



**DANVILLE CITY COUNCIL
SPECIAL WORK SESSION AGENDA**

MUNICIPAL BUILDING

March 13, 2019

5:30 P.M.

MEETING CALLED TO ORDER

WORK SESSION ITEMS

- A. Consideration of Designation of the DNDC as the City's Official Land Bank Entity.
Council Letter Number CL - 2047.

COMMUNICATIONS FROM

- A. City Manager
- B. Deputy City Manager
- C. City Attorney
- D. City Clerk
- E. Roll Call

ADJOURNMENT

Council Letter

City of Danville, Virginia



CL-2047

Work Session Item #: A.

Special Work Session Meeting

Meeting Date: 03/13/2019

Subject: Designation of the DNDC as the City's Official Land Bank Entity

From: Earl B. Reynolds, Jr., Deputy City Manager

COUNCIL ACTION

Special Work Session Meeting: 03/13/2019

SUMMARY

During the 2016 session of the General Assembly, the Land Bank Entities Act was adopted. The legislation was recommended by the Virginia Housing Commission, which is chaired by Delegate Danny Marshall. At the suggestion of Vice Mayor Vogler, a study of the value of Land Banks in helping to address blighted conditions in Virginia cities was undertaken. With the unanimous support of the Virginia Housing Commission, Delegate Marshall introduced the Land Bank Entities legislation which took effect July 1, 2016.

BACKGROUND

Since the adoption of the Land Bank Entities Act, the City initiated the creation of the Danville Neighborhood Development Corporation (DNDC). One of the founding purposes of the DNDC was to assume the administration of the land bank program, and to consolidate the operations of the land banking activities that are currently divided among several City departments and the Danville Redevelopment and Housing Authority. Towards this end, the DNDC Board and community representatives from various neighborhoods, as well as private sector representatives, received training on effective land bank operations from the Center for Community Progress, the premiere provider of Land Bank training and technical assistance in the nation (see attached Land Bank Training Announcement).

The DNDC Executive Director is currently working with City staff, residents, church leaders, and the DRHA administration to create redevelopment plans for derelict structures and vacant lots in the Almegro, Monument-Berryman, OWE, Cardinal Village, Schoolfield, Westmoreland, and North Side communities. The redevelopment plans will involve the rehabilitation of the vacant derelict structures, as well as the construction of new owner occupied single family homes.

Once a DNDC property is rehabilitated and occupied or new construction is completed on vacant lots, the property will not be exempted from real estate taxation. Also, the DNDC will not be exempted from paying building permit and other fees required by the City. Since the DNDC is an independent 501(c)(3) non profit organization, and not an official arm or division of the City, the City is not liable for its operations nor will the City be responsible for any debts or other financial liabilities that the DNDC may incur.

RECOMMENDATION

In accordance with the requirements of the Land Bank Entities Act, it is recommended that the City Council approve the attached Ordinance designating the Danville Neighborhood Development Corporation, Inc., as the City's official land bank entity. The City Council also authorizes the City Manager to execute the attached Memorandum of Understanding (MOU) which sets forth the City-DNDC relationship with respect to the administration of the program. Once the MOU is fully executed, one-half of the funds designated in the Blight Eradication Fund for the Land Bank (\$25,000) will be released to the DNCD for this purpose.

Attachments

Ordinance

MOU

Land Bank Training

PRESENTED: _____

ADOPTED: _____

ORDINANCE NO. 2019____.____

AN ORDINANCE DESIGNATING THE DANVILLE NEIGHBORHOOD DEVELOPMENT CORPORATION AS A LAND BANK ENTITY FOR THE PURPOSE OF ASSISTING THE CITY OF DANVILLE IN ADDRESSING VACANT, ABANDONED, AND TAX DELINQUENT PROPERTIES AND TO AUTHORIZE THE CITY MANAGER TO ENTER INTO A MEMORANDUM OF AGREEMENT, AS AMENDED, SETTING THE TERMS AND CONDITIONS OF SUCH DESIGNATION.

WHEREAS, section 15.2-7512 of the Code of Virginia, 1950, as amended, empowers the City of Danville to designate an existing nonprofit entity and its governing board to carry out the functions of a land bank entity; and

WHEREAS, section 15.2-7500 of the Code of Virginia ,1950, as amended, defines an “existing nonprofit entity” as a “nonprofit organization that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code and eligible to receive donations from a locality pursuant to the Code of Virginia, 1950, as amended, section 15.2-953; and

WHEREAS, the Danville Neighborhood Development Corporation is a nonprofit, duly incorporated Virginia non-stock corporation, with its registered office located in Danville, Virginia, and is exempt from taxation under section 501(c)(3) of the Internal Revenue Code, and is eligible to receive donations from the City pursuant to section 15.2-953(B)(vi) of the Code of Virginia, 1950, as amended; and

WHEREAS, by Resolution No. 16-01.06, adopted January 19, 2016, the Council of the City of Danville expressed its support and encouragement for the passage of the “Land Bank Entities Act” as a positive way to address vacant, abandoned, and tax delinquent properties.

NOW THEREFORE, BE IT ORDAINED by the Council of the City of Danville, Virginia, that the City finds that the governance structure, Articles of Incorporation, Charter, Bylaws, and other corporate documents of the Danville Neighborhood Development Corporation are sufficient to authorize the Danville Neighborhood Development Corporation

to carry out the provisions of the Land Bank Entities Act (the "Act"), codified at Title 15.2, Chapter 75 of the Code of Virginia, 1950, as amended; and

BE IT FURTHER ORDAINED that, pursuant to the Act, the Danville Neighborhood Development Corporation is hereby designated as a land bank entity in accordance with and subject to the terms and conditions of the Memorandum of Agreement, as amended, attached hereto; and

BE IT FURTHER ORDAINED that the City Manager, Kenneth F. Larking, be and is hereby authorized to execute the Memorandum of Agreement, as amended, between the City of Danville and the Danville Neighborhood Development Corporation for the purpose of establishing the terms and conditions under which the Danville Neighborhood Development Corporation shall be designated as a land bank entity in the City of Danville and for the City pursuant to the provisions of the act, provided that such Memorandum of Agreement, as amended, must first be approved as to form by the City Attorney and must be substantially in the form of the document attached to this ordinance; and

BE IT FINALLY ORDAINED that this shall take effect upon adoption.

APPROVED:

MAYOR

ATTEST:

CLERK

Approved as to Form and
Legal Sufficiency:

City Attorney

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (this “MOU”) is made and entered into and is effective as of this ____ day of _____, 201_ (the “Effective Date”), by and between the **DANVILLE NEIGHBORHOOD DEVELOPMENT CORPORATION**, a non-stock Virginia corporation (hereafter “DNDC”), and the **CITY OF DANVILLE, VIRGINIA**, a Virginia municipal corporation (hereafter the “City”), (hereafter collectively “the Parties”) under the following circumstances:

WHEREAS:

- A. Section 15.2-7512 of the Code of Virginia empowers the City to designate an existing nonprofit entity and its governing board to carry out the functions of a land bank entity; and
- B. Section 15.2-7500 of the Code of Virginia defines an “existing nonprofit entity” as a “nonprofit organization that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and eligible to receive donations from a locality pursuant Section 15.2-953;” and
- C. The City supports and encourages the use of a land bank as a method for increasing the development of real estate and reducing the number of blighted and vacant properties; and
- D. The DNDC is a nonprofit, duly incorporated as a Virginia nonstock corporation, with its registered office located in Danville, Virginia, exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and eligible to receive donations from the City pursuant to Section 15.2-953(B)(vi) of the Code of Virginia; and
- E. Pursuant to the Land Bank Entities Act as codified at Chapter 75, Title 15.2 of the Code of Virginia (1950), as amended, and the City of Danville Ordinance No. _____, adopted _____, the DNDC has been designated as the sole land bank entity for the City in accordance therewith and subject to the terms and conditions of this MOU.

Now, THEREFORE, the Parties agree as follows:

Section I. Purpose

The purpose of this MOU is to enable the DNDC to acquire and revitalize Eligible Properties and return them to a productive use that benefits the community. As a land bank, the DNDC will promote and facilitate the reclamation, rehabilitation and reutilization of Eligible Properties into habitable residential units (both market rate and affordable that meet all health and safety standards) and neighborhood-serving commercial spaces, neighborhood parks, green infrastructure, urban forestry, water retention, and other uses to foster economic growth within the city. For purposes of this

MOU, “Eligible Properties” means properties that are vacant, abandoned, tax delinquent and/or declared unsafe or unfit for human habitation at the time of acquisition, or vacant surplus properties owned by the City.

Section II. Main Priority

The main priority of this MOU is to ensure that the use of real property conveyed to the DNDC seeks to develop and maintain residential housing (both affordable and market rate). The DNDC Board shall adopt and provide to the City no later than December 31 of each year an annual plan detailing the goals and objectives for the upcoming year. The annual plan shall address, at a minimum, the following:

- Criteria for the prioritization of communities on which to focus development;
- Specific communities that are priorities for the upcoming year(s) pursuant to such criteria; and
- Development goals and strategies, both generally and with respect to specific developments in progress or under consideration.

Section III. Subordinate Priorities

Subordinate priorities of the DNDC include the redevelopment of Eligible Properties into use for neighborhood commerce; the preservation or rehabilitation of historic properties and properties within historic areas as defined by Section 15.2-2201 of the Code of Virginia; purely public spaces and places; and urban agriculture.

Section IV. Sources of Funds

The DNDC may receive funding through donations, grants, loans and in-kind services from the City, the Commonwealth of Virginia, the federal government, and any other public or private source. The DNDC may also receive and retain payments for services rendered, rents and lease payments received, proceeds from the disposition of property, proceeds from insurance coverage for losses incurred, investment income, and any other asset and activity lawfully permitted under Section 15.2-7509 of the Code of Virginia.

In furtherance of the implementation of land bank activities and responsibilities, the City agrees to provide at no cost, access when legally-allowed to non-private data contained within the various integrated systems and platforms serving City offices including, but not limited to, the City of Danville GIS platform, RBS Real Estate Public Inquiry, and Danville Utilities records related to vacant properties. The City further agrees to assist DNDC with the future development of new systems and platforms, subject to the mutual agreement of the parties as to payment.

In addition, the City authorizes the DNDC’s access to the following services provided by the City:

- Mowing and trimming the grass and other vegetation; and
- Securing vacant structures by boarding up doors, windows and other means of entry.

If the City discontinues the provision of any such services, DNDC will provide a detailed annual budget of those costs necessary to assume these responsibilities.

Section V. Real Estate Tax Exemption

Pursuant to and in accordance with Section 15.2-7510 of the Code of Virginia, the DNDC performs a public function on behalf of the City and shall not be required to pay any taxes upon property acquired or used by the DNDC pursuant to this MOU.

Section VI. Acquisition and Disposition of Property

- A. The City may convey Eligible Properties to the DNDC upon such terms and conditions and in accordance with such procedures as may be determined by the City Manager, provided the City Attorney has determined that such procedures conform to applicable law with regard to such Eligible Property. The DNDC shall maintain its real property in accordance with all applicable federal, State, and Danville laws and regulations.
- B. The DNDC shall maintain an inventory of all property held by the DNDC pursuant to this MOU and shall make such inventory available for public review and inspection at all times. The DNDC shall provide, at least once each calendar year on or before July 1, to the City Manager of Danville, a report of such inventory and such other reports as may reasonably be requested by the City Manager.

The DNDC Board shall adopt and make available for public review eligibility guidelines and documentation requirements for organizations or individuals seeking to develop any Eligible Property (which shall address both for-profit and non-profit organizations, as well as the conveyance of properties both at and below fair market value). Such eligibility guidelines and documentation requirements shall be sufficient to evaluate the current capacity of any such organization or individual to develop the Eligible Property in accordance with the Main or Subordinate Priorities set forth in Sections II and III of this MOU, respectively.

Section VII. Financial Interests of Board Members

No member of the DNDC Board or future potential subordinate boards/committees or employee of the DNDC shall acquire any interest, direct or indirect, in real property owned by the DNDC, in any real property to be acquired by the DNDC, or in any real property conveyed by the DNDC. No member of the Board or future potential subordinate boards/committees, or employee of DNDC shall have any interest, direct or indirect, in any contract or proposed contract for materials or services furnished to or

used by the DNDC, other than financing provided by financial institutions. For purposes of this Section, "indirect interest" shall include any employment or representative relationship with any organization or individual acquiring an interest in any DNDC real property or contracts. The DNDC may adopt supplemental rules and regulations addressing potential and existing conflicts of interest and ethical guidelines for members of the Board and employees of the DNDC.

Section VIII. Term of Agreement and Notices

The term of this MOU shall commence on the date first written above and shall continue in effect thereafter unless terminated in accordance with this Section. The MOU may be terminated by either of the Parties upon the giving of written notice to the other party of no fewer than 30 days prior to the effective date. Notice to the City shall be given to the City Manager and a copy to the City Attorney. Notice to the DNDC shall be given to the Executive Director with a copy to the President of the Board of Directors.

All written notices required by one of the Parties to the other party under this MOU or under any provision of the Code of Virginia (1950), as amended, that relates to the function of the DNDC as the designated land bank entity for purposes of this MOU, unless otherwise specified herein or in the Code of Virginia, be deemed duly given by delivering such written notice to the following first class mail delivery address of the intended party to the attention of the proper recipients:

If to DNDC:

Attention: Executive Director
Danville Neighborhood Development Corporation
P.O. Box 3549
Danville, Virginia 24543

Attention: President of the Board of Directors
Danville Neighborhood Development Corporation
P.O. Box 3549
Danville, Virginia 24543

If to the City:

Attention: City Manager
City of Danville
P.O. Box 3300
Danville, Virginia 24543

Attention: City Attorney
City of Danville
P.O. Box 3300
Danville, Virginia 24543

Either party may change its address for the purpose of receiving notice upon written notice of such change to the other party; provided, however, that non-receipt of any notice by the recipient party shall not affect the efficacy of the notice if non-receipt was caused by a change in the recipient's address for the purpose of receiving notice of which the recipient had not notified the other party in accordance with this Section.

Section IX. Disposition of Assets

In the event of the termination of this MOU pursuant to Section VIII hereof or the dissolution of the DNDC pursuant to the requirements of Section 15.2-7511 of the Code of Virginia, all properties acquired by the DNDC pursuant to this MOU in which a legally cognizable property interest in the real estate has not yet been conveyed shall become

the property of the City or its designee. The DNDC agrees to execute all documents necessary to effectuate a transfer of such properties to the City or its designee.

IN WITNESS WHEREOF, the parties have caused this MOU to be duly executed intending thereby to be legally bound.

For the Danville Neighborhood Development Corporation:

By: _____
Name:
Title: President, Board of Directors
Date: _____

For the City of Danville, Virginia:

By: _____
Name: Ken Larking
Title: City Manager
Date: _____

Approved as to Form:

City Attorney



Land Bank: What is it? How can it help Danville?



The oversupply of outdated and dilapidated housing stock, brought about by the loss of jobs and population, has led to a significant and growing vacancy and blight problem in Danville. These conditions contribute to a cycle of low property values and disinvestment on the part of property owners, further discouraging prospective home buyers.

Land banks are a critical tool used by cities and counties across the United States to acquire, maintain, and facilitate the process of putting abandoned properties back into productive re-use. In 2016, the Commonwealth of Virginia passed legislation allowing cities to establish land banks. Danville is poised to be one of Virginia's first cities to establish a land bank. The Danville Neighborhood Development Corporation (DNDC), a nonprofit community development organization, will administer the program.

DNDC and the City of Danville will co-host an ***invitation-only*** roundtable for key community stakeholders to learn from and engage with staff of the Center for Community Progress, a national expert on land banks and other strategies to combat blight. Community Progress staff will lead discussions on the national land bank movement, what the state enabling legislation allows, and how Danville's land bank can turn blighted properties into community assets.

You are cordially invited to join the discussion:

Wednesday, June 20, 2018
1:30 - 3:30 p.m.
502 Franklin Street, 2nd Floor -
The Center for Housing Education

Seating is limited. Please RSVP with *Ernecia Coles* at 434-799-5099 or *Ernecia@DanvilleNDC.org* by June 15.