Rehabilitation Policy

The Land Bank may acquire improved properties at the request of a potential end user or may elect to acquire an improved property with the intention of rehabilitating the property for future sale.

The Land Bank will work with community groups, qualified contractors, individuals and others seeking to purchase and rehab a home in order to return a property to private ownership as soon as possible.

The Land Bank's resources are best used to identify an end-user who will take title to the property and return it to productive use. An important part of this process is ensuring that properties in need of rehabilitation are brought up to code, at minimum, or to quality housing standards, as established by the Land Bank. With this in mind, the Land Bank will attempt to achieve an appropriate balance between necessary maintenance and the efficient use of its resources.

Procedures:

1. Property evaluation
    a. The Land Bank will utilize a building inspector and/or certified contractor to evaluate the condition of the structure, identify required repairs and estimate the cost of the repairs.
    b. Minimum rehab requirements will be based on local building codes and repairs necessary to obtain a certificate of occupancy.
    c. The Land Bank may establish specific quality housing standards that exceed minimum building code requirements.
2. Property showing
    a. The Land Bank will maintain a list of homes available for rehab. The list will include basic property information, such as parcel number, address, neighborhood, square feet and availability. Such list may be displayed in a manner determined by the Land Bank (i.e. website, hard copy maintained in Land Bank office, etc.).
    b. Interested rehabbers and/or purchasers may submit an offer for the property along with their qualifications and rehab specifications. Rehab specifications will be reviewed for compliance with local building standards and/or the Land Bank's quality housing standards.

3. Vetting rehabbers

   a. The Land Bank will vet all rehabbers prior to entering into any contract or purchase agreement for a property.
   b. The rehabber's company and its principal officer or officers are vetted for chronic tax delinquency, chronic housing violations, violent crime and chronic lawsuits involving rehabilitation and subcontractor disputes.
   c. The Land Bank will review verified, previous successful rehabs and, ideally, references from quality CDCs or city officials.
   d. The Land Bank will consider the financial capacity of the rehabber in completing the required work.
   e. Results of the vetting process will determine whether a property will be sold directly to the rehabber, rehabbed and sold to another purchaser, sold through a deed-in-escrow program, or the offer rejected and the property made available to other rehabbers.
   f. The vetting process should be thorough enough to ensure that the Land Bank will not be viewed as "flipping" the property.
   g. In cases where the rehabber has a well-known reputation and proven success in rehabbing properties, the property may be transferred directly to the rehabber. When a rehabber has no negative history, but also no verifiable history, the Land Bank will take steps to ensure that all rehab work is completed to an acceptable standard, normally a certificate of occupancy.

4. Deed-in-escrow

   a. When working with unproven contractors, community groups or individuals, the Land Bank must ensure that the distressed property is brought up to at least minimum standards.
   b. The "deed-in-escrow" agreement involves the execution of a purchase agreement, but the deed is held in escrow until the rehabber secures a Certificate of Occupancy or other approved documentation upon completion of the work. At that time, the rehabber pays the purchase price for the property. There are several obvious benefits to the deed-in-escrow agreement.
      i. The LRC literally holds title to the property until the work is completed. If the rehabber fails to perform mid-stream, the rehabber forfeits all improvements and expenses made on behalf of the property;
      ii. This process is based on a predictable and objective standard, i.e., Certificate of Occupancy;
      iii. The property remains in a tax-free state while the rehab is being completed;
      iv. The rehabber is not required to pay the purchase price until the work is completed thereby not tying up his/her money.

v. Entry into a deed-in-escrow contract gives the buyer "equitable title" to the property (and thereby an insurable interest).

c. If the rehabber's insurance agency or lender insists on the rehabber having actual title, then a "reverse deed-in-escrow" provides yet another alternative. In this situation, the deed is transferred to the rehabber for the purpose of procuring insurance and/or financing. Simultaneously, the rehabber contingently tenders a deed directly back to the CLRC. If the rehabber fails to perform as promised, the LRC is free to file the deed back into its name.