



SPONSOR: Sen. Townsend & Sen. Henry & Sen. Marshall & Sen. McDowell & Rep. B. Short & Rep. J. Johnson & Rep. Keeley
Sens. Blevins, Ennis; Reps. Baumbach, Bolden, Brady, Matthews, Mitchell, Potter

DELAWARE STATE SENATE
148th GENERAL ASSEMBLY

SENATE BILL NO. 66

AN ACT TO AMEND THE DELAWARE CODE RELATING TO NEIGHBORHOOD CONSERVATION AND LAND BANKS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. Amend Title 31 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

Chapter 47. The Delaware Neighborhood Conservation and Land Banking Act.

§ 4701. Short title.

This chapter shall be known and may be cited as the Delaware Neighborhood Conservation and Land Banking Act.

§ 4702. Legislative findings and purpose.

The General Assembly finds and declares as follows:

(1) Delaware's communities are important to the social and economic vitality of Delaware. Whether urban, suburban, or rural, many Delaware communities are struggling to cope with unoccupied properties or properties incapable of lawful occupation. These vacant and abandoned properties represent lost revenue to local governments and significant expenses associated with demolition, safety hazards, increased calls for emergency services, and deterioration of neighborhoods.

(2) The need exists to strengthen and revitalize Delaware's economy and address the associated harms that result from high numbers of vacant and abandoned properties. Solving these problems requires a coordinated effort to foster the development of such property back into productive use and promote economic growth. Such problems may include multiple taxing jurisdictions lacking common policies; ineffective property inspection; code enforcement and property rehabilitation support; lengthy or inadequate collection proceedings; depressed real estate markets; and lack of coordination and resources to support economic revitalization.

(3) There is an overriding public need to confront the problems caused by vacant, abandoned, and delinquent properties through the creation of new tools to be available to communities throughout Delaware enabling them to turn vacant spaces into vibrant places.

(4) Land banks are one of the tools currently utilized by other communities to facilitate the return of vacant, abandoned and delinquent properties to productive use. This chapter enables the creation of land banks in order to return dilapidated and blighted properties to productive use in Delaware.

§ 4703. Definitions.

The following words and phrases when used in this chapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

(1) “Board of directors” or “board” means the board of directors of the land bank.

(2) “Land bank” means a land bank established under this chapter and in accordance with the provisions of this chapter.

(3) “Foreclosing governmental unit” means any political subdivision of the State of Delaware, where such political subdivision has the power to cause the sale of real property located within its respective jurisdiction for the collection of liens inuring to that political subdivision.

(4) “Large jurisdictional land bank” means a land bank established under this chapter and in accordance with the provisions of this chapter that serves one of the following:

a. An entire county.

b. A foreclosing governmental unit, or a combination of foreclosing governmental units that have formed a single land bank by intergovernmental agreement pursuant to 4705(b) of this title, that in total covers an area with a population in excess of 30,000 persons.

(5) “Liens” means any lien set forth in § 2901(a)(1) of Title 25.

(6) “Trump bid” means a bid submitted by a land bank at the commencement of a sheriff’s sale of real property in the amount of all outstanding liens.

(7) “Vacancy rate” means the percentage of residential structures that have been uninhabited for 6 months or more within a given jurisdiction.

§ 4704. Applicability of Delaware law.

(a) This chapter shall apply only to any land bank created pursuant to this chapter.

(b) Chapters 94 and 95 of Title 29 of the Delaware Code shall not apply to any land bank created pursuant to this chapter.

(c) If any provision of this chapter conflicts with any other provisions of Delaware law, the provisions of this chapter shall prevail.

§ 4705. Creation and existence.

(a) A foreclosing governmental unit may create a land bank by the adoption of a local law, ordinance, or resolution, as appropriate to such foreclosing governmental unit. The foreclosing governmental unit, prior to the adoption

of a local law, ordinance, or resolution creating a land bank, must make a finding that residential structures within its jurisdiction have a vacancy rate at or above 3%. Each county in this State shall have the ability to create a land bank without making such a finding. The local law, ordinance, or resolution creating the land bank shall specify all of the following:

(1) The name of the land bank.

(2) The number of members of the board of directors, which shall consist of an odd number of members, and shall be not less than 7 members. For large jurisdictional land banks, the board of directors shall consist of an odd number of members and shall not be less than 11 members nor more than 15 members.

(3) The names of the initial individuals to serve as members of the board of directors, and the length of terms for which they are to serve.

(4) The qualifications, manner of selection or appointment, and terms of office of members of the board of directors.

(b) Two or more foreclosing governmental units may enter into an intergovernmental cooperation agreement which creates a single land bank to act on behalf of such foreclosing governmental units, which agreement shall be authorized by each of the respective foreclosing governmental units in accordance with subsection (a) of this section. Such intergovernmental agreement shall include provisions for the dissolution of such land bank. In the event that a land bank is created pursuant to an agreement in accordance with this subsection, such agreement shall also specify the matters identified in subsection (a) of this section.

(c) In the event a county creates a land bank, such land bank shall have the power to acquire real property only in those portions of such county located outside of the geographical boundaries of any other land bank created by any other foreclosing governmental unit located partially or entirely within such county.

§ 4706. Board of directors.

(a) The initial size of the board of directors shall be determined in accordance with § 4705(a)(2) of this title. Unless restricted by the agreement specified in § 4705(b) of this title, and subject to the limits set forth in this section, the size of the board of directors may be adjusted in accordance with the adopted bylaws of the land bank and by adoption of a local law, ordinance, or resolution, as appropriate, of the applicable foreclosing governmental unit.

(b) Notwithstanding any law to the contrary, any public officer shall be eligible to serve as a board member and the acceptance of the appointment to the board shall neither terminate nor impair such public office. For purposes of this section, "public officer" shall mean a person who is elected to a State, county, or municipal office. Any State, county, or municipal employee shall also be eligible to serve as a board member.

85 (c) All board members of a land bank must either live in or work in a jurisdiction within the area covered by the
86 land bank. The board shall include at least 1 voting member who is not a public official or municipal employee and who
87 maintains a membership with a recognized civic organization within the jurisdiction of the foreclosing governmental unit.

88 (d) Large jurisdictional land banks shall reserve one board seat for a member to be appointed by the Governor, one
89 board seat for a member to be appointed by the President Pro Tempore of the Senate, and one board seat for a member to be
90 appointed by the Speaker of the House of Representatives. At least half of the members of the board of a large jurisdictional
91 land bank shall not be public officials or municipal employees.

92 (e) The members of the board of directors shall select annually from among themselves a chair, a vice chair, a
93 treasurer, and such other officers as the board may determine, and shall establish their duties as set forth in the bylaws of
94 the land bank.

95 (f) The bylaws of the land bank shall establish rules and requirements relative to the attendance and participation
96 of board members in board meetings, whether regular or special. Such bylaws may prescribe a procedure whereby, should
97 any member fail to comply with such rules and regulations, such member may be disqualified and removed from office by
98 no less than a majority vote of the remaining members of the board, and that member's position shall be vacant as of the
99 first day of the next calendar month. Any person removed under the provisions of this subsection shall be ineligible for
100 reappointment to the board, unless such reappointment is confirmed by the board.

101 (g) A vacancy on the board shall be filled by the adoption of a local law, ordinance, or resolution, as appropriate,
102 of the applicable foreclosing governmental unit and as provided in the bylaws of the land bank.

103 (h) Board members shall serve without compensation. Board members shall have the power to organize and
104 reorganize the executive, administrative, clerical, and other departments of the land bank and to fix the duties, powers, and
105 compensation of all employees, agents, and consultants of the land bank in the manner provided in the bylaws. The board
106 may reimburse any board member for expenses actually incurred in the performance of his or her duties on behalf of the
107 land bank.

108 (i) The board shall meet in regular session according to a schedule adopted by the board and may also meet in
109 special session as convened by any officer of the board or upon written notice signed by a majority of the members of the
110 board. The presence of a majority of the board's total membership, not including vacancies, shall constitute a quorum.

111 (j) All actions of the board shall be approved by the affirmative vote of a majority of the board members present
112 and voting at the applicable meeting. However, no action of the board shall be authorized on any of the following matters
113 unless approved by a majority of the total board membership:

114 (1) Adoption of bylaws and other rules and regulations for conduct of the land bank's business.

115 (2) Hiring or firing of any employee or contractor of the land bank. This function may, by majority vote, be
116 delegated by the board to a specified officer or committee of the land bank, under such terms and conditions, and to the
117 extent, that the board may specify.

118 (3) The incurring of debt.

119 (4) Adoption or amendment of the annual budget.

120 (5) Sale, lease, encumbrance, or alienation of real property, improvements, or personal property with a value
121 of more than \$50,000.

122 (k) Vote by proxy shall not be permitted. Any board member may request a recorded vote on any resolution or
123 action of the land bank. Board members may participate in board meetings by telephone or video conference to the extent
124 permitted by the bylaws of the land bank.

125 § 4707. Staff.

126 A land bank may employ a secretary, an executive director, its own counsel and legal staff, technical experts, and
127 such other agents and employees, permanent or temporary, as it may require, and may determine the qualifications and fix
128 the compensation and benefits of such persons. A land bank may also enter into contracts and agreements with foreclosing
129 governmental units or non-profit entities designated by the foreclosing governmental unit for staffing services to be
130 provided to the land bank by those foreclosing governmental units, designated non-profit entities or departments thereof, or
131 for a land bank to provide such staffing services to such foreclosing governmental units, designated non-profit entities, or
132 departments thereof.

133 § 4708. Powers.

134 A land bank shall possess all powers necessary or appropriate to carry out and effectuate the purposes and
135 provisions of this chapter, including the following powers in addition to those herein otherwise granted:

136 (1) To adopt, amend, and repeal bylaws for the regulation of its affairs and the conduct of its business.

137 (2) To sue and be sued in its own name and plead and be interpleaded in all civil actions, including actions to
138 clear title to property of the land bank.

139 (3) To adopt a seal and to alter the same at pleasure.

140 (4) To borrow from private lenders, from municipalities, from a county, from the State, or from federal
141 government funds, as may be necessary, for the operation and work of the land bank.

142 (5) To borrow and issue bonds according to the provisions of this chapter.

143 (6) To procure insurance or guarantees from municipalities, counties, the State, or the federal government of
144 the payments of any debts or parts thereof incurred by the land bank and to pay premiums in connection therewith.

(7) To enter into contracts and other instruments necessary, incidental, or convenient to the performance of its duties and the exercise of its powers, including intergovernmental agreements provided for in § 4705(b) of this title for the joint exercise of powers under this chapter.

(8) To make and execute contracts and other instruments necessary or convenient to the exercise of the powers of the land bank.

(9) To procure insurance against losses in connection with the real property, assets, or activities of the land bank.

(10) To invest money of the land bank, at the discretion of the board of directors, in instruments, obligations, securities, or property determined proper by the board of directors, and name and use depositories for its money.

(11) To enter into contracts for the acquisition, management, collection of rent, leasing, or sale of real property of the land bank.

(12) To design, develop, construct, demolish, reconstruct, rehabilitate, renovate, relocate, and otherwise improve real property or rights or interests in real property.

(13) To fix, charge, and collect rents, fees, and charges for the use of real property of the land bank and for services provided by the land bank.

(14) To grant or acquire a license, easement, lease, or option with respect to real property of the land bank.

(15) To enter into partnership, joint ventures, and other collaborative relationships with foreclosing governmental units and other public and private entities for the ownership, management, development, and disposition of real property.

(16) To solicit and accept donations to support the objectives and purposes of the land bank.

(17) To do all other things necessary or convenient to achieve the objectives and purposes of the land bank or other laws that relate to the purposes and responsibility of the land bank.

§ 4709. Acquisition of property.

(a) The land bank may acquire real property or interests in real property by gift, devise, transfer, exchange, foreclosure, purchase, or otherwise on terms and conditions and in a manner the land bank considers proper.

(b) The land bank shall not own or hold real property located outside the jurisdictional boundaries of the foreclosing governmental unit or units that created the land bank; provided, however, that a land bank may be granted authority pursuant to an intergovernmental cooperation agreement with another foreclosing governmental unit to manage and maintain real property located within the jurisdiction of such other foreclosing governmental unit.

(c) Notwithstanding any other provision of law to the contrary, any foreclosing governmental unit may convey to a land bank real property and interests in real property on such terms and conditions, form and substance of consideration, and procedures, all as determined by the transferring foreclosing governmental unit in its discretion.

177 (d) The land bank shall maintain and make available for public review and inspection a complete inventory of all
178 property owned by the land bank. Such inventory shall include: the location of the parcel; the purchase price, if any, for
179 each parcel; the identity of the transferor to the land bank; and any conditions or restrictions applicable to the property.

180 (e) The land bank shall hold in its own name all real property acquired by the land bank irrespective of the identity
181 of the transferor of such property.

182 § 4710. Disposition of property.

183 (a) The land bank shall determine and set forth in policies and procedures adopted by the board of directors the
184 general terms and conditions for consideration to be received by the land bank for the transfer of real property and interests
185 in real property, which consideration may take the form of monetary payments and secured financial obligations, covenants
186 and conditions related to the present and future use of the property, contractual commitments of the transferee, and such
187 other forms of consideration as determined by the board of directors to be in the best interest of the land bank.

188 (b) The land bank may convey, exchange, sell, transfer, lease, grant, release, demise, pledge, mortgage, and
189 hypothecate any and all interests in, upon, or to real property of the land bank.

190 (c) A foreclosing governmental unit may, in its local law, resolution, or ordinance creating a land bank, or in the
191 applicable intergovernmental cooperation agreement in the case of multiple foreclosing governmental units creating a
192 single land bank under § 4705(b) of this title, establish a hierarchical ranking of priorities for the use of real property owned
193 by a land bank. Any hierarchical ranking of priorities for the use of such real property that is established may include any of
194 the following:

195 (1) Use for purely public spaces and places.

196 (2) Use for affordable housing.

197 (3) Use for retail, commercial, and industrial activities.

198 (4) Use as wildlife conservation areas.

199 (5) Such other uses in such hierarchical order as determined by the applicable foreclosing governmental unit.

200 (d) The priorities established under subsection (c) of this section may be for the entire jurisdiction of the
201 foreclosing governmental unit or may be set according to the needs of different neighborhoods, municipalities, or other
202 locations within the jurisdiction, or according to the nature of the real property.

203 (e) A land bank shall consider all duly adopted land use plans and make reasonable efforts to coordinate the
204 disposition of land bank real property with such land use plans.

205 (f) A foreclosing governmental unit may, in its local law, resolution, or ordinance creating a land bank, or in the
206 applicable intergovernmental cooperation agreement in the case of multiple foreclosing governmental units creating a
207 single land bank under § 4705(b) of this title, require that any particular form of disposition of real property, or any
208 disposition of real property located within specified jurisdictions, be subject to specified voting and approval requirements

of the board of directors. Except and unless restricted or constrained in this manner, the board of directors may delegate to officers and employees the authority to enter into and execute agreements, instruments of conveyance, and all other related documents pertaining to the disposition of real property by the land bank.

(g) All property disposition records of the land bank shall be made available for public inspection as required by Chapter 100 of Title 29.

§ 4711. Maintenance of property.

(a) The land bank shall maintain all of its real property in accordance with the laws and regulations of the jurisdiction in which the real property is situated.

(b) Notwithstanding subsection (a) of this section, the foreclosing governmental unit may elect to reduce or waive monetary fines for violations of any housing codes or ordinances if the land bank is diligently pursuing a correction or remedy for such violation.

(c) Where real property held by the land bank is found to be in violation of a housing code or ordinance, the enforcing jurisdiction shall timely notify the land bank and, subject to subsection (b) of this section, proceed in accordance with the applicable county or municipal property code provisions, or any other applicable law.

(d) Any fire or other casualty to real property held by the land bank shall be immediately remediated and adequately secured to prevent against further loss or damage or, in the event of total loss to the property, the lost property shall be demolished.

§ 4712. Delinquent property enforcement.

(a) *All powers of foreclosing governmental units preserved.* A foreclosing governmental unit may bring to public sale any real property within its jurisdiction that has liens inuring to the foreclosing governmental unit in accordance with applicable laws.

(b) *Sale of liens and assessments to land banks permitted.* A foreclosing governmental unit may enter into a contract to sell some or all of its liens to a land bank, subject to all of the following conditions:

(1) The consideration to be paid may be more or less than the face amount of the liens.

(2) Property owners that are subject to a lien that is proposed for sale shall be given at least 30 days advance notice of the proposed sale by the foreclosing governmental unit. Failure to provide such notice or the failure of the addressee to receive the same shall not in any way affect the validity of any sale of a lien or the underlying validity of the lien.

(3) The foreclosing governmental unit shall set the terms and conditions of the sale of its liens.

(4) A land bank must notify the foreclosing governmental unit that sold the lien to the land bank at least 30 days prior to commencing any judicial action to acquire property that is subject to such lien. The foreclosing governmental unit may, at its sole option and discretion, elect to repurchase the lien from the land bank by delivering a

notice of such election to the land bank within 30 days of receiving the land bank's notice. The repurchase price shall be the amount of the lien plus any accrued interest and collection fees incurred by the land bank. If the foreclosing governmental unit shall fail to elect to repurchase the lien, the land bank shall have the right to commence a judicial action to acquire property that is subject to such lien.

(5) The sale of a lien pursuant to this section shall not operate to shorten the otherwise applicable redemption period or change the otherwise applicable interest rate for such lien.

(6) A land bank which has purchased any lien may execute or foreclose on such lien in the same manner as the foreclosing governmental unit in whose favor the lien originally arose. At any time following the commencement of an action to execute or foreclose on a lien by a land bank, the amount required to redeem such lien shall include those reasonable and necessary collection costs, attorneys' fees, legal costs, allowances, and disbursements that would have been collectible by the foreclosing governmental unit in whose favor the lien originally arose.

(c) *Credit bids by land banks permitted.* If any property is submitted for sheriff's sale due to an outstanding lien, a land bank may bid on such property at the sheriff's sale with the same credit that would be afforded to the foreclosing governmental unit that initiated the sale of such property. If the land bank is the high bidder for such property, the land bank shall deposit the full amount of its bid with the sheriff's office within 30 days following the date of the sale or acquire the applicable lien from the foreclosing governmental unit that initiated the sale and pay any remaining amounts owing to the sheriff's office with respect to such sale.

(d) *Trump bids by land bank permitted.* Notwithstanding any other provision of law to the contrary, in the event that real property is being submitted to sheriff's sale for an outstanding lien, the land bank may bid along with any other member of the public, or, alternatively, a land bank may assert a trump bid. If the land bank submits a bid at a sheriff's sale and identifies it as a trump bid, then the property shall be deemed sold to the land bank regardless of any bids by any other third parties.

§ 4713. Expedited quiet title proceedings.

As provided under § 6502 of Title 10, the land bank shall:

(1) Be authorized to file an action to quiet title as to any real property in which the land bank has an interest. For purposes of any and all such actions, the land bank shall be deemed to be the holder of sufficient legal and equitable interests, and possessory rights, so as to qualify the land bank as adequate complainant in such action.

(2) Prior to the filing of an action to quiet title, the land bank shall conduct an examination of title to determine the identity of any and all persons and entities possessing a claim or interest in or to the real property. Service of the complaint to quiet title shall be provided to all such interested parties by all of the following methods:

a. Registered or certified mail to such identity and address as reasonably ascertainable by an inspection of public records.

b. In the case of occupied real property by registered or certified mail, addressed to "Occupant".
c. By posting a copy of the notice on the real property.
d. By publication in a newspaper of general circulation in the geographic location in which the property is located.

e. Such other methods as the Court may order.

(c) As part of the complaint to quiet title, the land bank shall file an affidavit identifying all parties potentially having an interest in the real property, and the form of notice provided.

(d) If the land bank moves for expedited proceedings the Court shall schedule a hearing on the complaint within 90 days following filing of the complaint, and as to all matters upon which an answer was not filed by an interested party, the Court shall issue its final judgment within 120 days of the filing of the complaint.

(e) Notwithstanding Court of Chancery Rule 19, a land bank shall be authorized to join in a single complaint to quiet title to one or more parcels of real property.

§ 4714. Taxing and financing of land bank operations.

(a) A land bank shall have no shareholders and may not be structured as a for-profit entity. A land bank may receive and retain payments for services rendered, for rents and leasehold payments received, for consideration for disposition of real and personal property, for proceeds of insurance coverage for losses incurred, for income from investments, and for any other asset and activity lawfully permitted to a land bank under this chapter. A reasonable operating reserve may be established to facilitate operations. However, all revenues received by a land bank in excess of expenses must be utilized to address and remediate blight, for neighborhood conservation, or to improve housing within the foreclosing governmental unit.

(b) The real property held by a land bank, and its income, are exempt from all taxation by the State and by any of its political subdivisions. Dispositions of property into or out of a land bank are exempt from realty transfer taxes.

(c) A land bank may receive funding through grants and loans from the foreclosing governmental unit that created the land bank, from other municipalities, from the State, from the federal government, and from other public and private sources.

(d) In creating a land bank, a foreclosing governmental unit may elect to dedicate up to 50% of the real property taxes that would inure to the foreclosing governmental unit following the disposition of real property by the land bank, excluding any amounts allocated to school districts, for remittance to the land bank. Such allocation of property tax revenues shall commence with the first taxable year following the date of disposition of the property by land bank and shall continue for a period of 5 years.

(e) Notwithstanding any law to the contrary, a foreclosing governmental unit creating a land bank may levy or impose such additional taxes, fees, assessments, fines, or penalties as are needed to support the operations of the land bank.

Any tax, fee, assessment, fine, or penalty imposed by a foreclosing governmental unit pursuant to this subsection must be reauthorized by the foreclosing governmental unit every 5 years and appropriately adjusted so that the revenues from such taxes, fees, assessments, fines, or penalties do not exceed the projected operating costs and expenses of the land bank.

(f) The Delaware Auditor of Accounts shall have the authority to audit any land bank created pursuant to this chapter.

§ 4715. Borrowing and issuance of bonds.

(a) A land bank shall have the power to issue bonds for any of its corporate purposes, the principal and interest of which are payable from its revenues generally as provided under Chapters 17 and 18 of Title 22. Any of such bonds may be secured by a pledge of any revenues of the land bank, including grants or contributions from any federal, state, or local government or any agency or instrumentality thereof or by a mortgage of any property of the land bank. At the election of the foreclosing governmental unit, the revenues of the foreclosing governmental unit that formed the land bank may also be pledged to secure bonds issued by the land bank.

(b) The bonds issued by a land bank are hereby declared to have all the qualities of negotiable instruments under Delaware law.

(c) The bonds of a land bank created under the provisions of this chapter and the income therefrom shall at all times be free from taxation for State or local purposes under any provision of Delaware law.

(d) Bonds issued by the land bank shall be authorized by resolution of the board and, unless specifically guaranteed by a foreclosing governmental unit, shall be limited obligations of the land bank with principal and interest, costs of issuance, and other costs incidental thereto being payable solely from the income and revenue derived from the sale, lease, or other disposition of the assets of the land bank. In the discretion of the land bank, the bonds may be additionally secured by mortgage or other security device covering all or part of any project from which the revenues so pledged may be derived. Any refunding bonds issued shall be payable from any source described above or from the investment of any of the proceeds of the refunding bonds. Bonds of the land bank shall be issued in such form, shall be in such denominations, shall bear interest, shall mature in such manner, and shall be executed by one or more members of the board as provided in the resolution authorizing the issuance thereof. Such bonds may be subject to redemption at the option of and in the manner determined by the board in the resolution authorizing the issuance thereof.

(e) Bonds issued by the land bank shall be issued, sold, and delivered in accordance with the terms and provisions of a resolution adopted by the board. The board may sell such bonds in such manner, either at public or at private sale, and for such price as it may determine to be in the best interests of the land bank.

(f) Neither the members of a land bank nor any person executing the bonds shall be liable personally on any such bonds by reason of the issuance thereof. Bonds or other obligations of a land bank issued pursuant to this chapter shall not constitute a debt of the State or any agency thereof, or a pledge of the full faith and credit or taxing power of the State or

any agency thereof, and shall not obligate the State to make any appropriation for their payment. Any bond issued by a land bank shall contain on the face thereof a statement to the following effect: "Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, premium, if any, or interest on this bond."

§ 4716. Public records and public meetings.

(a) The board shall cause minutes and a record to be kept of all its proceedings. Except as otherwise provided in this section, the land bank shall be subject to the provisions of Chapter 100 of Title 29.

(b) A land bank shall schedule and hold a public hearing prior to financing or issuance of bonds.

(c) In addition to any other report required by this chapter, the land bank, through its chair, shall annually deliver a report to the foreclosing governmental unit. Such report shall be presented in the manner required by the governing body or board of the foreclosing governmental unit. The report shall describe in detail the projects undertaken by the land bank during the past year; the financial statements of the land bank during the past year, including a balance sheet and an income statement; and the administrative activities of the land bank during the past year.

§ 4717. Dissolution of land bank.

A land bank may be dissolved within 60 calendar days after the adoption of an affirmative resolution approved by 2/3 of the membership of the board of directors authorizing such dissolution. Sixty calendar days advance written notice of consideration of a resolution of dissolution shall be given to the foreclosing governmental unit that created the land bank, shall be published in a local newspaper of general circulation, and shall be sent by certified mail to the trustee of any outstanding bonds of the land bank. Upon dissolution of the land bank, all real property, personal property and other assets of the land bank shall become assets of the foreclosing governmental unit that created the land bank. In the event that 2 or more foreclosing government units created a land bank in accordance with § 4705(b) of this title, the withdrawal of 1 or more foreclosing governmental unit shall not result in the dissolution of the land bank unless the intergovernmental cooperation agreement entered into under § 4705(b) of this title so provides and there is no foreclosing governmental unit that desires to continue the existence of the land bank.

§ 4718. Conflicts of interest.

(a) No member of the board or employee of a land bank shall acquire any interest, direct or indirect, in real property of the land bank, in any real property to be acquired by the land bank, or in any real property to be acquired from the land bank. No member of the board or employee of a land bank shall have any interest, direct or indirect, in any contract or proposed contract for materials or services to be furnished or used by a land bank.

(b) Board members of any land bank shall provide, prior to appointment and annually after appointment, a report identifying all real property interests owned, directly or indirectly, by such board member or by his or her immediate family, within the land bank jurisdiction. The report shall be submitted to the foreclosing governmental unit and shall be made available to the public upon request.

(c) The board may adopt supplemental rules and regulations addressing potential conflicts of interest and ethical guidelines for members of the board and land bank employees.

§ 4719. Construction, intent, and scope of chapter.

This chapter shall be construed liberally to effectuate the legislative intent and purposes and all powers granted by this chapter shall be broadly interpreted to effectuate such intent and purposes. Except as otherwise expressly set forth in this chapter, in the exercise of its powers and duties under this chapter and its powers relating to property held by the land bank, the land bank shall not be subject to restrictions imposed by the charter, ordinances, or resolutions of a foreclosing governmental unit with respect to contracts, procurement, or property disposition.

§ 4720. Duration and termination.

Any land bank created pursuant to this chapter shall have permanent and perpetual duration until terminated and dissolved in accordance with § 4715 of this title and Subchapter X, Chapter 1 of Title 8.

Section 2. Amend § 8106, Title 9 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 8106. Specific organizations and purposes.

(a) No real property owned and used by the organizations listed below or for the purposes stated below, except that which is held by way of investment, shall be liable to taxation and assessment for public purposes by any county or other political subdivision of this State.

Any land bank formed under Chapter 47 of Title 31 of the Delaware Code.

Section 3. Amend § 5401, Title 30 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 5401. Definitions.

As used in this subchapter, except where the context clearly indicates a different meaning:

(1) “Document” means any deed, instrument or writing whereby any real estate within this State, or any interest therein, shall be quitclaimed, granted, bargained, ~~sold~~ sold, or otherwise conveyed to the grantee, but shall not include the following:

x. Any conveyance to or from a land bank formed under Chapter 47 of Title 31 of the Delaware Code.

Section 4. This Act becomes effective 30 days after its enactment into law.

SYNOPSIS

This Act will allow any Delaware jurisdiction with a long-term residential vacancy rate above 3%, including a county, to form a land bank, where such jurisdiction determines that a land bank would help it address the problem of vacant and abandoned real property within its jurisdiction.

A land bank is a non-profit organization created by a political subdivision of the State, or through an intergovernmental agreement between two or more political subdivisions of the State, and would serve as the repository for vacant, abandoned and tax-delinquent properties that, left unaddressed, can contribute to crime, depress the local real estate market, and deplete the tax base of Delaware’s communities.

A land bank would have the authority to obtain such properties at sheriff’s sales instituted by the jurisdiction that established the land bank, where such properties have been abandoned by their owners because of unpaid property taxes or

substantial liens arising from property code violations. The land bank would have the ability to do one or more of the following: (1) purchase liens from the local jurisdiction; (2) acquire properties at a sheriff's sale on credit from the local jurisdiction; (3) assert a trump bid at a sheriff's sale that would allow the land bank to acquire abandoned properties for the price of the outstanding liens.

The land bank would retain the acquired properties until such time as a suitable and vetted buyer could be found who would be able to return the property to productive use. Funding for land banks created under this Act would come from governmental and private grants, private investments and property sale proceeds. Additionally, any land bank created under this Act could, at the election of the local jurisdiction, be funded through the allocation to the land bank of 50% of the real property taxes on the property for a 5 year period once the property returns to productive use or such other funding sources established by the local jurisdiction.

Through this Act, jurisdictions throughout Delaware would have the ability to alleviate the blight caused by vacant, abandoned and tax delinquent properties in the area, and revitalize communities by turning vacant spaces into vibrant places.

Author: Senator Townsend