

LAND BANK AUTHORITIES

A GUIDE FROM KLC MUNICIPAL LAW

Kentucky League of Cities (KLC)
100 East Vine Street, Suite 800
Lexington, KY 40507
Phone: 800.876.4552 (toll-free)
Fax: 859.977.3703
www.klc.org



Kentucky League of Cities

April 2021





LAND BANK AUTHORITIES

In order to play any game, you must first learn the rules. The same holds true for the law surrounding land bank authorities. It is impossible to carry out the duties of land bank authorities unless you familiarize yourself with the applicable state statutes, as well as your local ordinances, that govern.

Statutes are not contained in some magical spell book. There is no forbidden wisdom in a statutory code book. You do not need a law school education to understand their meaning. We wanted to remove some of the mystique from the law by compiling this simple pdf document. It contains the entire portion of Kentucky Revised Statutes which pertain to land bank authorities.

Feel free to use this guide in any way that you deem fit. The reason we wanted to present this as a pdf though is because a pdf does have just a little bit of magic, truth be told. A pdf is word searchable. If you have the pdf on a laptop during a meeting and an issue comes up - you can plug the words in and hopefully the relevant portion of the law pertaining to land bank authorities will pop up. Failing that, you can always call the KLC Municipal Law Department at 800.876.4552.

The KLC Municipal Law Team



65.350 Definitions for KRS 65.350 to 65.375

As used in KRS 65.350 to 65.375:

- (1) “Authority” means the land bank authority established pursuant to KRS 65.210 to 65.300 and KRS 65.350 to 65.375;
- (2) “Agreement” means the interlocal cooperation agreement entered into by the parties pursuant to KRS 65.210 to 65.300 and KRS 65.350 to 65.375;
- (3) “Local government” means every city, regardless of classification, every county, and every consolidated local government and urban-county government;
- (4) “Party” or “parties” means one (1) or more parties to an agreement, which shall include any local government, the local school district, which may include county and independent school districts, within the county and the Commonwealth of Kentucky;
- (5) “Property” means real property, including any improvements thereon;
- (6) “Tax-delinquent property” means any property on which the taxes levied and assessed by any party remain in whole or in part unpaid on the date due and payable; and
- (7) “Local government lien” means any lien established by or in favor of a local government under KRS Chapter 65, 82, 91, 91A, or 134.

65.352 Compliance with KRS 65A.010 to 65A.090

Any board formed and operating under KRS 65.350 to 65.375 shall comply with the provisions of KRS 65A.010 to 65A.090.

65.355 Creation of authority

- (1) Any local government, the county or independent school district within the county, and the Commonwealth of Kentucky may enter into an interlocal cooperation agreement pursuant to KRS 65.210 to 65.300 for the purpose of establishing a land bank authority pursuant to KRS 65.350 to 65.375.
- (2) The authority shall be a public body corporate and politic with the power to sue and be sued, issue deeds in its name, and any other powers necessary and convenient to carry out these powers or that may be granted to the authority by the parties.
- (3) The authority shall be established to acquire the tax delinquent properties of the parties, properties that have become blighted or deteriorated as defined by KRS 99.705 and properties that have local government liens filed against them, to facilitate the public purpose of returning property that is in a non-revenue generating, non-tax producing status to effective utilization, including but not limited to providing housing, new industry, and jobs for the citizens of the county. The authority shall have the powers provided in KRS 65.370 and 65.375 and in the interlocal cooperation agreement.

65.360 Board of authority

- (1) The authority shall be governed by a board composed of one (1) member appointed by each unit of local government that is a party to the agreement, one (1) member appointed by the superintendent of schools of the county school district or of the independent school district, and one (1) member appointed by the Governor. Each member shall serve at the pleasure of the respective appointing authority for a term of four (4) years and shall serve without compensation. The members shall be residents of the county and may be employees of the parties and shall serve without additional compensation. Any vacancy shall be filled in the same manner as the original appointment.
- (2) The board of the authority shall meet as required, and three (3) members shall constitute a quorum. Approval by a majority of the membership shall be necessary for any action to be taken by the authority. All meetings shall be open to the public, except as otherwise permitted by KRS 61.810, and a written record shall be maintained of all meetings. A chairman shall be elected from among the members, and he shall execute all deeds, leases, and contracts of the authority when authorized by the board.
- (3) The authority may employ its own staff or may utilize employees of the parties, as determined by the agreement.

65.365 List of electronic mail addresses of interested housing authorities

Upon the creation of a land bank authority, the authority shall maintain a list of electronic mail addresses for all city, county, or regional housing authorities, and the Kentucky Housing Corporation, that have requested to be notified prior to any action by the authority to dispose of property in its inventory. It shall be the responsibility of an interested housing authority to provide the authority with the following information:

- (1) The name of the organization;
- (2) The electronic mailing address for the organization; and
- (3) The name and title of a contact person for the organization.

65.370 Acquisition and disposal of property; publication of information; taxes extinguished; proceeds of sale or disposal; remittance of property taxes

- (1) The authority shall hold in its own name, for the benefit of the parties, all properties conveyed to it by the parties, all tax delinquent properties or properties having local government liens acquired by it pursuant to KRS 65.375, and all properties otherwise acquired by other means.
- (2) The authority shall administer the properties held by it, as follows:
 - (a) All property held by the authority shall be inventoried, and the inventory shall be maintained as a public record;
 - (b) The authority shall organize and classify the property on the basis of suitability for use;
 - (c) The authority shall maintain all property held by it in accordance with applicable laws and codes; and
 - (d) The authority shall have the power to manage, maintain, protect, rent, lease, repair, insure, alter, sell, trade, exchange, or otherwise dispose of any property on terms and conditions as determined

by KRS 65.350 to 65.375 and by the authority. The authority may assemble tracts or parcels of property, and may exchange parcels, and may otherwise effectuate the purposes of the agreement and of KRS 65.350 to 65.375.

- (3) Before the authority may rent, lease, sell, trade, exchange, or otherwise dispose of any property it shall:
 - (a) Establish a price for rent or lease purposes;
 - (b) Establish a purchase price for sale purposes; or
 - (c) Establish the conditions for sale, rent, trade, exchange, or other disposal of the property.
- (4) The authority shall publish pursuant to KRS Chapter 424, the information required pursuant to subsection (3) of this section, at least seven (7) days before any property may be disposed of from the inventory. Immediately following publication the authority shall notify by electronic mail all housing authorities on the mailing list required pursuant to KRS 65.365 of the authority's intent to dispose of a specified property and the established price to rent, lease, or purchase the property, and conditions for disposal of the property.
- (5) No property shall be acquired pursuant to KRS 65.350 to 65.375 by any entity for investment purposes only and with no intent to use the property other than to transfer the property at a future date for monetary gain.
- (6) When a property is acquired by the authority, all state, county, city, and school district taxes shall be extinguished.
- (7) When the authority sells or otherwise disposes of property, except property acquired and disposed of pursuant to KRS 65.375, all proceeds shall be retained by the authority.
- (8) For the first five (5) years following conveyance of the property by the authority to an owner that is subject to ad valorem property taxes, fifty percent (50%) of the ad valorem property taxes collected from the property by all parties to the agreement, except school districts, shall be remitted to the authority.

65.375 Conditions under which authority to take title to tax-delinquent properties

- (1) If any party obtains a judgment against a tax-delinquent property within the county for the taxes and, to satisfy the judgment, the property is ordered sold at a tax sale pursuant to KRS 91.504 or other provision of the Kentucky Revised Statutes, if no person bids an amount equal to the full amount of all tax bills, interest, and costs owing on the property at the sale, the authority shall be deemed to have bid the full amount of all tax bills, interest, and costs due to all parties of the authority regardless of whether or not they are all parties to the lawsuit. The authority shall not be required to make actual payment to the court for the amount deemed to have been bid. The court, notwithstanding any other provision of law, shall treat the amount deemed to have been bid as cash received. Upon proper motion by the authority, the court shall make a deed of the property to the "Land Bank Authority." The title to the property shall be an absolute estate in fee simple, free and clear of all tax bills, interests, and costs owing to the parties of the authority but shall be subject to rights of way of public utilities on which tax has otherwise been paid and subject to any right of redemption of the United States of America, if any.
- (2) At the time that the authority sells or otherwise disposes of property obtained pursuant to this section as part of its land bank program, the proceeds from the sale shall be distributed as follows:



- (a) The party or parties bringing the action that resulted in the acquisition of the property by the land bank authority shall be reimbursed, to the extent proceeds are available, for all costs incurred; and
- (b) Any remaining proceeds shall be distributed to the parties in proportion to their respective tax bills. Conveyance of a property to a party shall not constitute disposal.