITY OF THE PROPERTY.**
2. **DETERMINE IF THERE ARE ANY CURRENT VIOLATIONS** of applicable codes, ordinances, or environmental regulations, or any dangerous conditions or other liabilities associated with the property.
3. **IF A PROPERTY IS A BROWNFIELD OR CONTAMINATED PROPERTY**, additional due diligence will be required, which may include Environmental Assessments, when necessary to protect BAM from potential liability related to the property.
4. **CONDUCT A TITLE SEARCH.**
  - a. BAM may acquire property that has clear and marketable title.
  - b. As a general matter, BAM will not acquire properties subject to liens and encumbrances on title, other than governmental liens when the lien can be waived or BAM has made arrangements with the governmental entity that holds the lien to ensure that BAM is protected from liability.
  - c. On a case by case basis, BAM may consider acquisition of properties subject to mortgages and other liens designed by banking/finance partners and the anticipated parcel end-user or community partner in order to facilitate the equitable development of a parcel in concert with BAM's mission, policies, and procedures.
  - d. BAM may use its quiet title power to clear title if BAM has resources to pursue a quiet title action to obtain clear title to the property and acquisition of the property does not involve a substantial risk of harm or liability to BAM.



## ACQUISITION & DISPOSITION POLICY

- e. If there are any legal restrictions on use of the property, including easements and other covenants, conditions, or restrictions that run with the land, BAM should be aware of such restrictions prior to acquisition in order to avoid violations and to ensure that the restrictions will not interfere with any plans proposed for use or development of the property, or prevent BAM from disposing of the property within a reasonable time.
5. **CONFIRM VACANCY:** BAM will only acquire properties that are vacant lots or lots with vacant structures.
6. **EVALUATE POTENTIAL COSTS** related to holding and maintaining the property and ensure that BAM (or another designated party, if applicable) has adequate funds to cover such costs for an extended period (proof of funds may take various forms, such as a bank statement or letter from the bank).
7. **CONSIDER THE POSSIBLE END USERS** of the property prior to acquisition.
8. **FOR PROPERTIES WITH STRUCTURES,** conduct a condition assessment when possible.
9. **FOR PROPERTIES LOCATED IN A LOCAL HISTORIC DISTRICTS,** BAM will endeavor to communicate with the appropriate historic commission to determine potential disposition options prior to acquisition.
10. **CONSIDER NEIGHBORHOOD NEEDS** as determined based on direct input through community engagement with the neighborhood, review of available neighborhood data, and other relevant research.
11. **DEVELOP A MAINTENANCE PLAN AND DISPOSITION PLAN** for the property that is appropriate based on community needs (or, if applicable, review and approve a community partner's maintenance and disposition plan).

**C. METHODS TO ACQUIRE REAL PROPERTY:** The Land Bank Act authorizes BAM to acquire property by various methods, including, but not limited to, the following:

1. **DONATIONS:** BAM has the authority to accept donations, contributions, revenues, capital grants, or gifts from any individual association, public or private corporation, municipality or county in Tennessee, the United States government, or any TN or U.S. agency or instrumentality, for or in aid of any of the purposes of the Land Bank Act and enter into related agreements.<sup>56</sup>
2. **PURCHASE:** BAM can purchase properties directly from property owners. BAM may acquire real property by purchase contracts, lease purchase agreements, and installment sales contracts or land contracts.<sup>57</sup>

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<sup>56</sup> T.C.A. §13-30-109(8).

<sup>57</sup> T.C.A. §13-30-110(b).



## ACQUISITION & DISPOSITION POLICY

### 3. **TRANSFERS FROM MUNICIPALITY OR COUNTY:**

The Land Bank Act authorizes local government to transfer properties to BAM and for BAM to accept such transfers.<sup>58</sup>

#### a. **TERMS OF TRANSFER:**

- (1) BAM may accept transfers from municipalities or counties upon such terms and conditions as agreed to by BAM and the local government.<sup>59</sup>
- (2) Except as provided in T.C.A. §13-30-120 (which prohibits BAM from acquiring properties acquired by local government by eminent domain),<sup>60</sup> notwithstanding any other law to the contrary, any municipality or county may convey to BAM real property and interests in real property on such terms and conditions, and according to such procedures, as determined by the legislative body of the local government conveying the real property to BAM.<sup>61</sup>
- (3) Commencing upon the date of transfer of any real property from BAM to a taxable person or entity, if approved by local government, BAM shall be entitled to receive payments from the local government equal to fifty percent (50%) of real property taxes collected by the local government for a period of five (5) years.<sup>62</sup>

#### b. **TRANSFERS TO BAM AFTER TAX SALE:**

BAM can be of value to local government by accepting transfer of residual properties from the tax sale process, clearing title to the properties through bulk quiet title actions (*see* Section 6 below), and selling or otherwise disposing of the properties to Responsible Property Owners, which will pay property taxes (unless the new owner exemption) and return the properties to productive use. In a 2019 report titled “Improving Management of Government-Owned Real Property in Tennessee,” the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) specifically recommended the use of local land banks to make it easier for local governments to sell surplus properties.”<sup>63</sup>

### 4. **PREEMPTIVE BID AT TAX SALE OR RECEIVER’S LIEN SALE:** The Act grants BAM the statutory authority to acquire properties advertised for tax sale by preemptive bid.<sup>64</sup>

#### a. **PREEMPTIVE BIDDING PROCESS:** BAM may provide written notice to the clerk and master in advance of any delinquent property tax sale auction held pursuant to

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<sup>58</sup>T.C.A. §13-30-110(b) and (e).

<sup>59</sup> T.C.A. §13-30-110(b).

<sup>60</sup> Pursuant to T.C.A. §13-30-120, BAM shall not own, hold, maintain, or manage any real property acquired through eminent domain by any county or municipality of Tennessee.

<sup>61</sup> T.C.A. §13-30-110(e).

<sup>62</sup> T.C.A. § 13-30-110.

<sup>63</sup>See Report of Tennessee Advisory Commission on Intergovernmental Relations, *Improving Management of Government-Owned Real Property in Tennessee* (January 2019)(available online at <https://www.tn.gov/content/dam/tn/tacir/2019publications/2019ImprovingMgmtGovtOwnedRealProperty.pdf>).

<sup>64</sup>



## ACQUISITION & DISPOSITION POLICY

T.C.A. §67-5-2005(b) that BAM wishes to enter the minimum bid for cash for any specified parcel(s) advertised for sale in such auction.

- (1) **TRUMP BID:** BAM’s minimum bid shall preempt all other bids for said parcel(s), and BAM shall be the prevailing bidder.<sup>65</sup>
- (2) **CREDIT BID:** If there are no other bidders on the parcel(s), BAM’s minimum bid shall be accepted for no cash, and BAM shall be the prevailing bidder and take title to said parcel in the same manner as a municipality bidding the minimum bid.<sup>66</sup>
- (3) **APPROVAL OF BID:** Preemptive bids must be approved by BAM’s Programs Committee or the Board prior to submission of the required notice. Once approved, the Executive Director will submit the written notice to the clerk.
- (4) **REDEMPTION:** As supported by Tennessee law and as specified in the Civic Source Terms of Use that Shelby County Government uses for its Tax Sale Auction platform, in the event of such a preemption, bidders will be notified that their bids may be preempted pursuant to T.C.A. § 13-30-110. The delinquent taxpayer has a specified time within which to redeem the property. At any time within the specified redemption period from the date of the order confirming sale, any person with a legal or equitable interest in the property sold at tax sale may "redeem" that property by paying all charges which have accrued on it (delinquent taxes, interest and penalties, court costs and court ordered charges), as well as interest on the entire purchase price paid by the purchaser of the parcel at tax sale. The interest shall be at the rate of twelve percent (12%) per annum, which begins to accrue on the date the purchaser pays the purchase price to the clerk and continuing until a motion to redeem is filed.<sup>67</sup>

### 5. **NPA RECEIVER’S LIEN AUCTION:**

The Neighborhood Preservation Act (“NPA”), T.C.A. §13-6-101 et seq., is another tool used by the City to address the problem of vacant and abandoned properties. Civil actions to enforce compliance under the NPA are brought under T.C.A §13-6-106. Such actions allege that a specified property constitutes a public nuisance and seeks abatement of the nuisance. BAM can take on various roles in such actions: BAM is qualified to be a petitioner<sup>68</sup>, a receiver<sup>69</sup>, or a purchaser at a receiver’s lien sale.<sup>70</sup> If BAM acts as receiver, BAM can rehabilitate a property and either recover its expenses from the property owner or acquire the property by a receiver’s deed through the enforcement of the receiver’s lien. When BAM is not the receiver, BAM has the statutory power to acquire properties advertised for NPA receiver’s lien auction by preemptive bid.<sup>71</sup> The minimum bid at a

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<sup>65</sup> T.C.A. §13-30-110(f)(1).

<sup>66</sup> T.C.A. §13-30-110(f)(2).

<sup>67</sup> See T.C.A. §67-5-2701 for redemption procedures.

<sup>68</sup> See T.C.A. §13-6-102(2) includes nonprofit corporations are included in the NPA definition of “acceptable petitioner.”

<sup>69</sup> See T.C.A. §13-6-106(8) & T.C.A. §13-6-102(3). (BAM is a “Certified Person” to receive or purchase properties.)

<sup>70</sup> See *Id.*

<sup>71</sup> See T.C.A. §13-6-106 (j)(3).



## ACQUISITION & DISPOSITION POLICY

receiver's lien sale is the full amount of the receiver's lien.<sup>72</sup> For more information about the process and procedures for NPA actions, see **Appendix I** of this Policy, which explains the NPA process in detail.

### **SECTION 6: QUIET TITLE**

Tennessee law authorizes BAM to file bulk quiet title actions for properties in which BAM has an interest.<sup>73</sup> Quiet title actions are suits to remove a cloud in title. A cloud in title means any claim or potential claim to ownership of the property. BAM's ability to file "bulk" quiet title actions means that BAM can file one complaint to quiet title for multiple parcels of real property.<sup>74</sup> The Land Bank Act also provides an expedited process for quiet title actions filed by BAM.<sup>75</sup>

#### **A. IMPORTANCE OF BAM'S BULK QUIET TITLE POWER:**

BAM must be able to sell the properties held in the Land Bank to ensure that the properties are returned to productive use. BAM's marketing and selling of properties benefits the City by (1) reducing the quantity of blighted properties; (2) reducing costs to the City for maintenance of the properties; (3) increasing property tax revenue by returning the properties to the tax rolls; (4) increasing tax revenue by improving the value of surrounding properties; (5) stabilizing neighborhoods; and (6) improving quality of life for neighborhood residents. BAM must be able to sell properties so that the properties will be returned to productive use. Bulk quiet title actions promote efficiency by allowing BAM to acquire clear title to multiple properties at the same time. See **Appendix II** of this Policy for information regarding Quiet Title procedures.

### **SECTION 7: MAINTENANCE OF PROPERTIES IN THE LAND BANK**

**A. PROPERTY MAINTENANCE:** When BAM acquires a property for the Land Bank, BAM assumes the responsibility, as property owner, to ensure that the property is maintained in accordance with City of Memphis Code of Ordinances, the Shelby County Code of Ordinances, and the Tennessee Code (collectively, the "Codes").<sup>76</sup>

**B. BURDENS RELATED TO MAINTENANCE:** Property maintenance requires resources. It requires time and labor to determine maintenance needs, identify and hire qualified staff or contractors to perform property maintenance and inspections, prepare or review maintenance contracts, assess and address liability concerns, ensure that maintenance is performed regularly, and conduct inspections to ensure that maintenance is performed in accordance with the Codes and BAM's specifications. It also requires financial resources to pay for maintenance and inspection services and related expenses. Financial burdens related to any particular property are correlated to the amount of time the property remains in the Land Bank. The amount of time required for a final disposition of a BAM-owned property will depend on various factors, such as the property's condition, marketability, and potential uses, and the availability of partners and end users. Expedient disposition of Land Bank properties supports BAM's mission and reduces financial burdens related to property maintenance.

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<sup>72</sup> See T.C.A. §13-6-106 (j)(2).

<sup>73</sup> See T.C.A. §13-30-117 and §13-30-109(2).

<sup>74</sup> T.C.A. §13-30-117(e).

<sup>75</sup> Pursuant to T.C.A. §13-30-117(d), if no answer to the quiet title action is filed, the Court must hold a hearing within 90 days of the filing of the complaint and enter a final judgment within 120 days of the filing date.

<sup>76</sup> See T.C.A. §13-30-110(c)(providing that "[t]he corporation shall maintain all of its real property and real property held in the land bank in accordance with state law and the laws and ordinances of the jurisdiction in which the real property is located.")



**C. MAINTENANCE PLAN:** The appropriate level of maintenance may vary from property to property. BAM-owned properties should have a maintenance plan in place that, at a minimum, ensures that as soon as practical after acquisition, the property will be maintained in a clean, safe, secure, and sanitary condition in compliance with the Codes so as not to continue or cause Blight or nuisance or adversely affect the health and safety of the public and/or adjoining properties.<sup>77</sup> The maintenance plan shall include estimated maintenance costs. In order to plan for maintenance of its properties, BAM can enter into contracts with vendors or partners.

**D. MAINTENANCE OF PROPERTIES THROUGH BAM'S PROGRAMS:** BAM can alleviate some of its burdens related to property maintenance by entering into agreements with partners through its programs, which require the partner to maintain the property during the program term and define the partner's obligations related to maintenance. Ordinarily, if BAM is holding a property on behalf of a program participant, the participant will be required to maintain the property at its own expense or to reimburse BAM for property maintenance during the holding period.

**E. MAINTENANCE CONTRACTS:** BAM will seek qualified vendors as needed for all necessary property maintenance for Land Bank properties. BAM may use Requests for Quote (RFQs) to select qualified vendors. Maintenance resources will be coordinated in such a way to most efficiently return the property to a productive use.

**F. REQUIRED PROPERTY MAINTENANCE**

BAM will require in maintenance agreements that its properties be maintained in a manner that reduces or eliminates nuisance and blighting conditions, improves the property values of adjacent and nearby properties, and ensures the future marketability of the property. Required maintenance of Land Bank properties includes, but is not limited to, the following:

1. **REGULAR MOWING:** Lawns shall be mowed frequently during the growing season and as required during winter months.
2. **NO WEEDS:** All areas shall be kept free of weeds. Weeds shall not be allowed to grow in paved areas such as driveways, sidewalks, curbs, gutters, etc. Lawns shall be graded to provide positive drainage away from foundations and shall have no low areas subject to ponding.
3. **NO DANGEROUS CONDITIONS:** Properties shall be free of trip hazards, dangerous conditions, or other risks to health or safety shall be permitted to exist on the property.
4. **TRIMMED GROWTH:** Trim shrubs and vines and other vegetation as needed to permit unobstructed passage to residents or vehicles. Trimmed near vehicle entry or exits shall be carried out to prevent sight restrictions. Trim or remove any dead trees or overgrown shrubs/trees.

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<sup>77</sup> See generally, The International Property Maintenance Code of the City of Memphis, Tennessee, [Memphis Ordinance Code § 5708](#) (the "IMPC"), regarding maintenance requirements and [TCA §13-6-101](#) and [TCA § 29-3-101](#) regarding nuisances.



## ACQUISITION & DISPOSITION POLICY

5. **NO TRASH OR DEBRIS:** Properties must be free of all litter and trash, including leaves, rubbish, paper, bottles, cans, rocks, gravel, and other debris from all areas on the property. Hardscape (i.e., sidewalks, patios, driveways) shall be swept or blown free of debris.
6. **SECURED STRUCTURES:** For properties with structures, all entries shall be bolted and boarded.
7. **VACANT STRUCTURES AND VACANT PREMISES:** Vacant structures and premises thereof or vacant land shall be maintained in a clean, safe, secure and sanitary condition so as not to cause a blighting problem or adversely affect the public health or safety.<sup>78</sup>

### **SECTION 8: DISPOSITION OF REAL PROPERTY**

A. **AUTHORITY TO DISPOSE OF PROPERTY:** The Tennessee General Assembly and the Memphis City Council have provided BAM with broad discretion and flexibility in regards to the disposition of properties in the Land Bank. BAM's flexible disposition powers include disposition for highest missional end-use in accordance with local community goals and priorities.<sup>79</sup> There is no secret formula that will work for every vacant, abandoned, or tax delinquent property. Having flexibility in disposition allows BAM to tailor solutions to specific situations. BAM may dispose of its properties by any method authorized by the Land Bank Act, including any method necessary or convenient to achieve the objectives and purposes of BAM in relation to properties in the Land Bank.

1. **BAM HAS THE POWER TO....**

- a. **CONVEY, EXCHANGE, SELL, TRANSFER, LEASE AS LESSEE, GRANT, RELEASE AND DEMISE, PLEDGE AND HYPOTHECATE ANY AND ALL INTERESTS IN, UPON OR TO PROPERTIES IN THE LAND BANK**<sup>80</sup>
- b. **MAKE AND EXECUTE CONTRACTS** and other instruments necessary or convenient to BAM's exercise of the powers to acquire, hold, and dispose of properties in the Land Bank.<sup>81</sup>
- c. **ENTER INTO CONTRACTS FOR MANAGEMENT OR SALE OF LANK BANK PROPERTIES**<sup>82</sup>
- d. **DETERMINE CONSIDERATION FOR TRANSFER OF REAL PROPERTY**

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<sup>78</sup> Regarding vacant structures, IMPC 301.3 provides that "Vacant structures and premises thereof or vacant land shall be maintained in a clean, safe, secure and sanitary condition as provided herein so as not to cause a blighting problem or adversely affect the public health or safety."

<sup>79</sup> See T.C.A. § 13-30-111(c) and BAM's Action Plan.

<sup>80</sup> T.C.A. §13-30-111(d). This provision continues two limitations: (1) "to the extent authorized by the legislative body of the creating local government or local governments" and (2) "in a manner which does not violate T.C.A. §29-17-102." City of Memphis has extended full authority permitted under the Act to BAM. T.C.A. §29-17-102 is the definitions clause of the state eminent domain statute. BAM does not have eminent domain power.

<sup>81</sup> T.C.A. §13-30-111(d)

<sup>82</sup> T.C.A. §13-30-109(6)



## ACQUISITION & DISPOSITION POLICY

e. **PRESERVE THE VALUE OR PREVENT DIMINUTION OF THE VALUE OF LAND BANK PROPERTIES UNTIL DISPOSED OF BY BAM, INCLUDING THE FOLLOWING ACTIONS:**<sup>83</sup>

- (1) Design, develop, construct, demolish, reconstruct, rehabilitate, renovate, relocate, and otherwise improve real property or rights or interests in real property;
- (2) Fix, charge and collect rents, fees and charges for the use of real property of the land bank and for services provided by the corporation;
- (3) Grant or acquire a license, easement, lease, as lessor and as lessee, or option with respect to real property in the land bank; and
- (4) Enter into limited partnerships, limited joint ventures and other limited collaborative relationships with local governments and other public and private entities within the designated boundary for the ownership, management, development, and disposition of real property.

## **SECTION 9: GUIDELINES FOR DISPOSITION OF REAL PROPERTY**

A. **DISPOSITION GENERALLY:** BAM will dispose of property in the Land Bank in manner that furthers BAM's mission and purpose and complies with applicable laws.

1. **FLEXIBILITY:** The Board and BAM's staff shall at all times retain flexibility in evaluating the appropriate consideration for transfers and balancing of priorities for the use of property, priorities for the nature of the transferees of properties, priorities concerning neighborhood and community development, priorities concerning use of resources, and other factors. There is no one size fits all solution that can be applied to every vacant, abandoned or Blighted property. The disposition of any given parcel will be based upon an assessment of the most efficient and effective way to maximize the aggregate policies and priorities of the Land Bank. The Tennessee General Assembly and Memphis City Council have granted BAM broad authority in regards to disposition of property, and BAM needs to retain its discretion to determine the best means to achieve BAM's objectives and purposes and have various acquisition and disposition programs and strategies available to apply as appropriate based on the circumstances.

2. **CONSIDERATION FOR DISPOSITION**

- a. **BAM MAY ACCEPT THE FOLLOWING FORMS OF CONSIDERATION FOR ITS DISPOSITION OF REAL PROPERTY:**

- (1) Monetary payments and secured financial obligations;
- (2) Covenants and conditions related to present and future use of the property;
- (3) Contractual commitments of the transferee;

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<sup>83</sup> See T.C.A. 13-30-109



## ACQUISITION & DISPOSITION POLICY

- (4) Such other forms of consideration as determined by the Board to be in the best interest of BAM related to real property in and for the Land Bank.<sup>84</sup>

b. **BAM WILL SELECT THE FORM OF CONSIDERATION BASED ON THE METHOD OF DISPOSITION OF REAL PROPERTY AND ANY PROGRAM POLICIES APPLICABLE TO THE TRANSACTION.**

3. **RESPONSIBLE PROPERTY OWNERS:**

BAM will only convey properties to vetted and approved “Responsible Property Owners.” When BAM conveys title or possession of a property in the Land Bank to another party, it is important to determine that the party receiving title or possession to the property is a Responsible Property Owner and is committed to returning the property to productive use. Otherwise, the property could remain in, or revert to, a vacant, abandoned, tax-delinquent, and Blighted condition. BAM will vet potential transferees to determine whether they are Responsible Property Owners for the uses proposes. BAM’s program policies and forms may provide additional criteria for evaluating potential transferees.

a. **IDENTIFYING RESPONSIBLE PROPERTY OWNERS:**

- (1) **DISCLOSURES:** All parties seeking to purchase a property from BAM’s inventory will be required to make certain disclosures to assist BAM in determining whether the party is a “Responsible Property Owner”.
- (2) **QUALIFICATION FOR “RESPONSIBLE” PROPERTY OWNERS MAY VARY BASED ON THE PROPERTY INVOLVED AND INTENDED USE OF THE PROPERTY:** In order to own, develop, or rehabilitate properties that require a significant amount of work or that present other challenges, a certain level of experience in dealing with similar properties or projects may be necessary for responsible ownership.
- (3) **TRACK RECORD:** Responsible Property Owners do not have track records of irresponsible property ownership. In order to identify a responsible owner, it helpful to first eliminate parties that are have already demonstrated that they are not responsible property owners. A responsible property owner (“RPO”):
  - (a) Does not own any properties that are tax delinquent or have a history of property tax delinquency within the past five (5) years.
  - (b) Does not own any properties that constitute public or private nuisances under applicable laws.
  - (c) Does not own any properties that have any un-remediated

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<sup>84</sup>T.C.A. §13-30-11(c).



## ACQUISITION & DISPOSITION POLICY

citation for violation of federal, state, and local codes, ordinances, and regulations, unless the violation began prior to RPO's ownership, the property was acquired with the intention of resolving such to resolve such issues, and the RPO has a viable development plan.

(d) Has not had any of RPO's properties sold in foreclosure proceedings or had a history of foreclosure filings instituted against any of RPO's properties during RPO's ownership.

(e) Is not barred from transactions with local government entities.

### **B. PRIORITIES GUIDING DISPOSITION OF PROPERTY**

#### **1. FACTORS TO BE CONSIDERED**

BAM's disposition of properties shall be based upon a combination of the following factors:

- a. The intended or planned use of the property;
- b. The nature and identity of the transferee of the property;
- c. The impact of the property transfer on the neighborhood well-being and impact on any existing neighborhood and community development plans; and
- d. Other priorities as identified in an agreement between BAM and a governmental entity, in another policy adopted by BAM, or identified by BAM's Board.

#### **2. PRIORITIES FOR USE OF PROPERTY**

- a. Priority uses for the particular district or neighborhood in which the property is located, as determined by BAM in partnership with Innovate Memphis, and/or other community partners based on direct input from neighborhood residents, organizations and reliable neighborhood data, and other research;
- b. Priority uses for the particular district or neighborhood in which the property is located, as provided by Memphis 3.0 or other local government initiatives;
- c. Affordable housing and homeownership opportunities;
- d. Land assemblage for economic development;
- e. Public spaces and places;
- f. Use for retail, commercial and industrial activities; and
- g. Other uses and in such hierarchical order as determined.



## ACQUISITION & DISPOSITION POLICY

### 3. PRIORITIES FOR NATURE OF TRANSFEREE

- a. All Transferees must be identified as Responsible Property Owners for the plan or use contemplated;
- b. Qualified Nonprofits with approved development plans;
- c. Qualified Nonprofits assembling land for future use;
- d. Governmental entities;
- e. Individuals who own and occupy nearby residential property or will occupy the subject property once conveyed from BAM;
- f. Local developers, which will develop the property for their own use or have identified a Responsible Property Owner to accept transfer of the property for a productive end-use;
- g. Individuals or organizations that live, work, or are otherwise involved with the community in which the property is located or have a plan for the property that will be beneficial for the community in which the property is located;
- h. Other individuals or organizations, who will pay taxes on the properties.

### 4. PRIORITIES RELATED TO USE OF DISPOSITION RESOURCES

BAM will prioritize its disposition resources, including any dollars allocated for demolition, maintenance, and renovation, based on the following general criteria:

- a. In Priority Neighborhoods with an active neighborhood plan or plans, developed with direct input from neighborhood residents, organizations, and institutions;
- b. In other neighborhoods with an active neighborhood plan or plans, developed with direct input from neighborhood residents, organizations, and institutions;
- c. Where the targeted elimination of blight will make an impact on the overall stability of the neighborhood;
- d. Where unrestricted use of resources can bridge funding gaps to stabilize neighborhoods and preserve property values;
- e. Where an investment will support mixed-income development; and
- f. Where an investment will leverage funds from existing federal, state, or local programs.

### 5. OTHER CONSIDERATIONS

- a. Suitability for one of BAM's programs;



## ACQUISITION & DISPOSITION POLICY

- b. Extent of Blight elimination that will be achieved;
- c. Extent of neighborhood revitalization and stabilization that will be achieved;
- d. Extent of economic revitalization that will be achieved;
- e. Impact on financial resources for BAM's operating functions..

### **C. PRICING OF PROPERTIES:**

Laws that restrict how municipalities may dispose of real property do not apply to local land bank corporations, such as BAM, that are created under the Tennessee Local Land Bank Act. BAM is not required sell its real property to the highest bidder or with no regard for the property's future use.<sup>85</sup>

#### **1. PRICING FOR SALE OF INVENTORY PROPERTIES –FAIR MARKET VALUE**

Qualified buyers (Responsible Property Owners) can purchase inventory properties from BAM at fair market value after application and approval by BAM. The end use of properties proposed for the property will be held in consideration for the sale transaction.

- a. **FAIR MARKET VALUE** ("FMV") is determined by an independent third party using a Brokers Price Opinion ("BPO") process. The FMV is non-negotiable.

#### **2. PRICING FOR DISPOSITION THROUGH PROGRAMS.** For properties disposed of through BAM's programs, BAM will determine pricing based on program policies and agreements.

- a. **DISCOUNTED PRICING AND DONATIONS** are based on available philanthropic subsidies associated with properties unless otherwise approved by BAM Board. Discounted pricing and donations are only available in limited circumstances and the terms of transfer must satisfy requirements of the policies and procedures for the applicable program.

#### **2. PRICING BASED OTHER SPECIAL CONSIDERATIONS DETERMINED BY THE BOARD.**

BAM reserves its discretion to determine pricing of properties when circumstances warrant variation from ordinary procedures. Exceptions must be documented in meeting minutes.

## **SECTION 10: MISCELLANEOUS**

**A. MODIFICATION AND AMENDMENT:** This Policy is subject to modification and amendment at BAM's discretion. Policies will be available online or by request. Once approved this Policy may be modified at any time by BAM's Board or Program's Committee.

**B. POSTING ON WEBSITE:** BAM will post this policy on BAM's website.

**C. ANNUAL REVIEW:** This Policy shall be reviewed by the Board at least annually.

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<sup>85</sup> T.C.A. §13-30-11

PARCEL ID	PROPERTY ADDRESS	Sqft	Lot Dimension	Lot Acres	ZONING	Class	Recommended	LAND GRID REPORT
052051 00031	0 BINGHAM	9,191	50 X 184	0.211	RU-1	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
069018 00041	0 BURLINGTON CL	9,845	149.18/0 X 125/143.74	0.226	R-6	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
072004 00004	0 BURNHAM	6,839	36 X 193	0.157	R-6	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
050069 00006	0 E DAVANT AVE	7,492	50 X 150	0.172	R-6	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
050040 00001	0 E FERNWOOD AVE	86,379	640 X 135	1.983	R-6	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
021050 00067	0 ELDRIDGE	3,790	63.28/47.33 X 95.76/56.72	0.087	RU-1	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
050041 00002	0 FERNWOOD	91,171	640/710 X 285/0	2.093	EMP	COMMERCIAL	ACQUIRE	<a href="#">OPEN LINK</a>
050041 00001	0 FLORIDA ST	267,894		6.15	EMP	INDUSTRIAL	ACQUIRE	<a href="#">OPEN LINK</a>
060172 00010	0 HERNANDO RD	21,867	40 X 541	0.502	RU-3	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
052051 00013	0 LOS ANGELES	7,928	50 X 159	0.182	RU-1	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
060086 00048	0 MENAGER RD	46,348	238 X 0	1.064	EMP	INDUSTRIAL	ACQUIRE	<a href="#">OPEN LINK</a>
071048 00114	0 MOUNTAIN TERRACE ST	11,848	203 X 119	0.272	R-8	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
052051 00032C	0 N BINGHAM ST	91,476	2.10AC257X473.62 IRR	2.1	EMP	COMMERCIAL	ACQUIRE	<a href="#">OPEN LINK</a>
052051 00024	0 OGDEN	9,191	50 X 184	0.211	RU-1	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
052051 00028	0 OGDEN	9,191	50 X 184	0.211	RU-1	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
052051 00026	0 OGDEN	13,765	75 X 184	0.316	RU-1	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
052051 00030	0 OGDEN	11,587	63 X 184	0.266	RU-1	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
060086 00040C	0 ROZELLE ST	202,075	4.64AC	4.639	EMP	INDUSTRIAL	ACQUIRE	<a href="#">OPEN LINK</a>
076010 00001	0 S NEELY RD	11,979	91 X 132	0.275	R-6	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
075066 00008	0 W BROOKS RD	16,204	70 X 232	0.372	R-6	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
075060 00017	100 W MITCHELL RD	12,545	0.2884AC 70 X 179.5	0.288	R-6	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
075058 00077	129 W BROOKS RD	46,566	217.05 /273.7 X 181.18 IRR	1.069	R-6	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
049069 00053	2178 E NORRIS RD	19,123	45.14/0X365.87 IRR/215.9	0.439	R-6	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
076010 00002	251 E MITCHELL RD	11,456	95 X 121	0.263	R-6	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
052051 00001	2601 JACKSON AVE	14,157		0.325	EMP	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
052051 00023	2648 OGDEN	12,110	86 X 184	0.278	RU-1	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
076011 00001	267 S SOUTHLAND DR	10,454	92 X 114	0.24	R-6	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
075001 00083	2929 OLD HORN LAKE RD	453,634	50 X 0	10.414	IH	Commercial	ACQUIRE	<a href="#">OPEN LINK</a>
075061 00011	30 W MITCHELL RD	12,545	0.2884AC 70 X 179.5	0.288	R-6	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
075058 00078	3155 S REDBUD RD	19,994	73.7 /67.5 X 295.8 / 273.7	0.459	R-6	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
075058 00079	3163 S REDBUD RD	22,085	73.1/39+31 X 319.2/295.8	0.507	R-6	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
050124 00013	3273 S GILL RD	36,068	95 X 380	0.828	RU-3	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
076010 00030	3444 S NEELY RD	9,017	65 X 139	0.207	R-6	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
075061 00012	38 W MITCHELL RD	12,545	0.2884AC 70 X 179.5	0.288	R-6	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
075067 00004	4 E BROOKS RD	16,204	70 X 232	0.372	R-6	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
075067 00005	47 E BROOKS RD	15,072	65 X 232	0.346	R-6	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
075067 00006	55 E BROOKS RD	15,072	65 X 232	0.346	R-6	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>

052051 00012	730 LOS ANGELES	7,928	50 X 159	0.182	RU-1	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
060010 00065C	790 E ALCY RD	1,437,480	50 X 0	33	R-6	FARM	ACQUIRE	<a href="#">OPEN LINK</a>
075060 00016	92 W MITCHELL RD	12,545	0.2884AC 70 X 179.5	0.288	R-6	RESIDENTIAL	ACQUIRE	<a href="#">OPEN LINK</a>
060010 00089	0 E ALCY RD	21,039	60 X 351	0.483	R-6	RESIDENTIAL		<a href="#">OPEN LINK</a>
049069 00054	0 E NORRIS RD	175,982	557.16/673.86 IRRX304.39+	4.04	R-6	RESIDENTIAL		<a href="#">OPEN LINK</a>
071047 00011	0 N HILLSIDE DR	2,919	14.635/18.89 X 194.895/195	0.067	R-8	RESIDENTIAL		<a href="#">OPEN LINK</a>
060226 00001	0 S BENTON ST	169,884	0 X 0	3.9	R-6	RESIDENTIAL		<a href="#">OPEN LINK</a>
075002 00028	0 S MEADOWBROOK RD	18,818	111 X 275	0.432	RS-6	RESIDENTIAL		<a href="#">OPEN LINK</a>
070026 00088C	0 STAGE DELANO RD	368,082	8.72AC	8.45	CA	RESIDENTIAL		<a href="#">OPEN LINK</a>
070026 00086	0 STAGE-DELANO RD	2,701	0 X 111	0.062	R-8	RESIDENTIAL		<a href="#">OPEN LINK</a>
070026 00023	0 VICOSCIA DR	22,303	80/141.62 X 200.05/218.73	0.512	R-10	RESIDENTIAL		<a href="#">OPEN LINK</a>
070026 00025	0 VICOSCIA DR	8,712	128/62.06 + 91.44 X 53.73/4	0.2	R-10	RESIDENTIAL		<a href="#">OPEN LINK</a>
070026 00026	0 VICOSCIA DR	5,837	125.31 X 46.53/0	0.134	R-10	RESIDENTIAL		<a href="#">OPEN LINK</a>
070026 00022	0 VICOSCIA DR	19,602	70.96/125.31 X 218.06/200.	0.45	R-10	RESIDENTIAL		<a href="#">OPEN LINK</a>
050056 00011	0 W FERNWOOD AVE	1,350	10 X 135	0.031	R-6	RESIDENTIAL		<a href="#">OPEN LINK</a>
050056 00013	0 W FERNWOOD AVE	1,350	10 X 135	0.031	R-6	RESIDENTIAL		<a href="#">OPEN LINK</a>
075002 00027	2944 S MEADOWBROOK RD	19,863	87 X 235	0.456	R-6	RESIDENTIAL		<a href="#">OPEN LINK</a>
049049 00003	579 E FRANK AVE	218	50 X 155	0.177	R-6	RESIDENTIAL		<a href="#">OPEN LINK</a>
<b>Total</b>	<b>55</b>						<b>40</b>	

[COVER PAGE: Consistent with BAM design style]

# **BAM: IN PARTNERSHIP, IN ACTION**

*a flexible action plan for the next three years*

DRAFT

## [INSIDE COVER PAGE:]

This Action Plan was developed with technical support from the Center for Community Progress, and partially funded by the Center's new initiative, the National Land Bank Network. The content of this plan derives from an extensive outreach process, including the following:

- Prior technical engagement with BAM and TN stakeholders<sup>1</sup>
- Legal and policy research and analysis
- Stakeholder interviews and online survey
- Half day summit attended by more than 60 local stakeholders
- Local parcel data and analysis provided by Innovate Memphis

This Action Plan also builds off the insights, findings, and goals included in BAM's *Blight Elimination Strategic Framework: 2020 – 2023* and *2021 Annual Report*.

### **Authors**

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### **About Center for Community Progress, [communityprogress.net](http://communityprogress.net)**

The mission of Center for Community Progress is to foster strong, equitable communities where vacant, abandoned, and deteriorated properties are transformed into assets for neighbors and neighborhoods. Founded in 2010, Community Progress is the leading national, nonprofit resource for urban, suburban, and rural communities seeking to address the full cycle of property revitalization. The organization fulfills its mission by nurturing strong leadership and supporting systemic reforms. Community Progress works to ensure that public, private, and community leaders have the knowledge and capacity to create and sustain change. It also works to ensure that all communities have the policies, tools, and resources they need to support the effective, equitable reuse of vacant, abandoned, and deteriorated properties.

### **About Innovate Memphis, [innovatememphis.com](http://innovatememphis.com)**

Innovate Memphis develops initiatives, nurtures partnerships, and incubates solutions to move Memphis forward and deliver impactful, sustained change. We work with public and private sector agencies to improve how Memphians experience the daily services needed that impact their quality of life. This includes work in Emergency Medical Services, reimagining parks and community centers, transit and mobility, and housing stability support. The work follows a human-centered research and design process, deeply dependent on qualitative and quantitative research. To that end, Innovate Memphis also houses a neighborhood indicator data warehouse and has been designated the National Neighborhood Indicators partner for the city.



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<sup>1</sup> Frank Alexander, *Aligning the Tools: Addressing Vacant, Abandoned, and Deteriorated Properties in Tennessee*, 2017, available at [https://www.communityprogress.net/filebin/Memphis\\_TASP\\_Report\\_September\\_2017.pdf](https://www.communityprogress.net/filebin/Memphis_TASP_Report_September_2017.pdf)

## **Table of Contents**

### **I. Introduction**

- A. National Best Practices Should Animate BAM's Priorities
- B. What's in this Action Plan and Why

### **II. BAM Community Education and Engagement Services and Programs**

- A. Update and Build out BAM's Website and Social Media Presence
- B. Develop Tiered Marketing Plans for BAM Properties and Programs
- C. Host "Meet and Greets" in Priority Neighborhoods
- D. Link to Planning and Engagement Efforts in Priority Neighborhoods

### **III. BAM Property Acquisition Services and Programs**

- A. Property Donation Program
- B. Municipal Transfer Program
- C. Land Deposit Program
- D. Shelby County Land Bank Draw-Down Program
- E. Community Benefit Tax Foreclosure Program
- F. Advanced Acquisition and Development Programming

### **Appendices**

- A. Three-Year Check List and Aspirational Goals for BAM
- B. Cost Analysis Notes
- C. Mapping Opportunities of the Community Benefit Tax Foreclosure Program
- D. Tree Graphic One-Pager

# I. Introduction

The Blight Authority of Memphis (BAM) is ready to ACT—ready to play a more meaningful role in the local fight against vacant, abandoned, and deteriorated (“VAD”) properties in service to the neighbors and neighborhoods that are negatively impacted by systemic vacancy, abandonment, and disinvestment.

- ❖ BAM has **new leadership** that excites community partners, and is gaining trust as an embedded neighbor, enabler, and connector.
- ❖ BAM has an energized, diverse board that is **knowledgeable and results-driven**.
- ❖ BAM has a **Blight Elimination Strategic Framework**, a new **informative website**, and a portfolio of educational materials.
- ❖ And BAM **benefits from special legal powers** authorized by the Tennessee Land Bank Act that rival some of the best in the nation.

However, like land banks all over this country, **BAM can only play a more active and impactful role transforming vacant and distressed properties to assets that support neighbors and neighborhoods if it has the appropriate resources, partners, and programs to carry out this critical work.**

In 2015 the Memphis City Council, with strong support from the administration, created BAM with aspirational goals to tackle the longstanding challenge of vacant, abandoned, and deteriorated (VAD) properties. And with good reason. VAD properties cause harm to neighbors, undermine neighborhood health and vitality, depress housing markets, and drain local tax dollars. Launching BAM was one element of an ambitious and comprehensive plan, outlined in the City’s Blight Elimination Charter (2016), to tackle VAD at the root and help stabilize and revitalize neighborhoods in Memphis, particularly those disproportionately impacted by vacancy and disinvestment.

But by 2019, BAM, without dedicated multi-year support from local government and lacking a broad cross-sectoral coalition with a shared understanding of its powers and purpose, was without dedicated leadership and uncertain of its future.

However, under new leadership over the last 18 months, a renewed interest in and excitement about BAM’s potential has emerged among a growing network of residents, local officials, investors, and nonprofit partners. **This moment is critical for BAM’s success.**

This Action Plan is intended to not only help give direction and suggest prioritization to BAM, but also to uplift and honor the many local stakeholders and community partners that are excited by the promise and value BAM can bring to the local fight against blighted properties. It is meant to offer local decision-makers and elected officials a menu of services BAM can uniquely provide in support of neighborhood-driven stabilization and revitalization efforts—and to describe the resources needed to carry out this critical work.

## A. National Best Practices Should Animate BAM's Priorities

More than 200 land banks are currently in operation across the country, virtually all created pursuant to state enabling legislation—and yet few are fortunate to have the combination of special powers available to BAM and other land banks in Tennessee.

Land banks are designed as special public or nonprofit entities intended to help tackle VAD properties in a predictable, responsible, and transparent manner that supports equitable development and advances community priorities. To accomplish this, land banks are typically created pursuant to state enabling legislation, which grants these entities special powers to carry out this work equitably, effectively, and efficiently.

BAM was created pursuant to the Tennessee Local Land Bank Program (T.C.A. § 13-30-101 *et seq*) and has a number of special powers, including the ability to:

- Acquire and maintain real property within the City of Memphis
- Acquire property through market purchase, donations, and municipal transfers
- Acquire properties at the tax auction sale for either the minimum bid (regardless if there are higher bids) or at no cost (in the absence of other bids)
- Clear title of properties in its inventory through bulk quiet title actions
- Hold properties in its inventory tax exempt
- Dispose of properties in accordance with BAM's mission and policies for cash consideration, and for non-cash consideration including agreements related to the future use of the property
- Receive payments of up to 50% of real property taxes collected for five years on properties returned to the tax rolls by BAM

Effective state legislation, however, will not guarantee success at the local level. Just as with any other land bank—whether in Georgia, Texas, West Virginia, or Ohio—**BAM cannot do the critical work of addressing VAD without the appropriate resources, partners, and programs.**

This Action Plan, therefore, should be implemented utilizing four key land banking best practices and lessons learned—derived from Community Progress' experience creating, supporting, challenging, and helping to reform land banks around the country:

1. **Land banks operating where vacancy and abandonment are concentrated in neighborhoods that were either historically redlined or have high percentages of people of color (or both) must design their mission, operations, and investments with an intentional focus on racial equity.** The absence of such a focus, in deep partnership with leaders and organizations within those communities, will drive results ranging from no meaningful impact to actual harm, such as the displacement of legacy Black residents. Because of relationships nurtured by both

BAM's leadership, and the diverse community of local leaders that advocated for BAM's creation, BAM is poised to be a leading champion for equitable development and a committed partner with a range of strong community development corporations, resident leaders, and other neighborhood stakeholders in some of Memphis' most treasured and historic neighborhoods.<sup>2</sup>

2. **A land bank's ability to remediate vacant and distressed properties is directly proportional to the amount of funding it receives to carry out the work.** Vacant, abandoned properties typically have a "fair market value" less than the amount of debt associated with the property, or than the amount of subsidy required to remediate the property. In such markets, land banks simply cannot generate enough revenue from property dispositions to operate, let alone to acquire and responsibly maintain real property; they must rely on public and philanthropic funding to exist, and frequently draw in investment from those who seek to activate or reuse vacant land and structures. To date, BAM has received no significant or recurring funding from local government partners, even though Memphis faces systemic vacancy and abandonment similar to many other large urban cities, like St. Louis, Missouri and Buffalo, New York. This needs to change.<sup>3</sup>
3. **The number one source that land banks across the country use to acquire properties cost-effectively is the delinquent tax enforcement process— deriving from the strong correlation between vacancy, abandonment, and tax delinquency and the resulting acquisition powers granted to land banks in state-enabling legislation.** This acquisition mechanism will not likely be utilized by BAM in the near term, due to a lack of agreement among decision-makers. This Action Plan respects those perspectives, while acknowledging that BAM leadership and partners should work to build consensus on opportunities that could benefit all parties, especially those residents most impacted by vacancy and abandonment. Without a meaningful and cost-effective pipeline of vacant properties, BAM may be rendered in the words of one national land bank leader, "a doctor without any patients."<sup>4</sup>
4. **Land banks are not a silver bullet and must be aligned with other public strategies to address VAD properties, informed by community needs, and deployed in coordination with other systemic reforms.** Over time, land banks are able to achieve scaled impacts and outcomes in direct relation to their ability to coordinate with and help reform additional public systems that address VAD properties. Those systems include delinquent property tax enforcement, housing and building code enforcement, and the multiplicity of public programs and

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<sup>2</sup> Lucas County Land Bank is a leader in the field for embedding racial equity in all its operations, decisions, and partnerships. Their recent five-year plan, *Building Neighborhoods*, showcases the organization's strong focus on racial equity and can be viewed at <https://assets.lucascountylandbank.org/uploads/documents/Building-Neighborhoods-2021-2025.pdf>.

<sup>3</sup> Ohio land banks are leaders in the field because their state-enabling land bank legislation includes a recurring funding mechanism, in which a portion of fines and fees of delinquent taxes collected within a county are dedicated exclusively to that county's land bank. In New York, the two land banks that receive significant, recurring contributions from their local governments (Syracuse Land Bank receives about \$1 million annually and Albany County Land Bank receives about \$250,000 annually) are also the most impactful.

<sup>4</sup> Statement by Gus Frangos, Executive Director of Cuyahoga County Land Bank.

resources designed to address equitable community development and housing affordability. BAM's statutory authority provides a number of avenues for coordination with these systems, and in the coming years it must receive the necessary capacity investment such that it can operationalize that statutory authority.

Land banks and the enabling statutes that authorize them were created to address a challenge rooted in systemic racism and poverty and exacerbated by broken and insufficient legal and policy frameworks. Healing those systems and remediating VAD in an equitable fashion may not occur quickly. But such healing is immanently possible and, in fact, has already been occurring for generations through the leadership and commitment and creativity of resident leaders and, long-standing community development and other organizations. By grounding this Action Plan in the national best practices described above, and drawing on local excellence and opportunities, we hope BAM can, in the near term and for the long haul, obtain the resources needed to achieve measurable and equitable impacts in tackling VAD properties, in concert with its partners.

## **B. What's in This Action Plan and Why**

This Action Plan builds off BAM's *Blight Elimination Strategic Framework: 2020 - 2023* and its *2021 Annual Report*. This Plan is meant to convey to local leaders and stakeholders BAM's potential if properly resourced and embraced as a powerful tool to align with other strategies, policies, and investments aimed at addressing VAD properties at the root. All of the menu items described in this Action Plan assume the identification by BAM of 'Priority Neighborhoods' for investment in the next few years, at least. A list of such neighborhoods has already been identified by BAM in its *Blight Elimination Strategic Framework*, reflecting the reality that BAM must focus its initial efforts in order to achieve measurable impacts and build out its suite of offerings.

**Using the 'tree and root analogy' as a framework for action.** Each section will outline successive steps BAM can take through community engagement and program development as it builds trust, knowledge, lived experience, and a track record of success—cultivating deeper roots to heal the harm to neighbors and neighborhoods caused by VAD properties. Each step indicates the special powers exercised, estimated resources needed to carry out the service, the anticipated partners to achieve success, and reasonable goals.

- **“Ground Level”** services and programs are those that may be achieved and utilized to acquire and care for parcels relatively simply, and that may increase the number of relationships BAM has with **all** Memphians.
- **“Topsoil Root”** services and programs are those that build deeper and integrated relationships with existing partners, and that may achieve easily identifiable impacts beyond simple care of a parcel—including, for example, cost-savings to nonprofit partners, or moving non-productive inventory held by public entities to nonprofit and private entities that maintain the property and put it to productive use.
- **“Deep Root”** services and programs are those that, over time, will contribute to systemic reform, to scaled equitable development and inclusive neighborhood

stabilization in Memphis. These kinds of programs will serve as models for communities throughout Tennessee and the nation, and may contribute to systemic transformation at the federal, state, and local levels. Deep-root programs and impacts are only achievable in the context of deep partnerships with the constellation of nonprofit organizations already operating in Memphis community development, and with residents most impacted by vacancy and abandonment throughout the City.

**Community engagement services and programming** could begin, as outlined in Section II, with simple social media campaigns, more inclusive marketing efforts, celebration of partner programs, and then move on to Priority Neighborhood “Meet and Greets.” Deeper community engagement programming could include specific coordination with Memphis 3.0 small area planning efforts to inform specific and widespread BAM property acquisition and disposition activities, and ultimately result in intentional dispositions achieving community control and ownership of land, and partnered advocacy efforts between BAM and neighborhood leadership for federal, state, and local policy reforms and priorities.

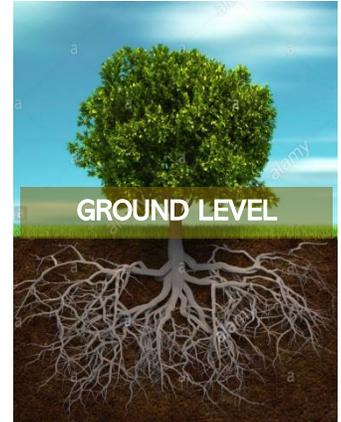
**Property acquisition programs** described in Section III range from relatively simple acquisition strategies through donations and municipal transfers, to slightly more complex and proactive acquisition strategies, such as its new Land Deposit Program or a more intentional partnership with the Shelby County Land Bank. A proactive acquisition strategy whereby neighborhoods working with BAM could request specific vacant parcels for delinquent tax enforcement (described in this Action Plan as the Community Benefit Tax Foreclosure Program and illustrated in Appendix C) represents an important strategy to work towards in partnership with decision-makers to take advantage of BAM’s powers to acquire properties through the tax foreclosure process. Finally, and when fully resourced and deeply rooted in neighborhoods and in partnership, BAM has the statutory authority to serve in a property development capacity, either through programming like deed-in-escrow structures, receivership, or ultimately as a partner in larger scale development projects. With appropriate capacity investment, BAM will be poised to operationalize those statutory powers.

**A note on revenue.** This Action Plan is focused on the menu of community engagement and property acquisition programs that BAM can create and lead if *resourced appropriately*. While not a focus of this Action Plan, it is indeed possible that BAM can ultimately generate *some* revenue outside of public and philanthropic dollars to support its operations and activities. For example, over time BAM might expect to generate revenue through (a) property sales, (b) depository and other agreements with partners whereby BAM charges a fee for land holding and maintenance, (c) savings achieved through economies of scale as its land portfolio grows, and (d) the tax recapture authorized by Tennessee law whereby BAM may collect a portion of newly generated tax revenues for up to five years on properties it moves back to the tax rolls. Each of those opportunities for revenue generation are highly speculative in nature at this stage of BAM’s development, and thus this three-year Action Plan sets a broad goal of generating 25% of BAM’s operating expenses through its programming by year 3. **No land bank in the country consistently generates 100% of operating revenue through its property dispositions and programming, therefore identifying long-term, recurring funding sources will be key.**

## II. BAM COMMUNITY EDUCATION AND ENGAGEMENT SERVICES AND PROGRAMS

### A. Update and Build out BAM's Website and Social Media Presence

BAM's website and social media, particularly in the age of COVID, are the first and primary ways in which most Memphians can begin to learn about and access BAM. It is the way BAM can describe its programs and offer easy access to applications for properties and conversation. It provides a means for BAM to build and deepen relationships by simply linking to partner websites, celebrating partner successes, sharing relevant partner information, and collecting and sharing stories about movement and success in equitable community development throughout Memphis.



#### **PARTNERS**

- Nonprofit partners in BAM priority neighborhoods
- City of Memphis
- Shelby County Land Bank
- Other community partners



#### **BAM POWERS AND RESPONSIBILITIES**

- BAM is designed to be “utilized by the communit[y] to facilitate the return of vacant, abandoned and tax-delinquent properties to productive use” (T.C.A. § 13-30-102(5))
- Must maintain public inventory of all real property held (T.C.A. § 13-30-111(b))
- An annual financial and activity report, along with an audit, must be prepared and filed with the creating local government(s) and made available to the public (T.C.A. § 13-30-112(a-e))



#### **COSTS**

- Covered by General Operating, assuming a minimum staffing of Executive Director and part-time Office Manager

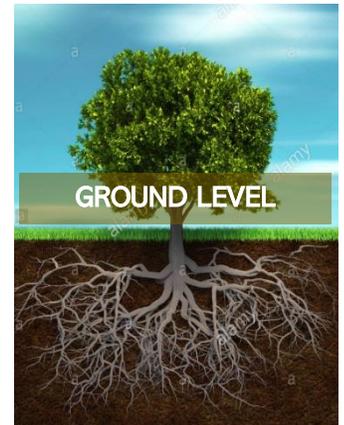


#### **GOALS**

- Implement an e-newsletter, and commit to monthly distribution to keep community informed of meetings, activities, successes, and related news
- Continue to build-out online presence and keep website and social content fresh

## B. Develop Tiered Marketing Plans for BAM Properties and Programs

As BAM begins to acquire properties through the acquisition programs outlined below, it will need to develop a variety of marketing strategies to connect available properties to end-users, and to support residents and partners in putting properties to use in a manner desired by the surrounding community. To ensure equity, those marketing strategies will likely need to occur at both the neighborhood and citywide level, and should be conducted in concert with BAM's overall mission and vision and in collaboration with BAM's partners. Any marketing strategy will implicate the need for a property data system that both captures important data on a given parcel, and communicates that information to the public and to BAM partners in a digestible and easy to access format.



### PARTNERS

- Nonprofit partners in BAM priority neighborhoods
- City of Memphis
- Innovate Memphis
- Other community partners



### BAM POWERS AND RESPONSIBILITIES

- BAM is designed to be “utilized by the communit[y] to facilitate the return of vacant, abandoned and tax-delinquent properties to productive use” (T.C.A. § 13-30-102(5))
- Must maintain public inventory of all real property held (T.C.A. § 13-30-111(b))
- An annual financial and activity report, along with an audit, must be prepared and filed with the creating local government(s) and made available to the public (T.C.A. § 13-30-112(a-e))



### COSTS

- Covered by General Operating, assuming a minimum staffing of Executive Director and part-time Office Manager



### GOALS

- Acquire and operationalize a property data and management system that can capture property data in real time including, for example, assessed value, any lien value, costs to maintain and manage, proximity to CDC operating areas and existing community redevelopment projects
- Track and market available BAM parcels through the BAM website and other means, including any appropriate conditions on disposition or desired end-uses/end-users
- Build out BAM acquisition and disposition policies and procedures to ensure appropriate flexibility in accordance with Tennessee law
- Ensure policy framework supports acquisitions and dispositions that are conducted in a manner that serves the mission and vision of BAM and its community partners, and that lead in the direction of

community control and ownership of land in the neighborhoods most impacted by vacancy and abandonment

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### C. Host “Meet and Greets” in Priority Neighborhoods

BAM will begin to design and ultimately institutionalize regular and ideally in-person “Meet and Greets” in Priority Neighborhoods. BAM should publicize these local meetings and provide food for those in attendance. Each “Meet and Greet” should include both basic 101 educational information about BAM and its programs, and should also provide an avenue for BAM partners to share information, successes, and challenges. BAM might consider formalizing a partnership with Innovate Memphis to co-present at each “Meet and Greet,” to educate residents about neighborhoods trends, how to use the Memphis Property Hub, and brainstorm and identify opportunities for action. BAM should seek to find multiple ways at each event to celebrate and invest in neighborhood residents and local businesses—from purchasing the food to lifting up and putting a spotlight on local grassroots community development and local businesses. And BAM should be always asking whether and how it can contribute to local efforts—and learning from residents how to avoid causing harm.



#### **PARTNERS**

- Residents of Priority Neighborhoods
- Shelby County Land Bank
- Nonprofit partners in BAM priority neighborhoods
- City of Memphis
- Innovate Memphis
- Other community partners



#### **BAM POWERS AND RESPONSIBILITIES**

- BAM is designed to be “utilized by the communit[y] to facilitate the return of vacant, abandoned and tax-delinquent properties to productive use” (T.C.A. § 13-30-102(5))
- Must maintain public inventory of all real property held (T.C.A. § 13-30-111(b))
- An annual financial and activity report, along with an audit, must be prepared and filed with the creating local government(s) and made available to the public (T.C.A. § 13-30-112(a-e))



#### **COSTS**

- Covered by General Operating, assuming a minimum staffing of Executive Director, part-time Office Manager, and Community Engagement Manager and/or formal community engagement partnership with Innovate Memphis

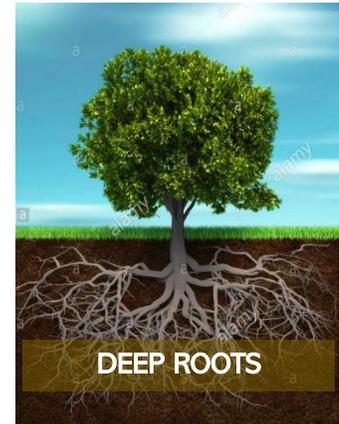


#### **GOAL**

- Institutionalize quarterly “Meet and Greets” in Priority Neighborhoods

## D. Link to Planning and Engagement Efforts in Priority Neighborhoods

In partnership with Memphis 3.0, Innovate Memphis, and other development partners, BAM will develop and institutionalize programming in Priority Neighborhoods that will result in authentic community input for the acquisition of VAD properties as well as the disposition of properties within BAM's inventory. **BAM need not take the lead on neighborhood planning initiatives, but should build strategic links to planning efforts to help identify VAD properties within the study area and explore strategic acquisition, stewardship, and reuse opportunities that complement overall planning goals.** For example, BAM should explore if the Memphis 3.0 Small Area planning efforts can expressly include utilization of BAM as an implementation tool for neighborhood plans. This community engagement process and practice, which involves deepening the partnership with Innovate Memphis, might include community data mapping and visioning, facilitated planning on possible short and long term uses of VAD parcels within the planning area, and end-use decision-making grounded in goals, priorities, and resources available from local resident leaders and community development stakeholders (e.g., proposed Tax Increment Financing projects, affordable housing development, anchor institutional development, economic development and otherwise). The creation and institutionalization of this deep neighborhood engagement process would not only lead to local direction and control of properties in BAM's portfolio, but also inform and direct BAM's proactive acquisition strategies of parcels and projects in the Priority Neighborhood. This kind of deep and authentic community engagement, and focus on community led/community control of the future of VAD properties, would also certainly provide helpful support for any BAM request to access public dollars and philanthropic dollars in service of these efforts.



### PARTNERS

- Residents of Priority Neighborhoods
- Nonprofit partners in BAM Priority Neighborhoods
- City of Memphis
- Shelby County Land Bank
- Innovate Memphis
- Other community partners



### BAM POWERS AND RESPONSIBILITIES

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### COSTS

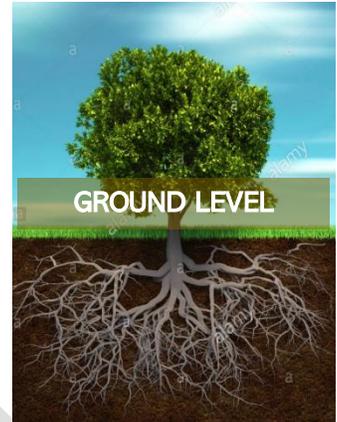
- Covered by General Operating, assuming a minimum staffing of Executive Director, part-time Office Manager, Community Engagement Manager (or formal partnership with Innovate Memphis), and Operations Manager

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# III. BAM PROPERTY ACQUISITION SERVICES AND PROGRAMS

## A. PROPERTY DONATION PROGRAM

Perhaps the most basic and passive form of acquiring properties, BAM can receive donations of real property directly from property owners including burdensome vacant lots and structures that pose harm to the surrounding neighborhood. BAM may choose to pay back taxes and other costs associated with donated properties. BAM reserves the right to rehabilitate, maintain, sell, or demolish donated properties.



### PARTNERS

- Memphis property owners, preferably in Priority Neighborhoods



### BAM POWERS AND RESPONSIBILITIES

- Flexible acquisition powers including acquisition by donation (T.C.A. § 13-30-110(a))
- Holds land tax exempt and may pay back taxes owed by donative owner (T.C.A. § 13-30-116(a-b))
- Responsible for property maintenance in accordance with state and local laws and ordinances (T.C.A. § 13-3-110(c))
- Must maintain public inventory of all real property held (T.C.A. § 13-30-111(b))



### COSTS

- Each parcel received through donation will incur costs associated with acquisition, initial clean-up, and ongoing maintenance. If the donation is a significantly distressed property, demolition may be necessary. *(See Appendix B for cost details)*

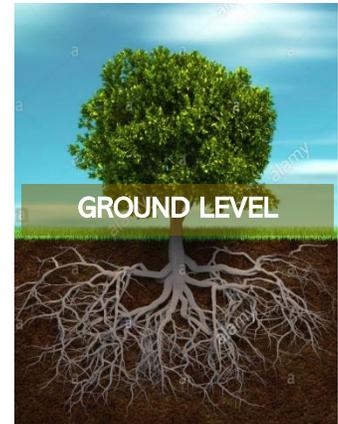


### GOALS

- Operationalize and begin to market Donation Program: Goal of 20 donated properties in BAM inventory by June 2022
- Evaluate on an annual basis, acknowledging carrying costs of cleaning and maintaining donated properties that may have little to no market value

## B. MUNICIPAL TRANSFER PROGRAM

BAM can acquire properties transferred directly from local government partners including the City of Memphis and Shelby County. For example, if the City of Memphis acquires title to properties through housing and building code enforcement processes, the City may then transfer one or more parcels to BAM for remediation, holding, and disposition in support of community priorities and neighborhood needs. Some municipalities have transferred significant inventories of publicly held parcels to a newly created land bank, embracing a vision of the land bank becoming a central, nimble, and expert clearinghouse in stewarding the disposition of vacant, underutilized parcels in support of equitable, inclusive development



### **PARTNERS**

- Shelby County and Memphis Local Government



### **BAM POWERS AND RESPONSIBILITIES**

- Flexible acquisition powers including acquisition by transfer from municipal governments (T.C.A. § 13-30-110(b))
- Holds land tax exempt and may pay back taxes owed (T.C.A. § 13-30-116(a-b))
- Responsible for property maintenance in accordance with state and local laws and ordinances (T.C.A. § 13-3-110(c))
- Must maintain public inventory of all real property held (T.C.A. § 13-30-111(b))



### **COSTS**

- Each parcel transferred will incur costs associated with acquisition, initial clean-up, and ongoing maintenance. If the donation is a significantly distressed property, demolition may be necessary. *(See Appendix B for cost details)*



### **GOALS**

- Operationalize and begin to market the Municipal Transfer Program: Goal of 10 municipal transfer properties in BAM inventory by June 2022
- Evaluate on an annual basis, acknowledging carrying costs of cleaning and maintaining transferred properties that may have little to no market value

## C. LAND DEPOSIT PROGRAM

In accordance with its Land Deposit Policy, BAM may acquire properties from nonprofit partners to be held in the Land Bank tax free for a defined short term, pending transfer of the properties back to the nonprofit. By holding properties in this fashion, BAM temporarily reduces holding costs for the nonprofit, while the nonprofit assembles properties or focuses on other activities (such as pre-development planning, financing, and structuring) to advance a project. Providing this redevelopment incentive to local nonprofit partners encourages community-led economic development efforts.



### **PARTNERS**

- Nonprofit partners in BAM priority neighborhoods
- Shelby County Tax Assessor and Memphis Treasurer's Office



### **BAM POWERS AND RESPONSIBILITIES**

- Flexible acquisition powers (T.C.A. § 13-30-110(a-b))
- Hold land tax exempt (T.C.A. § 13-30-116(a))
- Responsible for property maintenance in accordance with state and local laws and ordinances (T.C.A. § 13-3-110(c))
- Must maintain public inventory of all real property held (T.C.A. § 13-30-111(b))



### **COSTS**

- Each parcel held through a Land Deposit Program will incur minimal costs, since the partner organization depositing the land will still be responsible for ongoing maintenance. Costs for BAM are largely personnel, including legal support, administrative support, and routine inspection services.

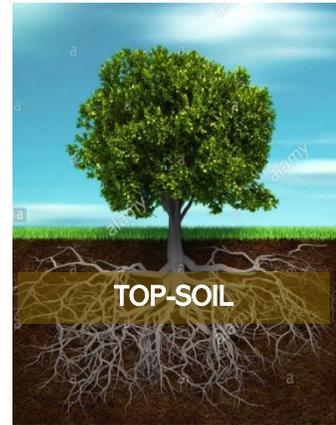


### **GOALS**

- Operationalize and begin to scale-up the Land Deposit Program: Goal of 50 Properties under management by June 2022
- Maintain and grow Land Deposit Program: Goal of 150 Properties under management by June 2023
  - Expand program to constellation of CDCs and affordable housing providers throughout Memphis, beginning in Priority Neighborhoods and expanding beyond
  - Explore generating additional savings for partners on maintenance through economies of scale, hiring of local/neighborhood maintenance providers and contractors
  - Ensure fees required for program represent significant savings to CDC partners, but are also sufficient to cover and slightly exceed BAM's costs to operate and manage the program

## D. SHELBY COUNTY LAND BANK DRAW-DOWN PROGRAM

In accordance with its Land Acquisition and Disposition Policies, BAM may submit purchase applications and acquire properties at no charge (per Shelby County's policy of allowing donations to nonprofits) from the Shelby County Land Bank ("SCLB") on behalf of and upon request by partner nonprofits. Upon acquisition of parcels from SCLB, quiet title actions will generally be required to obtain clean, clear, and marketable title. Following the quiet title action, BAM will likely either immediately transfer the parcel(s) to the partner nonprofit, or move the parcel(s) into a Land Deposit Agreement with the partner nonprofit. As this program develops, BAM may utilize its bulk quiet title power to reduce costs and complete more efficient and economical title clearing processes for BAM and its nonprofit partners.



### PARTNERS

- Shelby County Land Bank
- Nonprofit partners in BAM priority neighborhoods
- Other community partners



### BAM POWERS AND RESPONSIBILITIES

- Flexible acquisition powers including acquisition by transfer from municipal entities (T.C.A. § 13-30-110(b))
- Holds land tax exempt (T.C.A. § 13-30-116(a-b))
- Authority to conduct bulk quiet title actions (T.C.A. § 13-30-117(d))
- Responsible for property maintenance in accordance with state and local laws and ordinances (T.C.A. § 13-3-110(c))
- Must maintain public inventory of all real property held (T.C.A. § 13-30-111(b))
- Flexible disposition powers including disposition for highest missional end-use in accordance with local community goals and priorities (T.C.A. § 13-30-111(c))



### COSTS

- Each parcel acquired from SCLB will incur nominal acquisition costs, and legal costs associated with a quiet title action. Additional costs, and personnel costs to manage this more complicated acquisition mechanism, may vary based on arrangement with partnering nonprofit. *(See Appendix B for cost details)*



### GOALS

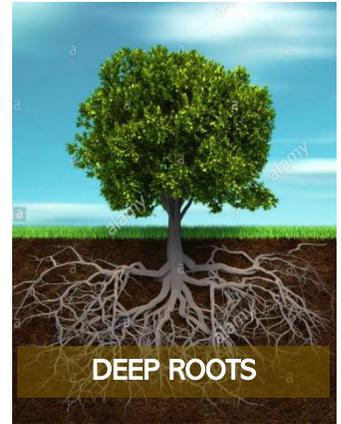
- Deepen relationship with SCLB and develop one-pager explaining the program, roles of separate parties, and benefits to partner nonprofits
- Goal to acquire up to 5 parcels in each of three different Priority Neighborhoods, for holding in Land Deposit Program or immediate transfer to nonprofit/CDC end-users
- In 2023 or sooner, expand program to constellation of CDCs and affordable housing providers throughout Memphis

**FOR INTERNAL PURPOSES ONLY**

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## E. COMMUNITY BENEFIT TAX FORECLOSURE PROGRAM

According to data provided by the Memphis Treasurer, there were approximately 35,000 parcels eligible for the tax sale in 2020, and more than 10,000 of these are chronically tax delinquent (at least 5 years delinquent).<sup>5</sup> As trust deepens among partners, so too can the roots. In that event, BAM would like to develop a program whereby nonprofit partners can identify chronically tax delinquent, vacant lots and structures for acquisition through this Community Benefit Tax Foreclosure Program, which opens up significantly more opportunities for equitable redevelopment (see Appendix C). With the help of Innovate Memphis and consistent with BAM's identified Priority Neighborhoods, nonprofit partners would provide BAM and the Shelby County Trustee with a list of properties desired, and the Shelby County Trustee would proceed with appropriate tax foreclosure process against these chronically delinquent and vacant properties. At the ensuing tax sale, BAM would acquire those properties *in the absence of any third-party bidder* utilizing its no cash bid authority. Upon acquisition at tax sale, BAM would proceed to quiet title on acquired properties and then promptly transfer the properties to the appropriate nonprofit partner—or move these properties into a Land Deposit Agreement on behalf of the nonprofit partner. As this program develops, BAM may utilize its bulk quiet title power to reduce costs and complete more efficient and economical title clearing processes for BAM and its nonprofit partners. Upon acquisition of properties through the tax sale process and necessary actions to quiet title, BAM reserves the right to rehabilitate, demolish, maintain, sell, or otherwise dispose of properties in furtherance of its mission and in accordance with any agreements between BAM and nonprofit partners and approval of the BAM Board of Directors.



### **PARTNERS**

- Nonprofit partners in BAM priority neighborhoods
- Shelby County Trustee's Office



### **BAM POWERS AND RESPONSIBILITIES**

- Flexible acquisition authority including power to acquire property through tax sale auctions for no cash bids where there are no other bidders on a parcel (T.C.A. § 13-30-110(f)(2))
- Holds land tax exempt (T.C.A. § 13-30-116(a-b))
- Authority to conduct bulk quiet title actions (T.C.A. § 13-30-117(d))
- Responsible for property maintenance in accordance with state and local laws and ordinances (T.C.A. § 13-3-110(c))
- Must maintain public inventory of all real property held (T.C.A. § 13-30-111(b))
- Flexible disposition powers including disposition for highest missional end-use in accordance with local community goals and priorities (T.C.A. § 13-30-111(c))



### **COSTS**

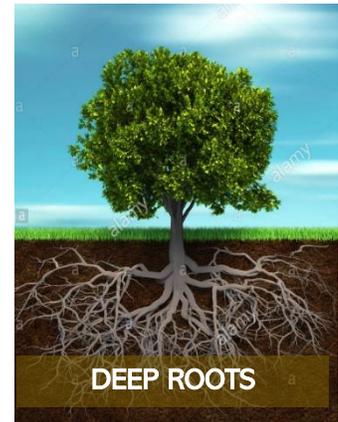
<sup>5</sup> Source: Memphis Property Hub, 2020 City of Memphis Treasurer Data, and 2018 Shelby County Trustee Data.

- Will vary considerably based on minimum bid amount, but other subsequent costs will be similar to those from the SCLB Draw-Down Program

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## F. ADVANCED ACQUISITION AND DEVELOPMENT PROGRAMMING

As BAM receives critically needed capacity investment, and gains significant experience and a demonstrated track record with real property acquisition, maintenance, and disposition in partnership with municipal and nonprofit partners, BAM will be poised and prepared to take, as appropriate, a deeper role in VAD property development. Equitable and inclusive development could be achieved through programs such as the emerging deed-in-escrow program, whereby BAM will identify responsible local developers or hopeful resident-property owners who will commit to acquiring a vacant lot or substandard vacant residential structure from BAM, developing/rehabilitating that property, and BAM will hold the deed-in-escrow until successful project completion to leverage that successful completion. Other land banks around the country have found that ultimately the land bank needs to acquire a detailed project scope and work closely with first-time home developers to achieve a successful project. Other “deep root” possibilities include BAM serving as a receiver for code delinquent vacant properties that come through the Environmental Court, in accordance with the Neighborhood Preservation Act. BAM could, if named receiver by the court, rehabilitate the property and either recoup its investment or acquire the property through enforcement of a receiver lien against the property.<sup>6</sup> Finally, BAM could work with nonprofit and private partners to actually serve as co-developer or co-owner on larger scale residential and commercial development projects in Priority Neighborhoods throughout Memphis as appropriate.



### **PARTNERS**

- City of Memphis, Code Enforcement and Law Departments
- Environmental Court
- Nonprofit and for-profit developers
- First time homebuyer/rehabbers



### **BAM POWERS AND RESPONSIBILITIES**

- Power to rehabilitate, renovate, demolish and otherwise improve real property (T.C.A. § 13-30-109(10)(a))



### **COSTS**

- It is not possible to provide an average cost of these ‘deep root’ opportunities given the variable nature of the work, the role BAM will assume for each program and project, and that costs to rehab a property could range from \$10,000 to \$150,000. Other factors include costs of enforcement and title clearing, amount of public and private debt associated with parcel, and the value the property may reflect in either a public action (tax sale or receiver lien enforcement) or on the open market.

<sup>6</sup> See TN Neighborhood Preservation Act, T.C.A. § 13-6-101 *et seq.*

## Appendix A. Three-Year Check List and Aspirational Goals for BAM

Over the next three years, with adequate operational support, BAM is poised to become a critical and dynamic institutional partner to entities in every corner of the Memphis community—from City Hall to CDC neighborhood meetings to real estate investment board rooms. The following check list provides key goals for BAM’s journey, and the activities/tasks are grouped into categories for ease of reference:

- Organizational Development/Funding Activities
- Community Engagement Activities
- Acquisition Activities
- Disposition Activities

### FISCAL YEAR 2021 (JULY 2021-JUNE 2022)

- Work to develop relationships in order to secure adequate multi-year operational funding for staff build-out including executive director, part-time office manager, field maintenance manager, community engagement manager and necessary and appropriate consulting support (e.g., legal counsel, policy consultants, property management/insurance etc.)
- Finalize Land Acquisition, Maintenance, Disposition Board Policies, and Land Deposit Program Policy
- Continue update and build-out of BAM website
- Operationalize a sufficient and public-facing property data and management program that can also be utilized to develop various tiered marketing programs for BAM properties and programs
- Affirm the three Priority Neighborhoods to focus BAM activities in 2021-2023
- Complete at least three “Meet & Greets” in Priority Neighborhoods to:
  - Provide Land Bank 101 for neighborhood stakeholders
  - Highlight successes of key neighborhood nonprofit partner(s)
  - Share information/presentations from partners including Innovate Memphis and Shelby County Land Bank (SCLB)
  - Seek community input and guidance
- Operationalize and market the Land Deposit Program: Goal of 50 properties under management by June 2022
- Operationalize and market the Donation Program: Goal 20 donated properties in BAM inventory by June 2022
- Deepen relationship with SCLB, collaborate on development of one-pager describing the SCLB Draw-Down Program, and identify partners and properties for pilot(s)
- Support up to 10 Adopt-A-Lot Projects in Priority Neighborhoods in partnership with Memphis City Beautiful
- Complete up to five dispositions of BAM parcels to responsible end-user and track/summarize story and success of end-use



Estimated Costs

FOR INTERNAL PURPOSES ONLY

- Operations, including staffing and overhead = \$270,000
- Property acquisition, stewardship, and maintenance = See costs throughout the menu of programs in Sections II and III, as well as Appendix B

## FISCAL YEAR 2022 (JULY 2022-JUNE 2023)

- Increase adequate multi-year operational funding to add operations manager and necessary and appropriate consulting support and property management support as portfolio grows
- Revise annual expense/revenue goals in light of experiences and program evaluation
- Continue board and stakeholder education/community engagement:
  - Institutionalize quarterly “Meet and Greets” in Priority Neighborhoods
  - Explore additional community engagement programming in partnership with larger CDC and nonprofit community, and around BAM success stories and impacts
- Evaluate Donation Program’s costs and benefits following first-year experiences, and revise goals for fiscal year 2022
- Maintain and grow Land Deposit Program: Goal of 150 properties under management by June 2023
  - Expand program to constellation of CDCs and affordable housing providers throughout Memphis, beginning in Priority Neighborhoods and expanding beyond
  - Explore generating additional savings for partners on maintenance through economies of scale, hiring of local/neighborhood maintenance providers and contractors
  - Ensure fees required for program represent significant savings to CDC partners, but are also sufficient to cover and slightly exceed BAM’s costs to operate and manage the program
- Pilot SCLB Drawn-Down Program in partnership with CDCs in Priority Neighborhoods: Goal of 15 properties (five parcels in each of three different Priority Neighborhoods) for holding in Land Deposit Program or immediate transfer to nonprofit/CDC end-users
- Evaluate Adopt-A-Lot Program, and if appropriate, seek funding to build capacity of BAM and partner, Memphis City Beautiful, to expand opportunities for residents, particularly those in Priority Neighborhoods
- Pilot Side-Lot-Disposition Program in Priority Neighborhoods
- Pilot Deed in Escrow/small-scale residential development projects, with a goal of two to five properties
- Complete up to 30 dispositions of BAM parcels in accordance with BAM mission, priorities, and community priorities; track/summarize story and success of end-use



### Estimated Costs

- Operations, including staffing and overhead = \$400,000
- Property acquisition, stewardship, and maintenance = See costs throughout the menu of programs in Sections II and III, as well as Appendix B

## FISCAL YEAR 2023 (JULY 2023-JUNE 2024)

- Increase adequate multi-year operational funding for at least three full-time employees and necessary and appropriate consulting support and property management support
- Generate enough revenue from programming to cover 25% of annual BAM operations expenses
- Revise annual expense/revenue goals in light of experiences and program evaluation
- Expand and deepen board and stakeholder education/community engagement:
  - Institutionalize quarterly “Meet and Greets” in Priority Neighborhoods
  - Provide Land Bank 101 for neighborhood stakeholders
  - Highlight successes of key neighborhood nonprofit partners
  - Share information/presentations from partners including Innovate Memphis, SCLB, and others
  - Share BAM disposition/land deposit success stories
  - Seek community input and guidance
- Scale and institutionalize SCLB Draw-Down Program:
  - Expand program to constellation of CDCs and affordable housing providers throughout Memphis, beginning in priority neighborhoods and expanding beyond.
  - Generate additional savings for partners on maintenance through economies of scale, hiring of local/neighborhood maintenance providers and contractors.
  - Ensure fees required for program represent significant savings to CDC partners, and are also sufficient to provide for significant ongoing BAM operational costs
- Maximize activity under the Land Deposit Program, as capacity and opportunities allow
- Pilot acquisitions through County and/or City tax foreclosure/enforcement systems under the Community Benefit Tax Foreclosure Program:
  - Identify up to 10 vacant parcels in Priority Neighborhoods that are tax delinquent a minimum of five years; request tax foreclosure on identified chronically delinquent parcels with commitment for BAM to bid in the absence of third-party bidders or redemption
- Pilot Receivership Program in partnership with Environmental Court, with a Goal of two properties
- Evaluate, adjust accordingly, and set new annual goals for Side-Lot Disposition Program, Adopt-A-Lot Program, and Deed-in-Escrow Program
- Complete up to 60 dispositions of BAM parcels in accordance with BAM mission, priorities, and community priorities; track/summarize story and success of end-use



### Estimated Costs

- Operations, including staffing and overhead = \$500,000
- Property acquisition, stewardship, and maintenance = See costs throughout the menu of programs in Sections II and III, as well as Appendix B

## FIVE YEARS FORWARD: ASPIRATIONAL STATEMENT AND GOALS

FOR INTERNAL PURPOSES ONLY

*BAM aims to serve as a community development tool that **encourages and enables community control and ownership of land** in Memphis by discouraging speculative investing activities, prioritizing equitable outcomes, and implementing the community engagement and property acquisition programs described in this Action Plan with an unwavering commitment to building deep, authentic, and creative relationships with those most impacted by vacancy and abandonment.*

*By 2026, Memphis residents will understand and respect BAM for the following reasons:*

- Embedded in deep partnerships, carries out widespread acquisition, using credit and trump bid powers, and title clearing on tax delinquent vacant properties in concert with neighborhood/community led stabilization and affordable housing initiatives
- Institutionalizes robust and accurate tracking of outcomes on parcels through BAM programs, coordinates data tracking with Innovate Memphis and other partners, and cultivates citywide a collaborative culture of data-driven decision-making that supports equitable outcomes
- Delivers resources and results for Priority Neighborhoods with a strong commitment to inclusion, not only improving and strengthening neighborhood markets but also ensuring affordable housing choices for residents at all income-levels in emerging neighborhoods of opportunity
- Plays key role as strategic partner in large-scale affordable housing and equitable commercial development that leads to housing and economic development enjoyed by legacy residents of BAM priority neighborhoods
- Serves as a trusted partner in large-scale and commercial development projects
- Identifies, supports, and successfully advances state and local policy reforms to ease and increase BAM neighborhood stabilization activities
- BAM and its partners, including local and county governments, operate as models for land banks **and** neighborhood stabilization coalitions around the country

## Appendix B. Cost Analysis Notes

The mission-driven work of land banks is resource-intensive. After all, land banks commonly acquire and steward properties that the private market has passed over, and in neighborhoods that have been harmed by decades of unjust policies and decisions that have led to the inequitable distribution of resources and opportunities. Repairing the harms to neighbors and neighborhoods caused by VAD properties will require sustained and strategic public investments that, if done equitably, will advance equitable, inclusive development that benefits all residents of Memphis—especially those most impacted by the lasting legacy of vacancy, abandonment, and disinvestment.

The costs below are collected from quotes and payments BAM has had to encounter since it began its land management operations. As the inventory of properties increases, it is likely BAM could procure services more cost-effectively simply because of economies of scale (and through unit pricing). Each property that BAM acquires under the programs described in the Action Plan will have a combination, if not all, of the following acquisition and management costs listed below.

### **Due Diligence & Acquisition Costs for a Vacant Property (under one acre)**

- Closing costs: \$350 – \$1,500 (minimum)
- Quiet title action attorney fees and court costs: \$2,000 (minimum)
- Property inspection: \$250 (structures only)
- Reserve for satisfaction of delinquent taxes: \$1,500
- Asbestos Testing: \$650 – 2000 (structures to be demolished)

### **Initial Interventions: Stabilization and/or Demolition**

- Initial clean-up and stabilization: \$1,500
- Demolition (permit fees, demolition, debris removal, grade): \$8,000 – \$15,000
- Fence repair and/or installation: \$2,000
- Sidewalk repair: \$700 (per square)
- Tree trim and/or removal: \$500 – \$1,500 (per tree)
- Haul off excessive trash and debris: \$400 (per dumpster)
- Additional chemical treatment: \$675 (per application, seven recommended)
- Seeding: \$150 (per site)

### **Ongoing Maintenance per Vacant Property**

- General annual property maintenance (inspections, mowing, trash removal, secure and board): \$2,000 – \$2,500

## Appendix C. Mapping Opportunities of the Community Benefit Tax Foreclosure Program

Neighborhood CDCs in Memphis, similar to CDCs in most other communities, regularly rely on publicly owned properties as a source for cost-effective acquisitions. In Memphis, that inventory is primarily held by the Shelby County Land Bank, which has been a great partner to neighborhood CDCs in providing vacant properties (structures and lots) at nominal cost for affordable housing.

However, there is another potential pipeline of vacant and abandoned properties—chronically tax delinquent properties (those properties with at least five years of tax delinquency)—that could be accessed and transformed to neighborhood assets if there was a shared and stronger commitment among local partners, especially City leadership, to integrate and analyze parcel data information, better align problem property policies and practices, collaborate across sectors, and resource this work accordingly.

The inventory of chronically tax delinquent properties in the city of Memphis is extensive, and should be viewed as an untapped “portfolio of possibilities” that, with deep and trustful partnerships, could be activated in support of equitable development (see Table A below).

Table A. Public Property Disposition Sources for BAM Community Partners

Source	Properties Available <sup>7</sup>	Structures	Lots
Shelby County Land Bank	2,016	243	1,773
Chronically Tax Delinquent <sup>8</sup>	12,759	9,786	2,973

To illustrate the untapped “portfolio of possibilities,” these two property groups were mapped at the CDC service area level for Heights CDC and at the project level of the Heights Line, a neighborhood led initiative to create the longest linear park in Memphis along a former trolley line.<sup>9</sup>

As the maps below show (see Maps A – D), the potential opportunities for cost-effective acquisitions—and equitable, inclusive development—expand **significantly** when you include the chronically tax delinquent properties. Thus, the Community Benefit Tax Foreclosure Program proposed in this Action Plan is an **ambitious, collaborative, and proactive approach** to transform longstanding tax delinquent, abandoned properties that have been causing harm to neighbors and neighborhoods to assets that support equitable, inclusive development—and BAM can play a critical role in supporting this work in strategic

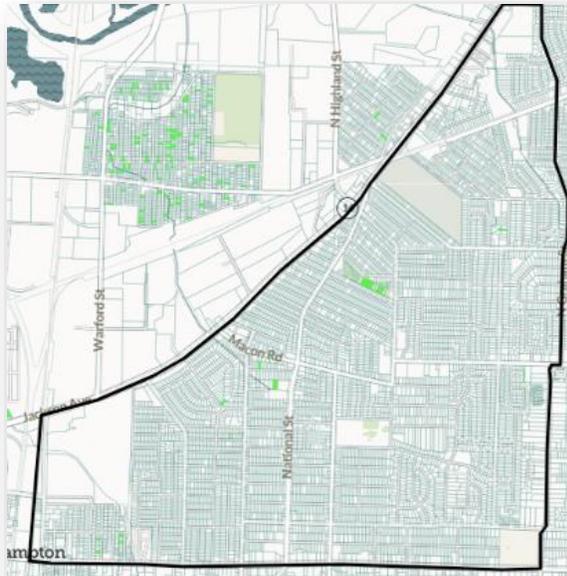
<sup>7</sup> The universe of properties available reflects only those located in the city of Memphis.

<sup>8</sup> According to 2020 City of Memphis Treasury Data and 2018 Shelby County Trustee Data. The most recent universe of chronically tax delinquent properties, defined by five years or more of tax liens, is unclear at the time of publication.

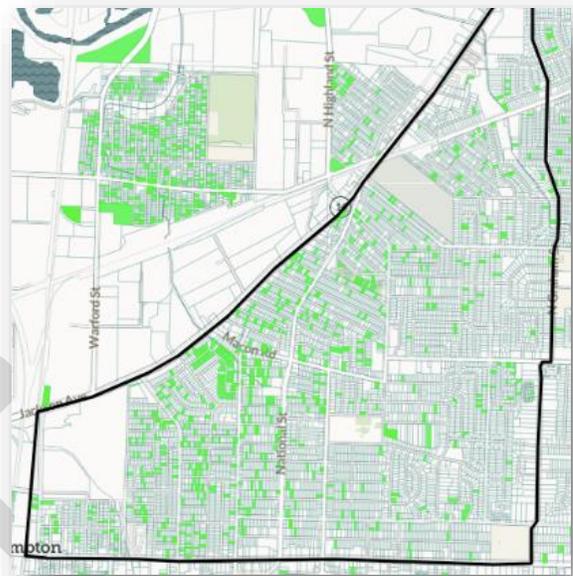
<sup>9</sup> According to the project’s dedicated website, the Heights Line “will provide a much-needed public space amenity in North Memphis, and connect disinvested historic neighborhoods to nearby parks, urban centers, and transit routes.” To learn more of the project, see <https://www.heightsline.com/>.

partnership with residents, the City, County, Innovate Memphis, CDCs, and other community development partners.

**What this looks like at the CDC Level (the border represents the CDC service area):**



**Map A.** There are 22 parcels held by the SCLB in the Heights CDC service area.

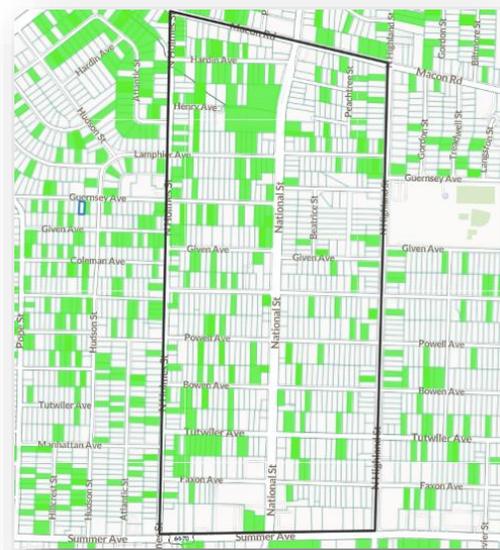


**Map B.** There are 691 parcels that are at least five years tax delinquent in the Heights CDC service area, representing a *significantly* expanded portfolio of possibilities for CDC acquisition and activation in support of equitable development.

**What this looks like at the Project Level (the border represents the Heights Line project area):**



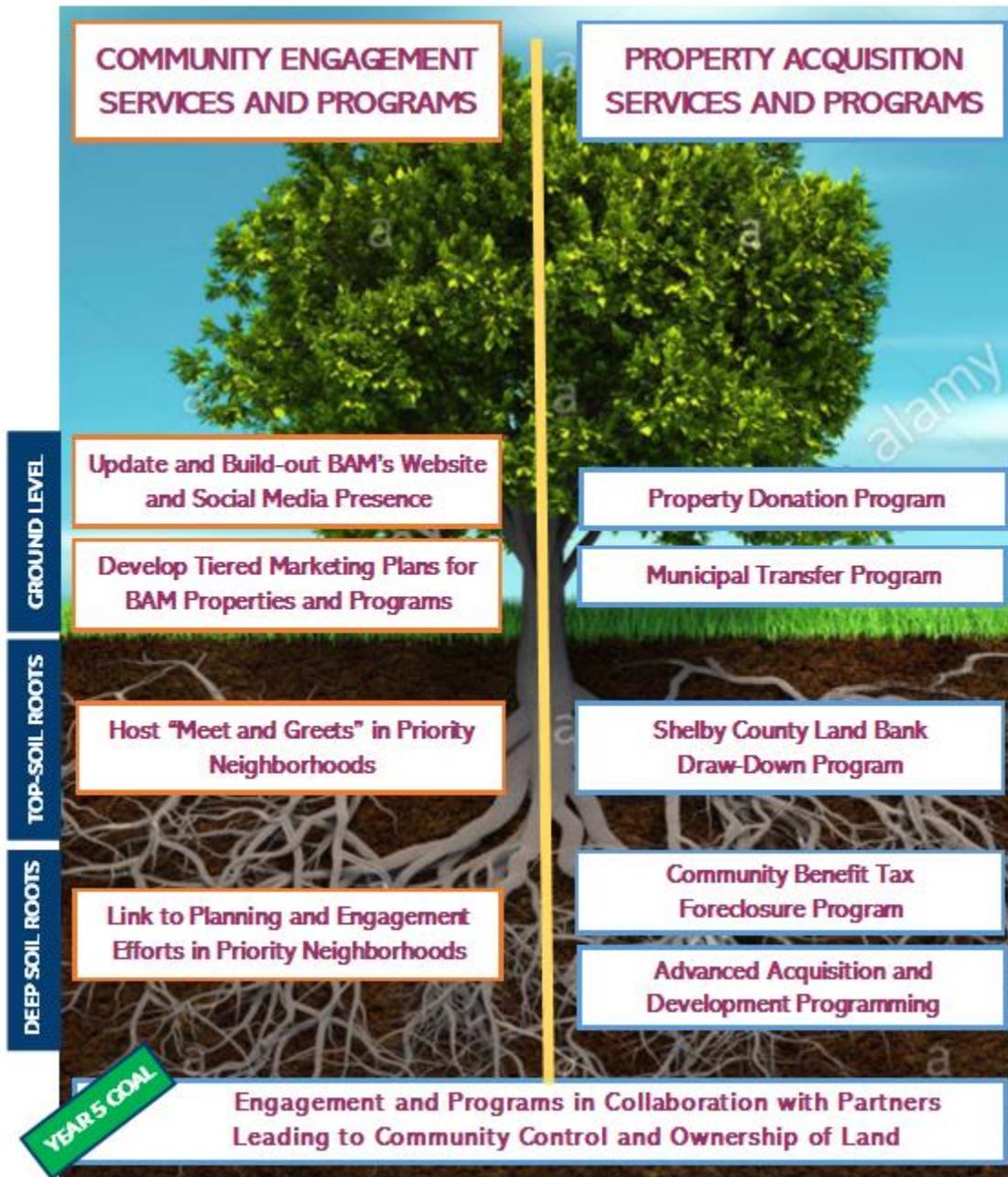
**Map C.** There are five parcels held by the SCLB in the Heights Line project area.



**Map D.** There are 78 parcels that are at least five years tax delinquent *exclusively within* the Heights Line project area; with many more parcels immediately adjacent to the project area.

**FOR INTERNAL PURPOSE**

# Appendix D. Tree Graphic One-Pager



# WILLIAMS D. BRACK

C: (404)-324-6615

WILLIAMSBRACK@GMAIL.COM

## SUMMARY

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Disciplined business development professional with an entrepreneurial spirit, strong business acumen, and focus on creating and strengthening relationships.

## EXPERIENCE

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### Regions Bank

*VP, Community Development Manager*

11/2020 - Present

- Lead the bank's efforts in meeting the requirements of the Community Reinvestment Act
- Develop and expand external relationships through outreach with local, state and regional Community Development organizations focusing on affordable housing, small business development, neighborhood revitalization and stabilization, disaster recovery and essential services for low- and moderate-income individuals and families.
- Monitor and track best practices, issues and trends regarding community development
- Serve as a subject matter expert for Market Executives, Business Groups and Community Affairs on community issues and organizations and provide advice and guidance

*VP, Commercial Relationship Manager III*

12/2019 – 11/2020

- Identifies, prioritizes and develops relationship strategy for high-value retention, expansion clients and acquisition targets
- Delivers knowledgeable advice and solutions, institutionalizes client relationships, and optimizes revenue opportunities to the Commercial Bank
- Isolates current and emerging client needs and proactively introduces solutions
- Engages relevant business partners in team-based portfolio development and expertise delivery
- Plans and executes quality client/prospect calls
- Manages transaction processes from initial engagement through final close, including structure, pricing, internal approval / compliance processes and documentation
- Exercises high degree of credit acumen and pricing discipline

### First Tennessee Bank – Business Credit (Asset Based Lending)

*Business Development Officer*

- Identify, develop and close new business opportunities with companies producing revenues between \$25 million to \$500 million.
- Understand the customers' industry, business cycles, competitive advantage, management, financials and business strategy to determine the risks of pursuing a banking relationship
- Recognize and understand risk/return and establish and negotiate the terms under which credit will be extended to include pricing, fees, cost repayment method and schedule, collateral requirements, etc.
- Develop and convert relationships with private equity groups, hedge funds and commercial lenders in the northeast corridor between Washington, D.C. and Boston
- Write and present credit memos to underwriting team and credit partners

### NORTHWESTERN MUTUAL

*Wealth Manager*

- Top 5% in sales
- Helped high net worth individuals and small businesses achieve their financial goals
- Grew financial planning business from 5 initial leads to approximately 500 relationships
- Acquired Series 66 and Series 7

# WILLIAMS D. BRACK

## EDUCATION

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### **MOREHOUSE COLLEGE**

*Bachelors of Business Administration Concentration: Finance*

2010

## COMMUNITY & CIVIC

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### **Downtown Memphis Commission (DMC)**

*Board Member & Treasurer*

- The DMC is the official partnership between local government and the private business community directing Downtown Memphis' development.
- DMC Board of Directors oversees organization strategy and vision as well as contract approvals.

### **Memphis Tilth**

*Board Member & Finance Committee*

- Our mission is to cultivate collective action for an economically sustainable, socially equitable, and environmentally sound local food system.
- Memphis Tilth serves as a forum for the exchange of ideas and information between gardeners, farmers, beekeepers, tree planters, ranchers, orchardists, and everyone else seeking the creation of local sustainable agriculture and forestry.

### **Memphis and Shelby County Community Redevelopment Agency**

*Uptown TIF District Community Advisory Committee*

- Direct spending of \$95 million over 14 years

### **College Football Quarterback**

Williams D. Brack, also known as “Brack” is the Vice President and Community Development Manager for Regions Bank in West Tennessee and Arkansas.

In this role, Brack works with Regions’ local-market executives and additional colleagues to identify opportunities to invest in community development activities related to the Community Reinvestment Act. Consistent with Regions’ strategic approach to community engagement, areas of focus include financial wellness, affordable housing, small-business development and neighborhood revitalization in low- or moderate-income areas.

After growing up in Greenwood, MS, where poverty ranges between 30% - 40%, this harsh reality motivated Brack to dedicate his life to understanding personal finance, business finance, and wealth creation. As a seasoned professional with more than 10 years’ experience, Brack has been a commercial banker advising businesses with revenues between \$25 million and \$500 million on the most efficient ways to structure their finances to grow and thrive. Brack was also a financial advisor, working with high-net-worth individuals and families on the best ways to protect, grow, and gift their assets.

Brack co-hosts two podcasts. The Grindset Podcasts is an interview style podcasts that highlights the stories of Black women entrepreneurs in Memphis. Sell or Fail is a national interview style podcast that believes sales is for everyone and is focused on educating and entertaining listeners about sales and selling across every industry and discipline.

Brack earned a BA in finance from Morehouse College and was the starting quarterback on the football team. He is also a board member and treasurer on the Downtown Memphis Commission, a quasi-governmental agency that serves as the economic, cultural, and governmental core of our city and county. He’s authored articles and/or been featured in the Commercial Appeal, The New Tri-State Defender, The Tennessee Tribune, Daily Memphian, and Atlanta Journal Constitution. Brack was also honored as the Memphis Businesses Journal 40 under 40 in 2018.

Prior organization include:

Memphis and Shelby County Community Redevelopment Agency

- Uptown TIF Advisory Committee

Memphis Tilth Board Member

Memphis Urban League Young Professionals

- Financial Literacy Chair