

TO: ALL ADMINISTRATIVE DEPARTMENTS, ELECTED OFFICIALS, BOARDS, AND AGENCIES
OF SHELBY COUNTY GOVERNMENT

PURSUANT TO THE TENNESSEE CODE ANNOTATED §67-5-2507 AND SHELBY COUNTY
CODE SECTION 2-214(c)(5), THE SHELBY COUNTY LAND BANK NOMINAL CONSIDERATION
CONVEYANCE - PROCESSING PROCEDURE FOR DELINQUENT TAX PROPERTY NOMINAL
CONSIDERATION CONVEYANCE TO NONPROFITS IS HEREBY APPROVED AND ADOPTED.



LEE HARRIS
Mayor



CLIFE NORVILLE
Director of Public Works



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**SHELBY COUNTY LAND BANK NOMINAL CONSIDERATION CONVEYANCE -
PROCESSING PROCEDURE FOR DELINQUENT TAX PROPERTY NOMINAL
CONSIDERATION CONVEYANCES TO NONPROFITS**

Effective Date:

March 1, 2026

Supersedes:

DTP Nominal Consideration Conveyance Procedure 21-1206

I. PURPOSE:

To provide procedures that must be followed when conveying any County-owned delinquent tax property (“DTP”) to a nonprofit for nominal consideration.

II. SCOPE:

This procedure covers all nominal consideration conveyances of DTPs to nonprofits.

III. GENERAL POLICY:

Shelby County Land Bank (“SCLB”) will make Nominal Consideration Conveyances (“NCC”) available to non-profit organizations (“nonprofit,” “organization,” “transferee,” or “applicant”) with a desire to 1) build in Shelby County where there is a documented gap in the cost to develop affordable housing, 2) construct and restore historical property, 3) operate and maintain community gardens, or 4) to construct, maintain, and/or operate parks and memorials for the general public.

Eligibility will be determined through an online Request for Conveyance application process that will consider the qualifications of the non-profit developer, their plan, and the targeted development. Applicants are encouraged to contact the SCLB Real Estate Department to discuss application requirements prior to submitting an application.

Conveyances will be reviewed on a case-by-case basis. The maximum eligible property value is limited to the Shelby County Assessor’s appraised value of \$70,000 (Seventy Thousand Dollars) for improved properties and \$20,000 (Twenty Thousand Dollars) for unimproved properties. For nominal consideration conveyances, the total discounted price may not exceed 90 percent of the Shelby County Assessor’s appraised value. An initial NCC project shall not exceed five (5) properties, and said amount will be determined based on the nonprofit’s experience. The said property value threshold or limited number of properties may be waived by resolution of the Shelby County Board of Commissioners.

Successful applicants will be notified on a rolling basis, in the order in which proposals are received and qualified. Applicants cannot have more than one NCC project active at a time.

IV. PROCEDURE

A. **ELIGIBLE APPLICANTS.** To be eligible, a non-profit organization (as defined by T.C.A. § 67-5-2507) must:

1. Provide documentation of being:
 - a. Organized and existing in the State of Tennessee (as evidenced by a Certificate of Existence from the Tennessee Secretary of State, dated no more than thirty (30) days prior to the application date), OR
 - b. Organized and existing under the laws of another state and be qualified to do business in Tennessee (as evidenced by a Certificate of Existence from the other state's Secretary of State dated no more than thirty (30) days prior to the application date and by a Certificate of Authorization to do business in Tennessee from the Tennessee Secretary of State, dated no more than thirty (30) days prior to the application date).
2. Provide documentation of at least two (2) years of experience in the eligible activity mentioned in Section C. **ELIGIBLE ACTIVITIES.**
 - a. In lieu of experience, the director or chairperson of the nonprofit organization must show documentation of completing the Memphis Housing Alliance for Progress' Emerging Developer Academy, or the like as to be determined by the SCLB administrator. Said nonprofit will be restricted to one (1) parcel in its first request.
3. Provide documentation of five (5) years of good standing with the State of Tennessee. To be in good standing, the organization must not have any late or delinquent annual reports and must not have been dissolved.
4. Provide a comprehensive proposed development plan that meets the criteria for one of the four purposes identified in Section C. Eligible Activities, as determined by Shelby County.
5. Provide documentation confirming it is an active member of the Shelby County Nonprofit Committee.
6. Provide documentation of compliance with all other Shelby County programs and grants in which they have been privy, with no unresolved performance issues, as determined by Shelby County.
7. Certify in the application and a Nominal Consideration Conveyance Request and Conveyance Agreement that the organization is NOT in violation of the following requirements:
 - a. TRANSFEREE must NOT be Current Shelby County Government ("SCG") employees, elected Shelby County Officials, their immediate family members (i.e., spouse or children living at home), or a business that is owned or directly affiliated with a current SCG employee or elected Shelby County Official (this includes, but is not

limited to: sole proprietor, partner, or person having a controlling interest in the business).

- b. TRANSFEREE must be legally able to conduct business in Tennessee.
- c. TRANSFEREE, or any legal entity in which TRANSFEREE is directly affiliated, cannot own properties in Shelby County that are currently in violation of any county or municipal building and/or zoning code provisions (this includes, but is not limited to: sole proprietor, partner, or person having a controlling interest in the business);
- d. TRANSFEREE, or any legal entity in which TRANSFEREE is directly affiliated, cannot own properties in Shelby County that are currently in violation of any county or municipal building and/or zoning code provisions (this includes, but is not limited to: sole proprietor, partner, or person having a controlling interest in the business);
- e. TRANSFEREE, or any legal entity in which TRANSFEREE is directly affiliated, must be current on property taxes on all properties owned in Shelby County (this includes, but is not limited to: sole proprietor, partner, or person having a controlling interest in the business);
- f. TRANSFEREE, or any legal entity in which TRANSFEREE is directly affiliated, must not have defaulted on property taxes on any properties owned in Shelby County within the last five (5) years (this includes, but is not limited to: sole proprietor, partner, or person having a controlling interest in the business);
- g. TRANSFEREE, or any legal entity in which TRANSFEREE is directly affiliated, must not have defaulted on an offer to purchase land from the Shelby County Land Bank within the last year (this includes, but is not limited to: sole proprietor, partner, or person having a controlling interest in the business);
- h. TRANSFEREE, or any legal entity in which TRANSFEREE is directly affiliated, properties previously purchased from the Shelby County Land Bank must be in compliance with all requirements of that property's respective agreement entered into with Shelby County Government (this includes, but is not limited to: sole proprietor, partner, or person having a controlling interest in the business);
- i. TRANSFEREE, or any legal entity in which TRANSFEREE is directly affiliated, is not an organization that is owned or directly affiliated with a nonprofit that has an open NCC project.

- B. CAPACITY. If, in the opinion of Shelby County, an applicant lacks the organizational potential to develop and complete proposed projects successfully, Shelby County may, at its sole discretion, choose not to award all or any of the conveyances made available under this program description.

Nonprofits that have successfully completed a prior NCC project may qualify for further discounts and more delinquent tax parcels (“DTPs”).

- C. ELIGIBLE ACTIVITIES. The county may transfer ownership of the parcel to a nonprofit entity, provided the entity agrees that the entity must use the conveyed parcel for at least a reasonable period for the purposes for which the entity was chartered; and the entity is chartered to:

1. Construct or restore **residential dwellings for the purpose of creating affordable and habitable housing for the disadvantaged and needy citizens** of the community;
 - a. Nonprofit entity must demonstrate at least two (2) years of experience developing affordable housing for sale to low-moderate income homebuyers in the area defined in the proposal, satisfactory to Shelby County, in its sole discretion.
 - b. “Affordable Housing” is as defined by the U. S. Department of Housing and Urban Development at the time of application.
2. Construct or restore **historical properties or buildings** in the community;
 - a. Nonprofit entity must demonstrate at least two (2) years of experience restoring historical properties or buildings in the area defined in the proposal, satisfactory to Shelby County, in its sole discretion.
3. Operate or maintain **a community garden** in the community; or
 - a. Nonprofit entity must demonstrate at least two (2) years of experience operating a community garden in the area defined in the proposal, satisfactory to Shelby County, in its sole discretion.
4. Construct, operate, or maintain **a park, memorial, or gathering place** in the community, available for use by the general public.
 - a. Nonprofit entity must demonstrate at least two (2) years of experience developing construction, operating, and maintaining public parks, memorials, or gathering places in the area defined in the proposal, satisfactory to Shelby County, in its sole discretion.

- D. PROHIBITED ACTIVITIES.

1. Code / Zoning Violations
2. Rental Housing (if not approved explicitly in the NCC agreement)
3. Illegal or non-conforming activities

- E. **PROPERTY STANDARDS.** Any housing constructed or rehabilitated on Shelby County delinquent tax property must meet all applicable local, county, and state codes at the time of project completion. SCLB will not convey properties for the purpose of creating affordable and habitable housing under this program that are in a flood hazard zone.
- F. **POST CONVEYANCE REQUIREMENTS.** After the conveyance is complete, SCLB will continue to monitor the site to ensure post-conveyance compliance.
1. Shelby County has a five (5) year right of reversion on all conveyances as evidenced in the nominal consideration conveyance contract.
 2. Shelby County reserves a ten (10) year right of first refusal on all conveyances.
 3. Upon completing the building or renovation of a structure, the organization will provide a Certificate of Occupancy.
 4. If applicable under the contract, upon finding an affordable housing buyer, the organization agrees to provide SCLB a preliminary closing statement and required disclosure document no less than 10 calendar days prior to the expected closing and a final closing statement no less than 72 hours prior to the scheduled closing.
 5. Any Transferee that has failed to comply with a previous NCC will no longer be eligible for future nominal consideration conveyances or purchase of SCLB properties.
- G. **UNIVERSAL DESIGN/VISITABILITY.** Shelby County encourages the inclusion of features that allow individuals with physical disabilities to reside and/or visit. Universal design is a building concept that incorporates products, general design layouts, and other characteristics to a structure in order to:
1. Make the structure usable by the greatest number of people;
 2. Respond to the changing needs of residents; and
 3. Improve the marketability of the structure.

The goal of universal design is to build structures that meet the needs of the greatest number of residents within a community. Universal design differs from accessible design, which is primarily intended to meet the needs of people with disabilities. However, universal design is inclusive of adaptable design, as universal design incorporates structural features that will allow a structure to be adapted to an individual's current or future needs. Universal design features include, but are not limited to:

1. Stepless entrances.
2. Minimum 5' x 5' level clear space inside and outside entry door.
3. Broad blocking in walls around toilet, tub, and shower for future placement of grab bars.

4. Full-extension, pull-out drawers, shelves, and racks in base cabinets in the kitchen.
 5. Front-mounted controls on all appliances.
 6. Lever door handles.
 7. Loop handle pulls on drawers and cabinet doors.
- H. EQUAL OPPORTUNITY AND FAIR HOUSING. The applicant must ensure that it observes all applicable federal Equal Opportunity and Fair Housing laws and regulations. The applicant must have attended an SCLB-sponsored NCC Workshop and obtained the required certification therein.
- I. CONFLICT OF INTEREST. Recipients of delinquent tax properties should avoid conflicts of interest or the **appearance** of conflicts of interest in administering the Program. The existence of a conflict of interest, or the appearance of one, as determined by Shelby County in its sole discretion, may be grounds for reversion, repayment, and limitations on future program participation.
- J. REQUIRED APPLICATION DOCUMENTATION All non-profit applicants must submit the most current version of the following required documentation in accordance with the application instructions.:
1. Evidence that the applicant is organized and exists under the laws of Tennessee or, if organized and existing under the laws of another state, evidence that the applicant is organized and exists in that state and is authorized to do business in Tennessee.
 2. Documentation of an IRS designation under Section 501(c)(3) or 501(c)(4) of the federal tax code. A 501(c)(3) non-profit organization may not apply until it has received its designation from the IRS. A 501(c)(4) non-profit applicant must provide documentation satisfactory to SC, in its sole discretion, that the non-profit has filed the necessary material with the IRS and received a response from the IRS demonstrating 501(c)(4) status.
 3. Copy of Organizational Charter
 4. Copy of Organizational By-laws
 5. Copy of the Annual report provided to the TN Secretary of State.
 6. List of Board members, including: names; home address; occupation; a description of their primary contribution; length of service; phone #; email address; and date the term of service expires.
 7. Business plan or strategic management plan that demonstrates the agency's short-term and long-term goals, objectives, and plans to achieve them.
 8. The most recent financial audit or audited financial statements of the organization.

9. Copy of Applicant Board Member and Corporate Disclosure Forms completed, signed by the organization's Executive Director and each Board Member, and notarized.
10. Copy of Applicant/Board Member and Corporate Disclosure Form completed, signed by the Chairman of the Board or Executive Director on behalf of the organization, and notarized.
11. One page explanation of how the Board of Directors is involved in the operation of the agency, including how often the Board meets, how the Board monitors and provides oversight for the agency's programs.
12. Resolution by the Board of Directors authorizing the submission of this application.
13. List of staff members employed by the organization, including how many are full-time or part-time, their specific responsibilities related to the eligible activity as referenced in Section C above, and how many years of experience each staff member has in the eligible activity..
14. Documentation of agency operating funds from other sources, including how much annually and from what sources.
15. Explanation of any other programs operated by the organization, including the program(s) and its funding source(s).
16. Explanation of the agency's experience in said eligible activity as referenced in Section C above.
17. Attendance at a Shelby County Land Bank-Sponsored NCC Workshop and a copy of certification(s) obtained therefrom.
18. Documentation of active membership with the Shelby County Nonprofit Committee.
19. Shelby County Gratuity Disclosure form

Applicants must upload all organizational information required to be submitted through Shelby County's epropertyplus System ("ePP"). Copies of organizational documents that are required to be submitted through EPP, but that are submitted through another means, will not be considered

Documentation must be submitted to demonstrate that the organization meets threshold requirements and has the capacity to provide said eligible activity as referenced in Section C above, including the administration of the proposed project.

- K. PROPOSAL EVALUATION PROCEDURE. SCLB staff will evaluate the application and all documentation submitted to determine if the proposal meets the required criteria.
1. Application submission by the Organization online in ePP
 2. Staff review of the organization's application to see if it qualifies under these policies and procedures (incomplete or inaccurate applications will be REJECTED)

3. Attorney review to see if the organization meets state law requirements
4. Organization signs NCC contract
5. SCLB advertises the NCC request per T.C.A. § 67-5-2507
6. County Commission approves/denies NCC Resolution
7. Mayor approves/denies NCC resolution
8. SCLB sends closing notification to organization
9. Organization submits closing payment
10. SCLB sends the Shelby County Trustee the closing payment
11. Shelby County Trustee records the deed and sends the deed to the Organization
12. SCLB conducts post-conveyance monitoring in which the County may pursue any and all legal remedies available to address any violations of the NCC contract (this includes potential reversion for non-adherence to the NCC contract)