Land Bank

March 06, 2018
City Commission Room, 701 N. Jefferson, Junction City KS 66441

Pat Landes
Phyllis Fitzgerald
Tim Brown
Jeff Underhill
Nicholas Allbritton

1. 6:00 P.M. - CALL TO ORDER:

2. NEW BUSINESS:

a. Consideration of Land Bank Minutes for February 20, 2018 Meeting. (p.2)

b. Discussion regarding how to market Land Bank Properties. (p.5)

3. ADJOURNMENT:

Backup material for agenda item:

a. Consideration of Land Bank Minutes for February 20, 2018 Meeting.

JUNCTION CITY LAND BANK BOARD OF TRUSTEES MINUTES

February 20, 2018 8:00 p.m.

CALL TO ORDER

A meeting of the Junction City Land Bank Board of Trustees was held on Tuesday, February 20, 2018 with Chairman Pat Landes presiding.

The following members of the Land Bank were present: Pat Landes, Phyllis Fitzgerald, Tim Brown, Jeff Underhill and Nicholas Allbritton via phone. Staff present was: Allen Dinkel and Shawna Settles.

NEW BUSINESS

Land Bank Minutes for December 19, 2017 Meeting was presented for consideration. Trustee Underhill moved to approve Land Bank Minutes for December 19, 2017 Meeting, seconded by Trustee Brown. Ayes: Landes, Fitzgerald, Brown, Underhill and Allbritton. Nays: None. Motion Carried.

Land Bank Minutes for January 8, 2018 Meeting was presented for consideration. Trustee Fitzgerald moved to approve Land Bank Minutes for January 8, 2018 Meeting, seconded by Trustee Brown. Ayes: Landes, Fitzgerald, Brown, Underhill and Allbritton. Nays: None. Motion Carried.

There was discussion regarding how to market Land Bank Properties. It was discussed to take the lots out of the Neighborhood Revitalization Plan (NRP) and eliminate special assessments, sell one lot at $5,000 to include having a building permit within six months and a house complete or substantially progress the lot will revert back to the Land Bank and the buyer will lose purchase amount, sell ten or more at $3,000 per lot to include having a building permit within six months and have all houses complete by five years (six of ten must be complete before the purchase of more lots) and existing homeowners may purchase lots adjacent to them (without having to build a home) but not behind them.

ADJOURNMENT

Trustee Fitzgerald moved, seconded by Trustee Underhill to adjourn at 8:17 p.m. Ayes: Landes, Fitzgerald, Brown, Underhill and Allbritton. Nays: None. Motion Carried.

APPROVED AND ACCEPTED THIS 6TH DAY OF MARCH AS THE OFFICIAL COPY OF THE JUNCTION CITY LAND BANK BOARD OF TRUSTEES MINUTES FOR FEBRUARY 20, 2018.

Shawna Settles, Secretary Pat Landes, Chairman

Backup material for agenda item:

b. Discussion regarding how to market Land Bank Properties.

City of Junction City

Land Bank

Agenda Memo

02/28/2017

From: Allen J. Dinkel, City Manager

To: Land Bank Trustees

Subject: **Discussion of Sale of Land Bank Properties**

Objective: Discuss how to market Land Bank Properties.

At the Land Bank meeting held on February 20 there was much discussion about how to market lots. Much of the discussion centered on the removing of the special assessments from the Land Bank lots.

Last week Chairman Landes sent me the following proposal regarding the marketing of Land Bank lots.

1. Remove all Land Bank properties from the Neighborhood Revitalization Plan.

2. Eliminate the special assessments on all Land Bank properties.

3. The purchase price of each lot is $5,000. A building permit must be on file with the city of Junction City within 6 months of the purchase. The house must be built within 2 years from the purchase date. If after 2 years the house is not completed or substantial progress is not made, the lot will revert to the Junction City Land Bank and the purchaser will lose their purchase fee.

4. Building contractors registered with Junction City may purchase 10 lots for $3000/lot. The contractor will have up to 5 years to build homes on all lots. A building permit for the first home must be on file with the city of Junction City within 6 months of the purchase. If after 5 years the construction of homes on all lots is not completed or substantial progress is not made, the remaining lots will revert to the Junction City Land Bank and the purchaser will lose their purchase fee. The contractor may apply for a one-time extension with the Land Bank committee.

5. Existing homeowners along Land Bank lots may purchase the lot adjacent to them (not behind their home) for $5000 and will not pay special assessments on the newly purchased lot. The existing homeowner does not have to build another home.

I then contacted City Attorney Logan and asked her to review and make comment on these proposals. I asked her to take a close look at items 3 and 4 since it involves the transfer of the lot back to the Land Bank if the purchaser does not build home(s) in a given amount of time. Below are Katie's comments.

The obligation to reconvey would have to be documented in a recorded document, or in the deed itself. But the bigger problem with 3 and 4 is that the purchaser will most likely need to borrow the cost of construction of a home on the property, and accordingly the lending bank will require a mortgage on the land. No bank I can think of will take a mortgage subject to a contingent obligation to reconvey the property back to the Land Bank. A bank might be willing to loan with a mortgage against a lot if the contingent obligation to reconvey to the Land Bank is subordinate to the mortgage (which means that if the buyer/borrower defaults on the mortgage and the bank forecloses, the foreclosure would eliminate the obligation to reconvey to the land bank.

I have received some comments regarding the waiving of Special Assessments and the affect it will have on the value of homes that may be beside a Land Bank lot since they are paying Special Assessments and the person living beside who builds a home would not be. On the other hand for nearly three years the Land Bank lots were in the Neighborhood Revitalization Plan (NRP) so they would have also had an advantage over the neighboring lots. With this proposal the NRP would no longer be applicable.

Some other details that may be need to considered are:

1. If a person who now owns a house and buys a neighboring Land Bank lot(s) we will require to the lots joined into one lot?
2. If a person buys multiple lots, will they need to be joined into one lot as well?
3. Since this has already been requested, can a person buy a portion of a Land Bank lot?

I have been having discussions with a group of potential investors/builders regarding Olivia Farms. I would recommend keeping that subdivision off of the list to sell at this time. This group is working through a number of details that are unique to this property.