



## GENERAL DISPOSITION POLICY

The mission of the Newark Land Bank ("NLB"), in part, is to dispose of properties in a manner that will improve the quality of neighborhoods, increase land values, create diverse housing opportunities and return properties to the City's tax rolls.

Transfer of any given property is subject to the following priorities to: (a) boost homeownership opportunities for Newark residents, (b) promote redevelopment and reuse of vacant, abandoned, foreclosed or tax-delinquent properties, (c) support targeted efforts to stabilize neighborhoods, (d) stimulate residential, commercial and industrial development, and (e) undertake its actions in ways that are consistent with goals and priorities established by local government partners and other community stakeholders.

In determining the requirements for property disposition by the NLB, the following policies, as approved by the Invest Newark Board of Directors, shall serve as a foundation for our disposition programs and shall conform with the Land Bank Agreement set forth by City of Newark Municipal Ordinance 6PSF-a adopted on April 7, 2020.

### I. General Property Disposition

Individuals and entities that were the prior owners of property at the time of the tax foreclosure which transferred title to the City shall be ineligible to be the Buyer of such property from the NLB.

The Buyer must not own any real property that: a) has any un-remediated citation or violation of the state and local codes and ordinances; b) is tax delinquent; c) was transferred to a local government as a result of tax foreclosure proceedings.

In consideration of a business relationship with Invest Newark, the NLB may make inquiries to verify the accuracy of applicants' information. These queries may include consumer credit history, education, professional licensing, criminal history, driving record, personal character abilities, residency, general reputation, performance, experience, and other qualities pertinent to the NLB's policies and certification criteria.

All tax incentives and financing necessary for development to be completed must be committed for the development prescribed in the development agreement prior to actual disposition.

Applications and Purchase Agreements will require a fee and earnest money deposit, respectively, for all property transfers. Properties purchased under the Side Lot Sale do not require a deposit. Application fees are non-refundable. Earnest money deposits are in an amount equal \$1,000 for financed sales or an amount equal to fifteen percent (15%) of the acquisition price for purchases made in cash. NLB will retain \$500 of all deposits as an administrative fee. NLB will apply the balance of the earnest money deposit against the balance

of the purchase price due at closing. If closing does not occur, the entire fee may be forfeited. All purchase agreements are subject to all policies and procedures of the NLB.

A precise description of the future use of the property, including the scope of work to be completed, is required for property transfers, as applicable. The future use must be in-line with local development plans. The purchase agreement shall apply to the stated use.

The proposed use must be consistent with current zoning requirements or a waiver for non-conforming use will be a condition precedent to the transfer.

Transactions shall be structured in a manner that permits the NLB to enforce recorded covenants or conditions upon title pertaining to the development and use of the property for a specified period of time. Such restrictions may be enforced, in certain cases, through reliance on subordinate financing, deed restrictions, and deeds in escrow held by the NLB. Any exception to the policies governing disposition shall be taken to the governing body of the NLB for approval.

Properties purchased through PRO Newark, Move-In Ready, or Resident Advantage Homeownership Sales will be subject to the following property restrictions for a period of twenty (20) years:

- Property owner must notice Invest Newark prior to marketing the property for sale
- Invest Newark has the right of first refusal to purchase the property
- Property owner is only permitted to resell to a first-time homebuyer who earns no more than (80%) of Area Median Income (AMI), as certified by Invest Newark.
- Property owner must reside in the home for a minimum of seven (7) years
- Profit from the sale of the property will be limited as follows:
  - 7-11 years - 50% of profit to homeowner, 50% to Invest Newark
  - 12-15 years - 60% of profit to homeowner, 40% to Invest Newark
  - 16-20 years - 80% of profit to homeowner, 20% to Invest Newark

\*Note- The synopsis of the deed restriction above is for summary purposes only. The full deed restriction will be a part of the purchase agreement and will be available on the resources page of the Invest Newark website at [landbank.investnewark.org](http://landbank.investnewark.org).

If code or ordinance violations exist with respect to the property at the time of the transfer, the development or purchase agreements shall specify a maximum period of time for elimination or correction of such violations, with the period of time established to the nature of the violation of the anticipated redevelopment or reuse of the property.

NLB may consider 'Land Leasing' as a method of disposition in any transactions.

NLB will require potential non-homeowner buyers to submit a plan that includes, at a minimum, the following:

1. Project description narrative, which includes the end-use of the property
2. Scope of work
3. Development schedule

4. Investment plan including the purchase price of the property and projected development costs in an itemized budget
5. Track record/experience of the Buyer in undertaking similar projects
6. Two (2) professional references

NLB will prepare and provide a quitclaim deed for the property and otherwise facilitate closing. For financed properties, the deed will include deed restrictions and a right of reverter to ensure compliance with all NLB policies and requirements. For properties purchased in cash, the deed is held in escrow to ensure that buyers uphold their commitment to meet the terms in their application and purchase agreement and complete their project in a timely fashion. Once the buyer has received a Certificate of Occupancy or a Certificate of Continued Occupancy and complies with all requirements set forth by the Newark Building Department and the NLB, the deed is released, and the title is transferred.

All closing costs including, but not limited to, title examination, recording fees, attorney fees, and if desired, title insurance, are the responsibility of the Buyer and are not included in the sale price.

## **II. Use of Properties**

- Owner-occupant housing
- Mixed owner-occupant and rental housing
- Side lots for transfer to adjoining landowners
- Development of public green space (parks and gardens)
- Mixed-use development
- Supportive housing
- Commercial retail
- Commercial office
- Parking

## **III. Nature and Identity of Buyers**

- Individuals or families who can demonstrate that they will own, rehabilitate, and occupy the residential property for a given period of time.
- Reputable, experienced, and qualified real estate developers, partnerships, limited liability corporations, or joint ventures comprised of private non-profit and for-profit entities.
- Reputable landlords or qualified real estate investors.
- Qualified nonprofits corporations that will hold title to properties on a long-term basis (primarily rental properties), hold title to the property for purposes of subsequent redevelopment, or for other community-oriented purposes.
- Local government entities that will use properties for a public purpose.
- Businesses that will own and occupy commercial properties.

#### **IV. Limit on Properties Conveyed**

NLB shall not convey more than ten (10) properties in a single transaction, subject to the specific terms and conditions set forth in a Program or RFP. Sale of additional properties to the same buyer, whether as an individual or member of a group, will not be considered unless any prior transactions with the NLB have been completed in accordance with the purchase agreement to which the said prior sale is subject.

#### **V. Public Review of Inventory**

In accordance with the Land Bank Agreement, the entire inventory of all real property held by NLB will be made available on the website at [www.investnewark.org/land-bank](http://www.investnewark.org/land-bank) and information will include at a minimum:

- Parcel address
- Parcel block and lot number
- Date the parcel entered the inventory
- Whether the parcel is available for sale

Parcels categorized as follows will not be listed as “available for sale”:

- Assemblage of property for future development in a manner consistent with goals and priorities established by local government partners and other community stakeholders, particularly in low to moderate income areas targeted for revitalization
- Space for urban farming, community gardens
- Public spaces and places for parks, green space, and other public purposes
- Land assemblage for economic development
- Property held for future strategic uses

#### **VI. Pricing of Properties for Sale**

Except where special pricing has been set to meet NLB priorities of homeownership, NLB will require good and valuable consideration in an amount not less than the fair market value, appraised value of the property, or a comparative market analysis as determined by the NLB, or the Development Costs. “Development Costs” is defined as the aggregate costs of acquisition, maintenance, repair, demolition and marketing of the property.

#### **VII. Reserved Discretion**

Newark Land Bank reserves full and complete discretion to decline applications and proposed transaction agreements from individuals and entities. Relevant criteria in such decision may include but are not limited to:

- failure to perform in prior transactions with the NLB,
- prior or current ownership of properties that became delinquent in ad valorem tax payments and remain delinquent in ad valorem tax payments during their ownership,
- parties that are barred from transactions with local government entities,
- parties that are unable to demonstrate sufficient experience and capacity to perform in accordance with the requirements of the NLB,

- ownership of properties that have any un-remediated citation for violation of federal, state and local codes, ordinances and regulations, and
- application for properties that exceed the annual threshold allowable sales to any one entity

### **VIII. Approval of Property Transfers**

All property transfers must be approved by NLB and reported to the Invest Newark Board of Directors at the next regular scheduled meeting following the property transfer.

### **IX. Public Disclosure**

NLB is an open and transparent organization. NLB transactions, reports, Community Advisory Board meeting minutes, organizational documents and list of properties are a matter of public record and posted on the website at [www.investnewark.org/land-bank](http://www.investnewark.org/land-bank) within five (5) business days from the close of a transaction.