



BLIGHT AUTHORITY
of
MEMPHIS

BAM: IN PARTNERSHIP, IN ACTION

A flexible action plan
for the next three years





This Action Plan was developed with technical support from the Center for Community Progress, and partially funded by the Center's new initiative, the National Land Bank Network. The content of this plan derives from an extensive outreach process, including the following:

- Prior technical engagement with BAM and TN stakeholders¹
- Legal and policy research and analysis
- Stakeholder interviews and online survey
- Half day summit attended by more than 60 local stakeholders
- Local parcel data and analysis provided by Innovate Memphis

This Action Plan also builds off the insights, findings, and goals included in BAM's *Blight Elimination Strategic Framework: 2020 – 2023 and 2021 Annual Report*.

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¹ Frank Alexander, *Aligning the Tools: Addressing Vacant, Abandoned, and Deteriorated Properties in Tennessee*, 2017, available at https://www.communityprogress.net/filebin/Memphis_TASP_Report_September_2017.pdf

About Center for Community Progress



The mission of Center for Community Progress is to foster strong, equitable communities where vacant, abandoned, and deteriorated properties are transformed into assets for neighbors and neighborhoods. Founded in 2010, Community Progress is the leading national, nonprofit resource for urban, suburban, and rural communities seeking to address the full cycle of property revitalization. The organization fulfills its mission by nurturing strong leadership and supporting systemic reforms. Community Progress works to ensure that public, private, and community leaders have the knowledge and capacity to create and sustain change. It also works to ensure that all communities have the policies, tools, and resources they need to support the effective, equitable reuse of vacant, abandoned, and deteriorated properties.

communityprogress.net

About Innovate Memphis



Innovate Memphis develops initiatives, nurtures partnerships, and incubates solutions to move Memphis forward and deliver impactful, sustained change. We work with public and private sector agencies to improve how Memphians experience the daily services needed that impact their quality of life. This includes work in Emergency Medical Services, reimagining parks and community centers, transit and mobility, and housing stability support. The work follows a human-centered research and design process, deeply dependent on qualitative and quantitative research. To that end, Innovate Memphis also houses a neighborhood indicator data warehouse and has been designated the National Neighborhood Indicators partner for the city.

innovatememphis.com



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SECTION I

INTRODUCTION

The Blight Authority of Memphis (BAM) is ready to ACT—ready to play a more meaningful role in the local fight against vacant, abandoned, and deteriorated (“VAD”) properties in service to the neighbors and neighborhoods that are negatively impacted by systemic vacancy, abandonment, and disinvestment.

- 🌱 BAM has **new leadership** that excites community partners, and is gaining trust as an embedded neighbor, enabler, and connector.
- 🌱 BAM has an energized, diverse board that is **knowledgeable and results-driven**.
- 🌱 BAM has a **Blight Elimination Strategic Framework**, a new **informative website**, and a portfolio of educational materials.
- 🌱 And BAM **benefits from special legal powers** authorized by the Tennessee Land Bank Act that rival some of the best in the nation.

However, like land banks all over this country, **BAM can only play a more active and impactful role transforming vacant and distressed properties to assets that support neighbors and neighborhoods if it has the appropriate resources, partners, and programs to carry out this critical work.**

In 2015 the Memphis City Council, with strong support from the administration, created BAM with aspirational goals to tackle the longstanding challenge of vacant, abandoned, and deteriorated (VAD) properties. And with good reason. VAD properties cause harm to neighbors, undermine neighborhood health and vitality, depress housing markets, and drain local

tax dollars. Launching BAM was one element of an ambitious and comprehensive plan, outlined in the City’s Blight Elimination Charter (2016), to tackle VAD at the root and help stabilize and revitalize neighborhoods in Memphis, particularly those disproportionately impacted by vacancy and disinvestment.²

But by 2019, BAM, without dedicated multi-year support from local government and lacking a broad cross-sectoral coalition with a shared understanding of its powers and purpose, was without dedicated leadership and uncertain of its future.

However, under new leadership over the last 18 months, a renewed interest in and excitement about BAM’s potential has emerged among a growing network of residents, local officials, investors, and nonprofit partners. **This moment is critical for BAM’s success.**

This Action Plan is intended to not only help give direction and suggest prioritization to BAM, but also to uplift and honor the many local stakeholders and community partners that are excited by the promise and value BAM can bring to the local fight against blighted properties. It is meant to offer local decision-makers and elected officials a menu of services BAM can uniquely provide in support of neighborhood-driven stabilization and revitalization efforts—and to describe the partners and resources needed to carry out this critical work.

² Though avoiding its use is difficult given its appearance in Tennessee law, local plans, and community development organizations and policy, the word “blight” itself is a problematic and loaded term. As described in a helpful teaching tool (August 2017) by Shelterforce, “Blight” is a “facially neutral term infused with racial and ethnic prejudice. While it purportedly assessed the state of urban infrastructure, ‘blight’ was often used to describe the negative impact of certain residents on city neighborhoods.” The tool can be found at https://shelterforce.org/wp-content/uploads/2017/08/TheAnswer_187.pdf. See also Brentin Mock, “The Meaning of Blight,” Citylab (February 2017), available at <https://www.citylab.com/equity/2017/02/the-meaning-of-blight/516801/>. Community Progress utilizes the VAD property description, focusing on vacant, abandoned, and dilapidated or tax delinquent property, to describe the property conditions organizations like BAM seek to remediate.

A. NATIONAL BEST PRACTICES SHOULD ANIMATE BAM'S PRIORITIES

More than 200 land banks are currently in operation across the country, virtually all created pursuant to state enabling legislation—and yet few are fortunate to have the combination of special powers available to BAM and other land banks in Tennessee.

Land banks are designed as special public or nonprofit entities intended to help tackle VAD properties in a predictable, responsible, and transparent manner that supports equitable development and advances community priorities. To accomplish this, land banks are typically created pursuant to state enabling legislation, which grants these entities special powers to carry out this work equitably, effectively, and efficiently.

BAM was created pursuant to the Tennessee Local Land Bank Program (T.C.A. § 13-30-101 et seq) and has a number of special powers, including the ability to:

- 🌳 Acquire and maintain real property within the City of Memphis
- 🌳 Acquire property through market purchase, donations, and municipal transfers
- 🌳 Acquire properties at the tax auction sale for either the minimum bid (regardless if there are higher bids) or at no cost (in the absence of other bids)
- 🌳 Clear title of properties in its inventory through bulk quiet title actions
- 🌳 Hold properties in its inventory tax exempt
- 🌳 Dispose of properties in accordance with BAM's mission and policies for cash consideration, and for non-cash consideration including agreements related to the future use of the property
- 🌳 Receive payments of up to 50% of real property taxes collected for five years on properties returned to the tax rolls by BAM



Effective state legislation, however, will not guarantee success at the local level. Just as with any other land bank—whether in Georgia, Texas, West Virginia, or Ohio—**BAM cannot do the critical work of addressing VAD without the appropriate resources, partners, and programs.**

This Action Plan, therefore, should be implemented utilizing four key land banking best practices and lessons learned—derived from Community Progress' experience creating, supporting, challenging, and helping to reform land banks around the country:

1. **Land banks operating where vacancy and abandonment are concentrated in neighborhoods that were either historically redlined or have high percentages of people of color (or both) must design their mission, operations, and investments with an intentional focus on racial equity.** The absence of such a focus, in deep partnership with leaders and organizations within those communities, will drive results ranging from no meaningful impact to actual harm, such as the displacement of legacy Black residents. Because of relationships nurtured by both BAM's leadership, and the diverse community of local leaders that advocated for BAM's creation, BAM is poised to be a leading champion for equitable development and a committed partner with a range of strong community development corporations, resident leaders, and other neighborhood stakeholders in some of Memphis' most treasured and historic neighborhoods.³

³ Lucas County Land Bank is a leader in the field for embedding racial equity in all its operations, decisions, and partnerships. Their recent five-year plan, *Building Neighborhoods*, showcases the organization's strong focus on racial equity and can be viewed at <https://assets.lucascountylandbank.org/uploads/documents/Building-Neighborhoods-2021-2025.pdf>.

2. **A land bank's ability to remediate vacant and distressed properties is directly proportional to the amount of funding it receives to carry out the work.** Vacant, abandoned properties typically have a “fair market value” less than the amount of debt associated with the property, or than the amount of subsidy required to remediate the property. In such markets, land banks simply cannot generate enough revenue from property dispositions to operate, let alone to acquire and responsibly maintain real property; they must rely on public and philanthropic funding to exist, and frequently draw in investment from those who seek to activate or reuse vacant land and structures. To date, BAM has received no significant or recurring funding from local government partners, even though Memphis faces systemic vacancy and abandonment similar to many other large urban cities, like St. Louis, Missouri and Buffalo, New York. This needs to change.⁴
3. **The number one source that land banks across the country use to acquire properties cost-effectively is the delinquent tax enforcement process—deriving from the strong correlation between vacancy, abandonment, and tax delinquency and the resulting acquisition powers granted to land banks in state-enabling legislation.** This acquisition mechanism will not likely be utilized by BAM in the near term, due to a lack of agreement among decision-makers. This Action Plan respects those perspectives, while acknowledging that BAM leadership and partners should work to build consensus on opportunities that could benefit all parties, especially those residents most impacted by vacancy and abandonment. Without a meaningful and cost-effective pipeline of vacant properties, BAM may be rendered in the words of one national land bank leader, “a doctor without any patients.”⁵
4. **Land banks are not a silver bullet and must be aligned with other public strategies to address VAD properties, informed by community needs, and deployed in coordination with other systemic reforms.** Over time, land banks are able to achieve scaled impacts and outcomes in direct relation to their ability to coordinate with and help reform additional public systems that address VAD properties. Those systems include delinquent property tax enforcement, housing and building code enforcement, and the

multiplicity of public programs and resources designed to address equitable community development and housing affordability. BAM's statutory authority provides a number of avenues for coordination with these systems, and in the coming years it must receive the necessary capacity investment such that it can operationalize that statutory authority.

Land banks and the enabling statutes that authorize them were created to address a challenge rooted in systemic racism and poverty and exacerbated by broken and insufficient legal and policy frameworks. Healing those systems and remediating VAD in an equitable fashion may not occur quickly. But such healing is immanently possible and, in fact, has already been occurring for generations through the leadership and commitment and creativity of resident leaders and, long-standing community development and other organizations. By grounding this Action Plan in the national best practices described above, and drawing on local excellence and opportunities, we hope BAM can, in the near term and for the long haul, obtain the resources needed to achieve measurable and equitable impacts in tackling VAD properties, in concert with its partners.



⁴ Ohio land banks are leaders in the field because their state-enabling land bank legislation includes a recurring funding mechanism, in which a portion of fines and fees of delinquent taxes collected within a county are dedicated exclusively to that county's land bank. In New York, the two land banks that receive significant, recurring contributions from their local governments (Syracuse Land Bank receives about \$1 million annually and Albany County Land Bank receives about \$250,000 annually) are also the most impactful and successful.

⁵ Statement by Gus Frangos, Executive Director of Cuyahoga County Land Bank.

B. WHAT'S IN THIS ACTION PLAN AND WHY

This Action Plan builds off BAM's *Blight Elimination Strategic Framework: 2020 - 2023* and its *2021 Annual Report*. This Plan is meant to convey to local leaders and stakeholders BAM's potential if properly resourced and embraced as a powerful tool to align with other strategies, policies, and investments aimed at addressing VAD properties at the root. All of the menu items described in this Action Plan assume the identification by BAM of 'Priority Neighborhoods' for investment in the next few years, at least. A list of such neighborhoods has already been identified by BAM in its *Blight Elimination Strategic Framework*, reflecting the reality that BAM must focus its initial efforts in order to achieve measurable impacts and build out its suite of offerings.

Using the 'tree and root analogy' as a framework for action. Each section will outline successive steps BAM can take through community engagement and program development as it builds trust, knowledge, lived experience, and a track record of success—cultivating deeper roots to heal the harm to neighbors and neighborhoods caused by VAD properties. Each step indicates the special powers exercised, estimated resources needed to carry out the service, the anticipated partners to achieve success, and reasonable goals (for convenience, the goals are compiled by fiscal year in Appendix A).

- 🌱 **"Ground Level"** services and programs are those that may be achieved and utilized to acquire and care for parcels relatively simply, and that may increase the number of relationships BAM has with **all** Memphians.
- 🌱 **"Topsoil Root"** services and programs are those that build deeper and integrated relationships with existing partners, and that may achieve easily identifiable impacts beyond simple care of a parcel—including, for example, cost-savings to nonprofit partners, or moving non-productive inventory held by public entities to nonprofit and private entities that maintain the property and put it to productive use.
- 🌱 **"Deep Root"** services and programs are those that, over time, will contribute to systemic reform, to scaled equitable development and inclusive neighborhood stabilization in



Memphis. These kinds of programs will serve as models for communities throughout Tennessee and the nation, and may contribute to systemic transformation at the federal, state, and local levels. Deep-root programs and impacts are only achievable in the context of deep partnerships with the constellation of nonprofit organizations already operating in Memphis community development, and with residents most impacted by vacancy and abandonment throughout the City.

Community engagement services and programming could begin, as outlined in Section II, with simple social media campaigns, more inclusive marketing efforts, celebration of partner programs, and then move on to Priority Neighborhood "Meet and Greets." Deeper community engagement programming could include specific coordination with Memphis 3.0 small area planning efforts to inform specific and wider-spread BAM property acquisition and disposition activities, and ultimately result in intentional dispositions achieving community control and ownership of land, and partnered advocacy efforts between BAM and neighborhood leadership for federal, state, and local policy reforms and priorities.

Property acquisition programs described in Section III range from relatively simple acquisition strategies through donations and municipal transfers, to slightly more complex and proactive acquisition strategies, such as its new Land Deposit Program or a more intentional partnership with the Shelby County Land Bank. A proactive acquisition strategy whereby neighborhoods working with BAM could request specific vacant parcels for delinquent tax enforcement (described in this Action Plan as the Community Benefit Tax Foreclosure Program) represents an important strategy to work towards in partnership with decision-makers to take

advantage of BAM's powers to acquire properties through the tax foreclosure process. Finally, and when fully resourced and deeply rooted in neighborhoods and in partnership, BAM has the statutory authority to serve in a property development capacity, either through programming like deed-in-escrow structures, receivership, or ultimately as a partner in larger scale development projects. With appropriate capacity investment, BAM will be poised to operationalize those statutory powers.

A note on revenue. This Action Plan is focused on the menu of community engagement and property acquisition programs that BAM can create and lead if *resourced appropriately*. While not a focus of this Action Plan, it is indeed possible that BAM can ultimately generate *some* revenue outside of public and philanthropic dollars to support its operations and activities. For example, over time BAM might expect to generate revenue through (a) property sales, (b) depository and other agreements with partners whereby

BAM charges a fee for land holding and maintenance, (c) savings achieved through economies of scale as its land portfolio grows, and (d) the tax recapture authorized by Tennessee law whereby BAM may collect a portion of newly generated tax revenues for up to five years on properties it moves back to the tax rolls. Each of those opportunities for revenue generation are highly speculative in nature at this stage of BAM's development, and thus this three-year Action Plan sets a broad goal of generating 25% of BAM's operating expenses through its programming by year 3. **No land bank in the country consistently generates 100% of operating revenue through its property dispositions and programming, therefore identifying long-term, recurring funding sources will be key.** General funding strategies common among land banks can be found in Appendix B.





SECTION II

BAM COMMUNITY EDUCATION AND ENGAGEMENT SERVICES AND PROGRAMS

GROUND LEVEL

Services and programs are those that may be achieved and utilized to acquire and care for parcels relatively simply, and that may increase the number of relationships BAM has with all Memphians.

TOPSOIL ROOT

Services and programs are those that build deeper and integrated relationships with existing partners, and that may achieve easily identifiable impacts beyond simple care of a parcel—including, for example, cost-savings to nonprofit partners, or moving non-productive inventory held by public entities to nonprofit and private entities that maintain the property and put it to productive use.

DEEP ROOT

Services and programs are those that, over time, will contribute to systemic reform, to scaled equitable development and inclusive neighborhood stabilization in Memphis. These kinds of programs will serve as models for communities throughout Tennessee and the nation, and may contribute to systemic transformation at the federal, state, and local levels. Deep-root programs and impacts are only achievable in the context of deep partnerships with the constellation of nonprofit organizations already operating in Memphis community development, and with residents most impacted by vacancy and abandonment throughout the City.



A. UPDATE AND BUILD OUT BAM'S WEBSITE AND SOCIAL MEDIA PRESENCE

BAM's website and social media, particularly in the age of COVID, are the first and primary ways in which most Memphians can begin to learn about and access BAM. It is the way BAM can describe its programs and offer easy access to partnership and applications for properties. It provides a means for BAM to build and deepen relationships by simply linking to partner websites, celebrating partner successes, sharing relevant partner information, and collecting and sharing stories about movement and success in equitable community development throughout Memphis.



PARTNERS

- Nonprofit partners in BAM priority neighborhoods
- City of Memphis
- Shelby County Land Bank
- Other community partners



BAM POWERS AND RESPONSIBILITIES

- BAM is designed to be "utilized by [the] communit[y] to facilitate the return of vacant, abandoned and tax-delinquent properties to productive use." (T.C.A. § 13-30-102(5))
- Must maintain public inventory of all real property held (T.C.A. § 13-30-111(b))
- An annual financial and activity report, along with an audit, must be prepared and filed with the creating local government(s) and made available to the public (T.C.A. § 13-30-112(a-e))



COSTS

- Covered by General Operating, assuming a minimum staffing of Executive Director and part-time Office Manager



GOALS

- Implement an e-newsletter, and commit to monthly distribution to keep community informed of meetings, activities, successes, and related news
- Continue to build-out online presence and keep website and social content fresh

B. DEVELOP TIERED MARKETING PLANS FOR BAM PROPERTIES AND PROGRAMS

As BAM begins to acquire properties through the acquisition programs outlined below, it will need to develop a variety of marketing strategies to connect available properties to end-users, and to support residents and partners in putting properties to use in a manner desired by the surrounding community. To ensure equity, those marketing strategies will likely need to occur at both the neighborhood and citywide level, and should be conducted in concert with BAM's overall mission and vision and in collaboration with BAM's partners. Any marketing strategy will implicate the need for a property data system that both captures important data on a given parcel, and communicates that information to the public and to BAM partners in a digestible and easy to access format.



PARTNERS

- Nonprofit partners in BAM priority neighborhoods
- City of Memphis
- Innovate Memphis
- Other community partners

BAM POWERS AND RESPONSIBILITIES

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- An annual financial and activity report, along with an audit, must be prepared and filed with the creating local government(s) and made available to the public. (T.C.A. § 13-30-112(a-e))

COSTS

- Cost Covered by General Operating, assuming a minimum staffing of Executive Director and part-time Office Manager

GOALS

- Acquire and operationalize a property data and management system that can capture property data in real time including, for example, assessed value, any lien value, costs to maintain and manage, proximity to CDC operating areas and existing community redevelopment projects
- Track and market available BAM parcels through the BAM website and other means, including any appropriate conditions on disposition or desired end-uses/end-users
- Build out BAM acquisition and disposition policies and procedures to ensure appropriate flexibility in accordance with Tennessee law
- Ensure policy framework supports acquisitions and dispositions that are conducted in a manner that serves the mission and vision of BAM and its community partners, and that lead in the direction of community control and ownership of land in the neighborhoods most impacted by vacancy and abandonment

C. HOST “MEET AND GREET” IN PRIORITY NEIGHBORHOODS

BAM will begin to design and ultimately institutionalize regular and ideally in-person “Meet and Greet” in Priority Neighborhoods. BAM should publicize these local meetings and provide food for those in attendance. Each “Meet and Greet” should include both basic 101 educational information about BAM and its programs, and should also provide an avenue for BAM partners to share information, successes, and challenges. BAM might consider formalizing a partnership with Innovate Memphis to co-present at each “Meet and Greet,” to educate residents about neighborhoods trends, how to use the Memphis Property Hub, and brainstorm and identify opportunities for action. BAM should seek to find multiple ways at each event to celebrate and invest in neighborhood residents and local businesses—from purchasing the food to lifting up and putting a spotlight on local grassroots community development and local businesses. And BAM should be always asking whether and how it can contribute to local efforts—and learning from residents how to avoid causing harm.



PARTNERS

- Residents of Priority Neighborhoods
- Shelby County Land Bank
- Nonprofit partners in BAM priority neighborhoods
- City of Memphis
- Innovate Memphis
- Other community partners

BAM POWERS AND RESPONSIBILITIES

- BAM is designed to be “utilized by [the] communit[y] to facilitate the return of vacant, abandoned and tax-delinquent properties to productive use.” (T.C.A. § 13-30-102(5))
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- An annual financial and activity report, along with an audit, must be prepared and filed with the creating local government(s) and made available to the public (T.C.A. § 13-30-112(a-e))

COSTS

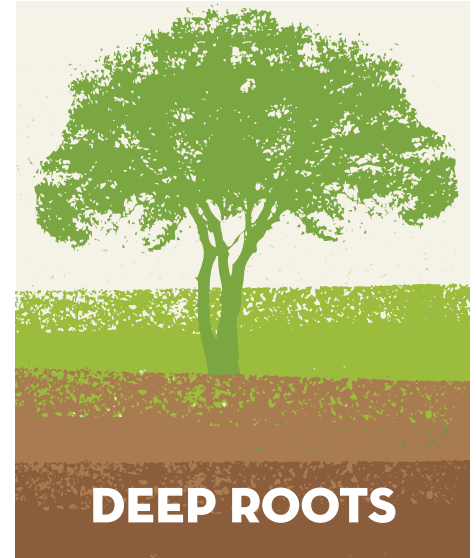
- Covered by General Operating, assuming a minimum staffing of Executive Director, part-time Office Manager, and Community Engagement Manager and/or formal community engagement partnership with Innovate Memphis

GOALS

- Institutionalize quarterly “Meet and Greet” in Priority Neighborhoods

D. LINK TO PLANNING AND ENGAGEMENT EFFORTS IN PRIORITY NEIGHBORHOODS

In partnership with Memphis 3.0, Innovate Memphis, and other development partners, BAM will develop and institutionalize programming in Priority Neighborhoods that will result in authentic community input for the acquisition of VAD properties as well as the disposition of properties within BAM's inventory. **BAM need not take the lead on neighborhood planning initiatives, but should build strategic links to planning efforts to help identify VAD properties within the study area and explore strategic acquisition, stewardship, and reuse opportunities that complement overall planning goals.** For example, BAM should explore if the Memphis 3.0 Small Area planning efforts can expressly include utilization of BAM as an implementation tool for neighborhood plans. This community engagement process and practice, which involves deepening the partnership with Innovate Memphis, might include community data mapping and visioning, facilitated planning on possible short and long term uses of VAD parcels within the planning area, and end-use decision-making grounded in goals, priorities, and resources available from local resident leaders and community development stakeholders (e.g., proposed Tax Increment Financing projects, affordable housing development, anchor institutional development, economic development and otherwise). The creation and institutionalization of this deep neighborhood engagement process would not only lead to local direction and control of properties in BAM's portfolio, but also inform and direct BAM's proactive acquisition strategies of parcels and projects in the Priority Neighborhood. This kind of deep and authentic community engagement, and focus on community led/community control of the future of VAD properties, would also certainly provide helpful support for any BAM request to access public dollars and philanthropic dollars in service of these efforts.



PARTNERS

- Residents of Priority Neighborhoods
- Nonprofit partners in BAM Priority Neighborhoods
- City of Memphis
- Shelby County Land Bank
- Innovate Memphis
- Other community partners

COSTS

- Covered by General Operating, assuming a minimum staffing of Executive Director, part-time Office Manager, Community Engagement Manager (or formal partnership with Innovate Memphis), and Operations Manager

BAM POWERS AND RESPONSIBILITIES

- BAM is designed to be "utilized by [the] communit[y] to facilitate the return of vacant, abandoned and tax-delinquent properties to productive use." (T.C.A. § 13-30-102(5))
- Must maintain public inventory of all real property held (T.C.A. § 13-30-111(b))
- An annual financial and activity report, along with an audit, must be prepared and filed with the creating local government(s) and made available to the public (T.C.A. § 13-30-112(a-e))



SECTION III

BAM PROPERTY ACQUISITION SERVICES AND PROGRAMS



A. PROPERTY DONATION PROGRAM

Perhaps the most basic and passive form of acquiring properties, BAM can receive donations of real property directly from property owners including burdensome vacant lots and structures that pose harm to the surrounding neighborhood. BAM may choose to pay back taxes and other costs associated with donated properties. BAM reserves the right to rehabilitate, maintain, sell, or demolish donated properties.



PARTNERS

- Memphis property owners, preferably in Priority Neighborhoods

BAM POWERS AND RESPONSIBILITIES

- Flexible acquisition powers including acquisition by donation (T.C.A. § 13-30-110(a))
- Holds land tax exempt and may pay back taxes owed by donative owner (T.C.A. § 13-30-116(a-b))
- Responsible for property maintenance in accordance with state and local laws and ordinances (T.C.A. § 13-3-110(c))
- Must maintain public inventory of all real property held (T.C.A. § 13-30-111(b))

COSTS

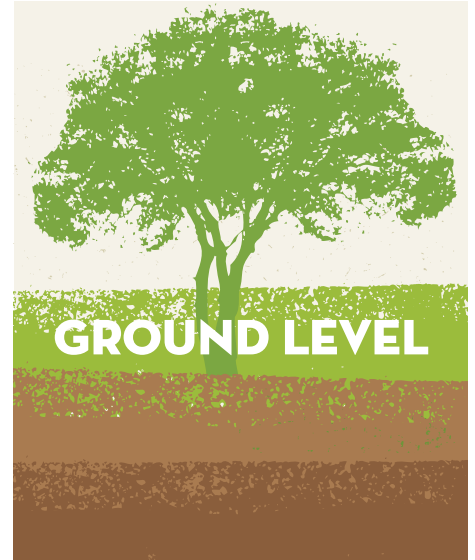
- Each parcel received through donation will incur costs associated with acquisition, initial clean-up, and ongoing maintenance. If the donation is a significantly distressed property, demolition may be necessary. *(See Appendix C for cost details)*

GOALS

- Operationalize and begin to market Donation Program: Goal of 20 donated properties in BAM inventory by June 2022
- Evaluate on an annual basis, acknowledging carrying costs of cleaning and maintaining donated properties that may have little to no market value

B. MUNICIPAL TRANSFER PROGRAM

BAM can acquire properties transferred directly from local government partners including the City of Memphis and Shelby County. For example, if the City of Memphis acquires title to properties through housing and building code enforcement processes, the City may then transfer one or more parcels to BAM for remediation, holding, and disposition in support of community priorities and neighborhood needs. Some municipalities have transferred significant inventories of publicly held parcels to a newly created land bank, embracing a vision of the land bank becoming a central, nimble, and expert clearinghouse in stewarding the disposition of vacant, underutilized parcels in support of equitable, inclusive development.



PARTNERS

- Shelby County and Memphis Local Government

BAM POWERS AND RESPONSIBILITIES

- Flexible acquisition powers including acquisition by donation (T.C.A. § 13-30-110(a))
- Holds land tax exempt and may pay back taxes owed by donative owner (T.C.A. § 13-30-116(a-b))
- Responsible for property maintenance in accordance with state and local laws and ordinances (T.C.A. § 13-3-110(c))
- Must maintain public inventory of all real property held (T.C.A. § 13-30-111(b))

COSTS

- Each parcel received through donation will incur costs associated with acquisition, initial clean-up, and ongoing maintenance. If the donation is a significantly distressed property, demolition may be necessary. *(See Appendix C for cost details)*

GOALS

- Operationalize and begin to market Donation Program: Goal of 20 donated properties in BAM inventory by June 2022
- Evaluate on an annual basis, acknowledging carrying costs of cleaning and maintaining donated properties that may have little to no market value

C. LAND DEPOSIT PROGRAM

In accordance with its Land Deposit Policy, BAM may acquire properties from nonprofit partners to be held in the Land Bank tax free for a defined short term, pending transfer of the properties back to the nonprofit. By holding properties in this fashion, BAM temporarily reduces holding costs for the nonprofit, while the nonprofit assembles properties or focuses on other activities (such as pre-development planning, financing, and structuring) to advance a project. Providing this redevelopment incentive to local nonprofit partners encourages community-led economic development efforts.



PARTNERS

- Nonprofit partners in BAM priority neighborhoods
- Shelby County Tax Assessor and Memphis Treasurer's Office

BAM POWERS AND RESPONSIBILITIES

- Flexible acquisition powers (T.C.A. § 13-30-110(a-b))
- Hold land tax exempt (T.C.A. § 13-30-116(a))
- Responsible for property maintenance in accordance with state and local laws and ordinances (T.C.A. § 13-3-110(c))
- Must maintain public inventory of all real property held (T.C.A. § 13-30-111(b))

COSTS

- Each parcel held through a Land Deposit Program will incur minimal costs, since the partner organization depositing the land will still be responsible for ongoing maintenance. Costs for BAM are largely personnel, including legal support, administrative support, and routine inspection services.

GOALS

- Operationalize and begin to scale-up the Land Deposit Program: Goal of 50 Properties under management by June 2022
- Maintain and grow Land Deposit Program: Goal of 150 Properties under management by June 2023
 - Expand program to constellation of CDCs and affordable housing providers throughout Memphis, beginning in Priority Neighborhoods and expanding beyond
 - Explore generating additional savings for partners on maintenance through economies of scale, hiring of local/neighborhood maintenance providers and contractors
 - Ensure fees required for program represent significant savings to CDC partners, but are also sufficient to cover and slightly exceed BAM's costs to operate and manage the program

D. SHELBY COUNTY LAND BANK DRAW-DOWN PROGRAM

In accordance with its Land Acquisition and Disposition Policies, BAM may submit purchase applications and acquire properties at no charge (per Shelby County's policy of allowing donations to nonprofits) from the Shelby County Land Bank ("SCLB") on behalf of and upon request by partner nonprofits. Upon acquisition of parcels from SCLB, quiet title actions will generally be required to obtain clean, clear, and marketable title. Following the quiet title action, BAM will likely either immediately transfer the parcel(s) to the partner nonprofit, or move the parcel(s) into a Land Deposit Agreement with the partner nonprofit. As this program develops, BAM may utilize its bulk quiet title power to reduce costs and complete more efficient and economical title clearing processes for BAM and its nonprofit partners.



PARTNERS

- Shelby County Land Bank
- Nonprofit partners in BAM priority neighborhoods
- Other community partners

BAM POWERS AND RESPONSIBILITIES

- Flexible acquisition powers including acquisition by transfer from municipal entities (T.C.A. § 13-30-110(b))
- Holds land tax exempt (T.C.A. § 13-30-116(a-b))
- Authority to conduct bulk quiet title actions (T.C.A. § 13-30-117(e))
- Responsible for property maintenance in accordance with state and local laws and ordinances (T.C.A. § 13-3-110(c))
- Must maintain public inventory of all real property held (T.C.A. § 13-30-111(b))
- Flexible disposition powers including disposition for highest missional end-use in accordance with local community goals and priorities (T.C.A. § 13-30-111(c))

COSTS

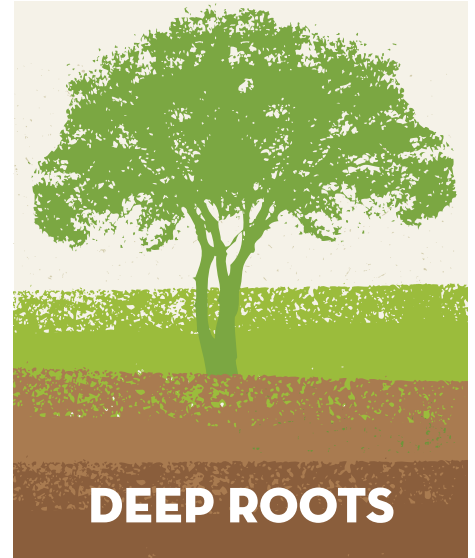
- Each parcel acquired from SCLB will incur nominal acquisition costs, and legal costs associated with a quiet title action. Additional costs, and personnel costs to manage this more complicated acquisition mechanism, may vary based on arrangement with partnering nonprofit. (See Appendix C for cost details)

GOALS

- Deepen relationship with SCLB and develop one-pager explaining the program, roles of separate parties, and benefits to partner nonprofits
- Goal to acquire up to 5 parcels in each of three different Priority Neighborhoods, for holding in Land Deposit Program or immediate transfer to nonprofit/CDC end-users
- In 2023 or sooner, expand program to constellation of CDCs and affordable housing providers throughout Memphis

E. COMMUNITY BENEFIT TAX FORECLOSURE PROGRAM

According to data provided by the Memphis Treasurer, there were approximately 35,000 parcels eligible for the tax sale in 2020, and more than 10,000 of these are chronically tax delinquent (at least 5 years delinquent).⁶ As trust deepens among partners, so too can the roots. In that event, BAM would like to develop a program whereby nonprofit partners can identify chronically tax delinquent, vacant lots and structures for acquisition through this Community Benefit Tax Foreclosure Program, which opens up significantly more opportunities for equitable redevelopment (see Appendix D). With the help of Innovate Memphis and consistent with BAM's identified Priority Neighborhoods, nonprofit partners would provide BAM and the Shelby County Trustee with a list of properties desired, and the Shelby County Trustee would proceed with appropriate tax foreclosure process against these chronically delinquent and vacant properties. At the ensuing tax sale, BAM would acquire those properties *in the absence of any third-party bidder* utilizing its no cash bid authority. Upon acquisition at tax sale, BAM would proceed to quiet title on acquired properties and then promptly transfer the properties to the appropriate nonprofit partner—or move these properties into a Land Deposit Agreement on behalf of the nonprofit partner. As this program develops, BAM may utilize its bulk quiet title power to reduce costs and complete more efficient and economical title clearing processes for BAM and its nonprofit partners. Upon acquisition of properties through the tax sale process and necessary actions to quiet title, BAM reserves the right to rehabilitate, demolish, maintain, sell, or otherwise dispose of properties in furtherance of its mission and in accordance with any agreements between BAM and nonprofit partners and approval of the BAM Board of Directors.



PARTNERS

- Nonprofit partners in BAM priority neighborhoods
- Shelby County Trustee's Office

BAM POWERS AND RESPONSIBILITIES

- Flexible acquisition authority including power to acquire property through tax sale auctions for no cash bids where there are no other bidders on a parcel (T.C.A. § 13-30-110(f)(2))
- Holds land tax exempt (T.C.A. § 13-30-116(a-b))
- Authority to conduct bulk quiet title actions (T.C.A. § 13-30-117(e))

- Responsible for property maintenance in accordance with state and local laws and ordinances (T.C.A. § 13-3-110(c))
- Must maintain public inventory of all real property held (T.C.A. § 13-30-111(b))
- Flexible disposition powers including disposition for highest missional end-use in accordance with local community goals and priorities (T.C.A. § 13-30-111(c))

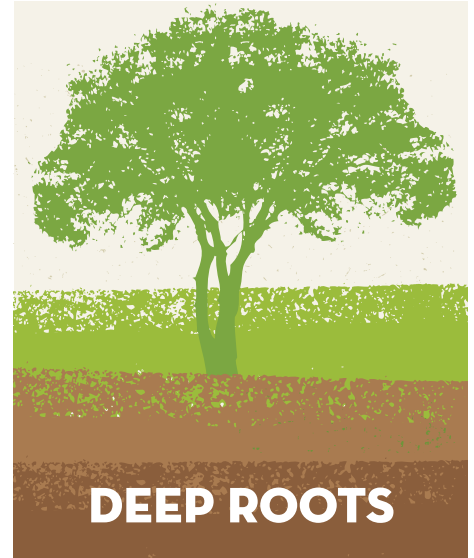
COSTS

- Will vary considerably based on minimum bid amount, but other subsequent costs will be similar to those from the SCLB Draw-Down Program

⁶ Source: Memphis Property Hub, 2020 City of Memphis Treasurer Data, and 2018 Shelby County Trustee Data.

F. ADVANCED ACQUISITION AND DEVELOPMENT PROGRAMMING

As BAM receives critically needed capacity investment, and gains significant experience and a demonstrated track record with real property acquisition, maintenance, and disposition in partnership with municipal and nonprofit partners, BAM will be poised and prepared to take, as appropriate, a deeper role in VAD property development. Equitable and inclusive development could be achieved through programs such as the emerging deed-in-escrow program, whereby BAM will identify responsible local developers or hopeful resident-property owners who will commit to acquiring a vacant lot or substandard vacant residential structure from BAM, developing/rehabilitating that property, and BAM will hold the deed-in-escrow until successful project completion to leverage that successful completion. Other land banks around the country have found that ultimately the land bank needs to acquire a detailed project scope and work closely with first-time home developers to achieve a successful project. Other “deep root” possibilities include BAM serving as a receiver for code delinquent vacant properties that come through the Environmental Court, in accordance with the Neighborhood Preservation Act. BAM could, if named receiver by the court, rehabilitate the property and either recoup its investment or acquire the property through enforcement of a receiver lien against the property.⁷ Finally, BAM could work with nonprofit and private partners to actually serve as co-developer or co-owner on larger scale residential and commercial development projects in Priority Neighborhoods throughout Memphis as appropriate.



PARTNERS

- City of Memphis, Code Enforcement and Law Departments
- Environmental Court
- Nonprofit and for-profit developers
- First time homebuyer/rehabbers



BAM POWERS AND RESPONSIBILITIES

- Power to rehabilitate, renovate, demolish and otherwise improve real property (T.C.A. § 13-30-109(10)(a))



COSTS

- It is not possible to provide an average cost of these ‘deep root’ opportunities given the variable nature of the work, the role BAM will assume for each program and project, and that costs to rehab a property could range from \$10,000 to \$150,000. Other factors include costs of enforcement and title clearing, amount of public and private debt associated with parcel, and the value the property may reflect in either a public action (tax sale or receiver lien enforcement) or on the open market.

⁷ See TN Neighborhood Preservation Act, T.C.A. § 13-6-101 *et seq.*



APPENDICES

APPENDIX A: THREE-YEAR CHECK LIST AND ASPIRATIONAL GOALS FOR BAM

Over the next three years, with adequate operational support, BAM is poised to become a critical and dynamic institutional partner to entities in every corner of the Memphis community—from City Hall to CDC neighborhood meetings to real estate investment board rooms. The following check list provides key goals for BAM's journey, and the activities/tasks are grouped into categories for ease of reference:



Organizational Development/Funding Activities

Community Engagement Activities

Acquisition Activities



Disposition Activities

FISCAL YEAR 2021 July 2021-June 2022
















-  Work to develop relationships in order to secure adequate multi-year operational funding for staff build-out including executive director, part-time office manager, field maintenance manager, community engagement manager and necessary and appropriate consulting support (e.g., legal counsel, policy consultants, property management/insurance etc.)
-  Finalize Land Acquisition, Maintenance, Disposition Board Policies, and Land Deposit Program Policy

-  Continue update and build-out of BAM website
-  Operationalize a sufficient and public-facing property data and management program that can also be utilized to develop various tiered marketing programs for BAM properties and programs
-  Affirm the three Priority Neighborhoods to focus BAM activities in 2021-2023
-  Complete at least three “Meet & Greets” in Priority Neighborhoods to:
 -  Provide Land Bank 101 for neighborhood stakeholders
 -  Highlight successes of key neighborhood nonprofit partner(s)
 -  Share information/presentations from partners including Innovate Memphis and Shelby County Land Bank (SCLB)
 -  Seek community input and guidance
-  Operationalize and market the Land Deposit Program: Goal of 50 properties under management by June 2022
-  Operationalize and market the Donation Program: Goal 20 donated properties in BAM inventory by June 2022
-  Deepen relationship with SCLB, collaborate on development of one-pager describing the SCLB Draw-Down Program, and identify partners and properties for pilot(s)
-  Support up to 10 Adopt-A-Lot Projects in Priority Neighborhoods in partnership with Memphis City Beautiful
-  Complete up to five dispositions of BAM parcels to responsible end-user and track/summarize story and success of end-use



ESTIMATED COSTS

-  Operations, including staffing and overhead = \$350,000
-  Property acquisition, stewardship, and maintenance = See costs throughout the menu of programs in Sections II and III, as well as Appendix C





















FISCAL YEAR 2022 July 2022-June 2023

-  Increase adequate multi-year operational funding to add operations manager and necessary and appropriate consulting support and property management support as portfolio grows
-  Revise annual expense/revenue goals in light of experiences and program evaluation
-  Continue board and stakeholder education/community engagement:
 -  Institutionalize quarterly “Meet and Greet” in Priority Neighborhoods
 -  Explore additional community engagement programming in partnership with larger CDC and nonprofit community, and around BAM success stories and impacts
-  Evaluate Donation Program’s costs and benefits following first-year experiences, and revise goals for fiscal year 2022
-  Maintain and grow Land Deposit Program: Goal of 150 properties under management by June 2023
 -  Expand program to constellation of CDCs and affordable housing providers throughout Memphis, beginning in Priority Neighborhoods and expanding beyond
 -  Explore generating additional savings for partners on maintenance through economies of scale, hiring of local/neighborhood maintenance providers and contractors
 -  Ensure fees required for program represent significant savings to CDC partners, but are also sufficient to cover and slightly exceed BAM’s costs to operate and manage the program
-  Pilot SCLB Drawn-Down Program in partnership with CDCs in Priority Neighborhoods: Goal of 15 properties (five parcels in each of three different Priority Neighborhoods) for holding in Land Deposit Program or immediate transfer to nonprofit/CDC end-users
-  Evaluate Adopt-A-Lot Program, and if appropriate, seek funding to build capacity of BAM and partner, Memphis City Beautiful, to expand opportunities for residents, particularly those in Priority Neighborhoods
-  Pilot Side-Lot-Disposition Program in Priority Neighborhoods
-  Pilot Deed in Escrow/small-scale residential development projects, with a goal of two to five properties
-  Complete up to 30 dispositions of BAM parcels in accordance with BAM mission, priorities, and community priorities; track/summarize story and success of end-use

ESTIMATED COSTS

-  Operations, including staffing and overhead = \$425,000
-  Property acquisition, stewardship, and maintenance = See costs throughout the menu of programs in Sections II and III, as well as Appendix C

FISCAL YEAR 2023 July 2023-June 2024

-  Increase adequate multi-year operational funding for at least three full-time employees and necessary and appropriate consulting support and property management support
-  Generate enough revenue from programming to cover 25% of annual BAM operations expenses
-  Revise annual expense/revenue goals in light of experiences and program evaluation
-  Expand and deepen board and stakeholder education/community engagement:
 -  Institutionalize quarterly “Meet and Greet” in Priority Neighborhoods
 -  Provide Land Bank 101 for neighborhood stakeholders
 -  Highlight successes of key neighborhood nonprofit partners
 -  Share information/presentations from partners including Innovate Memphis, SCLB, and others
 -  Share BAM disposition/land deposit success stories
 -  Seek community input and guidance
-  Scale and institutionalize SCLB Draw-Down Program:
 -  Expand program to constellation of CDCs and affordable housing providers throughout Memphis, beginning in priority neighborhoods and expanding beyond.
 -  Generate additional savings for partners on maintenance through economies of scale, hiring of local/neighborhood maintenance providers and contractors.
 -  Ensure fees required for program represent significant savings to CDC partners, and are also sufficient to provide for significant ongoing BAM operational costs
-  Maximize activity under the Land Deposit Program, as capacity and opportunities allow
-  Pilot acquisitions through County and/or City tax foreclosure/enforcement systems under the Community Benefit Tax Foreclosure Program:
 -  Identify up to 10 vacant parcels in Priority Neighborhoods that are tax delinquent a minimum of five years; request tax foreclosure on identified chronically delinquent parcels with commitment for BAM to bid in the absence of third-party bidders or redemption
-  Pilot Receivership Program in partnership with Environmental Court, with a Goal of two properties
-  Evaluate, adjust accordingly, and set new annual goals for Side-Lot Disposition Program, Adopt-A-Lot Program, and Deed-in-Escrow Program
-  Complete up to 60 dispositions of BAM parcels in accordance with BAM mission, priorities, and community priorities; track/summarize story and success of end-use

ESTIMATED COSTS

- Operations, including staffing and overhead = \$500,000
- Property acquisition, stewardship, and maintenance = See costs throughout the menu of programs in Sections II and III, as well as Appendix C

FIVE YEARS FORWARD: ASPIRATIONAL STATEMENT AND GOALS

BAM aims to serve as a community development tool that encourages and enables community control and ownership of land in Memphis by discouraging speculative investing activities, prioritizing equitable outcomes, and implementing the community engagement and property acquisition programs described in this Action Plan with an unwavering commitment to building deep, authentic, and creative relationships with those most impacted by vacancy and abandonment.

By 2026, Memphis residents will understand and respect BAM for the following reasons:

- Embedded in deep partnerships, carries out widespread acquisition, using credit and trump bid powers, and title clearing on tax delinquent vacant properties in concert with neighborhood/community led stabilization and affordable housing initiatives
- Institutionalizes robust and accurate tracking of outcomes on parcels through BAM programs, coordinates data tracking with Innovate Memphis and other partners, and cultivates citywide a collaborative culture of data-driven decision-making that supports equitable outcomes
- Delivers resources and results for Priority Neighborhoods with a strong commitment to inclusion, not only improving and strengthening neighborhood markets but also ensuring affordable housing choices for residents at all income-levels in emerging neighborhoods of opportunity
- Plays key role as strategic partner in large-scale affordable housing and equitable commercial development that leads to housing and economic development enjoyed by legacy residents of BAM priority neighborhoods
- Serves as a trusted partner in large-scale and commercial development projects
- Identifies, supports, and successfully advances state and local policy reforms to ease and increase BAM neighborhood stabilization activities

- BAM and its partners, including local and county governments, operate as models for land banks and neighborhood stabilization coalitions around the country

APPENDIX B. COMMON LAND BANK FUNDING STRATEGIES

This summary presents common land bank funding strategies, with examples, across three broad categories: (1) statewide solutions, (2) local and county funding solutions, and (3) governmental and philanthropic grants.

1. STATEWIDE SOLUTIONS: DTAC AS THE MODEL, AND ONGOING EFFORTS TO EMULATE

Ohio is the only state that has meaningfully solved the land bank funding challenge, and its Delinquent Tax Assessment Collection ("DTAC") has become the standard of excellence in the national field of practice. Included in Ohio's 2009 state enabling land bank legislation, this smart funding provision allows Counties (land banks can only be created at the county level in Ohio) to add a fee, up to 5%, on all delinquent property taxes, the proceeds of which must be directed to a dedicated land bank fund and appropriated annually (up to a capped amount, determined by formula) as discretionary funds for use by the land bank. To put this in perspective, the Cuyahoga County Land Bank, a pioneer in the national field of practice, receives approximately \$7 million annually in DTAC funding.

- A. New York Land Bank Association (NYLBA). A number of different statewide land bank associations and networks are currently exploring ways to emulate DTAC in some fashion. For example, NYLBA identified two potential revenue streams for land banks that are generated from real estate transactions: the mortgage recording tax and the real estate transfer tax. With very minimal adjustments to either one of these taxes (a .25% increase for example), NYLBA has projected that Counties could generate a predictable and recurring funding source that is

appropriately scaled to the unmet need within the many diverse communities served by land banks across the state. The lesson of New York is that while DTAC can and should be used as a model to emulate, land bank practitioners and allies will need to find a solution that is most appropriate to their state's unique fiscal, political, and legal dynamics.

- B. Pennsylvania's Recorder of Deeds Fee Law. While not tied directly to land banks, this funding could be used to support programming of a municipal or county land bank. In 2016, PA Governor Tom Wolf signed into law Act 152, which allows any County the option to add a flat fee of up to \$15 on every deed/mortgage filed in their respective County. Act 152 stipulates that the proceeds from this new deed recording fee can only be used to demolish blighted structures. Erie County has estimated a \$15 fee would generate approximately \$200,000 a year to support a demolition program.

Absent a legislative fix at the state level to ensure a recurring and predictable funding stream, most land banks are relying either on local/county funding solutions, or applying for grants from governmental agencies or philanthropic partners.

2. LOCAL AND COUNTY FUNDING SOLUTIONS

Traditionally, land banks have relied on a number of locally generated revenue streams, but there is general consensus that these traditional funding strategies often fall far short of the scale of the problem. Whether through the creation of new funding streams or cost-sharing and in-kind strategies, land bank leaders are continuing to innovate in the face of limited resources and what can often seem to be an ever-growing need.

- A. 5/50 Tax Recapture and Sale Proceeds. Most of the land bank bills passed at the state level over the last ten years include some form of tax recapture, which allows land banks to receive a portion of the property taxes for a set number of years on any property it sells and puts back on the tax rolls. For example, a 5/50 tax recapture means that for the five years following the sale of a property, the land bank is able to receive 50 percent of the property taxes generated by that parcel. Land banks also retain all proceeds from property sales. While the tax recapture proceeds and sales revenue are better than nothing, Community Progress has learned from land bank leaders that these funding streams consistently fall very short of

operational and programmatic needs. For example, from 2010 to 2013, the Genesee County Land Bank Authority in Michigan had an average operating budget of \$9 million, and projected only \$50,000 annually in 5/50 tax recapture proceeds. These low numbers aren't unreasonable, since land banks primarily focus in neighborhoods with weak and underperforming housing markets, which diminishes the amount of property taxes and sales proceeds that can be realized.

- B. General Fund Appropriations. Some land banks benefit from outstanding partnerships with local and county governments, and have built mutual understanding that if the land bank is going to assume the role of serving as a centralized steward for tax-foreclosed or other priority problem properties, then it also needs to be funded in part by those governments benefiting from this service. While there are a number of land banks across the Country that receive direct appropriations from local and county governments, there are two in particular worth mentioning here.

- a. Syracuse Land Bank. The City of Syracuse had simply stopped enforcing delinquent taxes for nearly seven years because it didn't want the responsibility to steward distressed properties that went unwanted at the tax foreclosure auction. The creation of the Syracuse Land Bank in 2012 was actually a partnership: the City would initiate foreclosures on a massive backlog of tax delinquent properties in batches and the Land Bank would agree to accept any property that was eventually foreclosed upon by the City. Both parties expected an increase in tax revenue and the City's tax collection rate, and both agreed that a portion of this increase should be directed to the Syracuse Land Bank to fund operations and programs. According to a 2017 report by the NLYBA, this new approach resulted in the collection of an additional \$7.2 million in delinquent city taxes between November 2012 and June 2015. During that time, the Syracuse Land Bank received approximately 50% of this amount to support the maintenance, demolition, and rehabilitation of properties in its inventory. This enlightened partnership (and its enlightened leaders) has helped position Syracuse Land Bank as a leader in the field not only in New York but across the nation. As of May 2021, the Syracuse Land Bank has acquired 1,949 properties, sold 1,042 properties, and leveraged \$72 million in private and public investments into the city's neighborhoods.

- b. Suffolk County: Revenue sharing agreement. Suffolk County Land Bank (NY) was formed with a laser-focus on tackling brownfields, the priority problem property in Suffolk. In an unprecedented move, the Land Bank worked out a blanket agreement with state environmental agencies and Suffolk County related to liability protections, lien release, and the sharing of sales proceeds. A second agreement was worked out with Suffolk County, in which the Land Bank can always retain up to \$500,000 in discretionary funds to support operations and any costs not grant funded, which reflects the County's understanding of how pivotal this entity is in re-activating vacant and underutilized former industrial sites, and recouping back tax revenue from the owners of these sites. The partnership has worked. In its first four years of operation, the Land Bank's actions helped recoup more than \$4.5 million in voluntary payments and commitments to installment plans from owners of these industrial sites).
- C. Blight Bonds: Macon Bibb County, GA. While state enabling legislation usually grants land banks bonding authority, it is hardly ever used in the field of practice. However, Macon-Bibb County government (Macon-Bibb County Urban Development Authority) approved a \$14 million "blight bond" to help fund and augment the work of the Macon-Bibb County Land Bank Authority. The bonds were issued in May 2015, and each of the ten Commission districts received an allocation of \$1 million dollars for the remediation and elimination of blighted properties.
- D. Cost-sharing and Capacity Boosting Strategies. Since many governments at the local and county levels continue to operate in fiscally constrained environments, cash allocations to land banks may be impractical. However, land banks are constantly exploring innovative ways that their partners, including local and county governments, can provide in-kind support to boost capacity.
 - a. Broome County and Chautauqua County, NY: Landfill Discounts for LB Demolitions. In New York, both Broome County and Chautauqua County have approved legislation that discounts the tipping fees at their respective landfills for demolitions carried out by the county's land bank. Landfills are run as separate enterprises, and generally have healthier and more stable funds. This is a smart and simple way to reduce the cost of demolitions by land banks (and hopefully enable the land bank to carry out more demolitions) in lieu of direct cash contributions from the County's constrained general fund.
 - b. Dedicated personnel. Many land banks across the country, particularly smaller land banks in rural areas, do not have dedicated personnel and instead rely on public employees at the local or County government to staff and oversee operations. Even where land banks have dedicated personnel, we often see local government staff donating their time to support programmatic needs, such as code officers inspecting land bank properties to help draft scopes of work or housing counselors supported by HUD entitlement dollars assisting potential buyers of land bank owned properties.

3. GOVERNMENTAL AND PHILANTHROPIC GRANTS: OPERATING AND PROGRAMMATIC SUPPORT

- A. Federal Hardest Hit Funds (HHF). There is no question that HHF, a U.S. Treasury program, has been the most impactful revenue stream for land banks in the national field of practice to date. HHF was originally authorized in 2010 to invest \$7.6 billion to housing markets in 18 states (including Tennessee) and District of Columbia. In 2013, the Treasury authorized demolition as an eligible HHF activity, and immediately earmarked \$622 million for a Blight Elimination Program (BEP). The program was so successful, the Treasury announced and allocated another \$2 billion in 2016 for BEP. Cities like Toledo, Ohio, have benefitted significantly from tens of millions in HHF grant awards to the Lucas County Land Bank. Toledo set a goal of demolishing 1,000 properties with HHF funds—and exceeded it. While HHF is winding down, this example illustrates the significant positive impacts that federal housing programs, even temporary ones, can generate. Fortunately, there are a number of federal bills under consideration in 2021 that could potentially open up significant new funding for land banks.
- B. LIHTC and State Grant Programs. The federal low-income housing tax credit (LIHTC) program, which is administered at the state level, is a major driver of affordable housing development in cities all across America. Some land banks have been quite successful in strategically assembling a portfolio of VAD properties, and activating them in partnership with a developer who can access LIHTC funding. Land banks should engage representatives of their state's housing agency to better understand the *entire* portfolio of grant programs that either the land bank or a partner, like a CDC, could apply to in support of activating vacant properties. Land banks

are also encouraged to build effective and diverse in-state coalitions, and foster strong working partnerships with state legislators and state agencies so that land banks are always “in the game” and “on the radar” when new funding opportunities emerge.

C. Foundations. The philanthropic sector, particularly local foundations, have proven essential in helping land banks get off the ground, pilot new programs, build out more robust community engagement efforts, and even fund annual operating costs. This land bank-philanthropic partnership has become ubiquitous in the field, but there is one worth highlighting:

a. Kent County Land Bank (KCLB) and program-related investments (PRI). KCLB received a \$600,000 PRI (in essence, a low interest loan from a foundation’s endowment) to provide the initial capital needed to acquire, rehabilitate, and sell about 180 tax foreclosed properties in the City of Grand Rapids, MI. According to our knowledge, this appears to be the only land bank that has successfully used a PRI. Since this is a loan that must be repaid, its use is limited to housing markets where projects “pencil out.” This funding mechanism is an excellent way to provide land banks up-front capital for the acquisition and triage of problem properties, but it only makes sense if the neighborhood housing market is strong enough to actually generate a (nominal) return on investment.

APPENDIX C.

COST ANALYSIS NOTES

The mission-driven work of land banks is resource-intensive. After all, land banks commonly acquire and steward properties that the private market has passed over, and in neighborhoods that have been harmed by decades of unjust policies and decisions that have led to the inequitable distribution of resources and opportunities. Repairing the harms to neighbors and neighborhoods caused by VAD properties will require sustained and strategic public investments that, if done equitably, will advance equitable, inclusive development that benefits all residents of Memphis—especially those most impacted by the lasting legacy of vacancy, abandonment, and disinvestment.

The costs below are collected from quotes and payments BAM has had to encounter since it began its land management operations. As the inventory of properties increases, it is likely BAM could procure services more cost-effectively simply because of economies of scale (and through unit pricing). Each property that BAM acquires under the programs described in the Action Plan will have a combination, if not all, of the following acquisition and management costs listed below.

DUE DILIGENCE & ACQUISITION COSTS FOR A VACANT PROPERTY (UNDER ONE ACRE)

- Closing costs: \$350 – \$1,500 (minimum)
- Quiet title action attorney fees and court costs: \$2,000 (minimum)
- Property inspection: \$250 (structures only)
- Reserve for satisfaction of delinquent taxes: \$1,500
- Asbestos Testing: \$650 – 2000 (structures to be demolished)

INITIAL INTERVENTIONS: STABILIZATION AND/OR DEMOLITION

- Initial clean-up and stabilization: \$1,500
- Demolition (permit fees, demolition, debris removal, grade): \$8,000 – \$15,000

- Fence repair and/or installation: \$2,000
- Sidewalk repair: \$700 (per square)
- Tree trim and/or removal: \$500 – \$1,500 (per tree)
- Haul off excessive trash and debris: \$400 (per dumpster)
- Additional chemical treatment: \$675 (per application, seven recommended)
- Seeding: \$150 (per site)

ONGOING MAINTENANCE PER VACANT PROPERTY

- General annual property maintenance (inspections, mowing, trash removal, secure and board): \$2,000 – \$2,500

APPENDIX D.

MAPPING OPPORTUNITIES OF THE COMMUNITY BENEFIT TAX FORECLOSURE PROGRAM

Neighborhood CDCs in Memphis, similar to CDCs in most other communities, regularly rely on publicly owned properties as a source for cost-effective acquisitions. In Memphis, that inventory is primarily held by the Shelby County Land Bank, which has been a great partner to neighborhood CDCs in providing vacant properties (structures and lots) at nominal cost for affordable housing.

However, there is another potential pipeline of vacant and abandoned properties—chronically tax delinquent properties (those properties with at least five years of tax delinquency)—

that could be accessed and transformed to neighborhood assets if there was a shared and stronger commitment among local partners, especially City leadership, to integrate and analyze parcel data information, better align problem property policies and practices, collaborate across sectors, and resource this work accordingly.

The inventory of chronically tax delinquent properties in the city of Memphis is extensive, and should be viewed as an untapped “portfolio of possibilities” that, with deep and trustful partnerships, could be activated in support of equitable development (see Table A below).

TABLE A. PUBLIC PROPERTY DISPOSITION SOURCES FOR BAM COMMUNITY PARTNERS

Source	Properties Available ⁸	Structures	Lots
Shelby County Land Bank	2,016	243	1,773
Chronically Tax Delinquent ⁹	12,759	9,786	2,973

To illustrate the untapped “portfolio of possibilities,” these two property groups were mapped at the CDC service area level for Heights CDC and at the project level of the Heights Line, a neighborhood led initiative to create the longest linear park in Memphis along a former trolley line.¹⁰

As the maps below show (see Maps A – D), the potential opportunities for cost-effective acquisitions—and equitable, inclusive development—expand **significantly** when you include the chronically tax delinquent properties. Thus, the Community Benefit Tax Foreclosure Program proposed in this Action Plan is an **ambitious, collaborative, and proactive approach** to transform longstanding tax delinquent, abandoned properties that have been causing harm to neighbors and neighborhoods to assets that support equitable, inclusive development—and BAM can play a critical role in supporting this work in strategic partnership with residents, the City, County, Innovate Memphis, CDCs, and other community development partners.

⁸ The universe of properties available reflects only those located in the city of Memphis.

⁹ According to 2020 City of Memphis Treasury Data and 2018 Shelby County Trustee Data. The most recent universe of chronically tax delinquent properties, defined by five years or more of tax liens, is unclear at the time of publication.

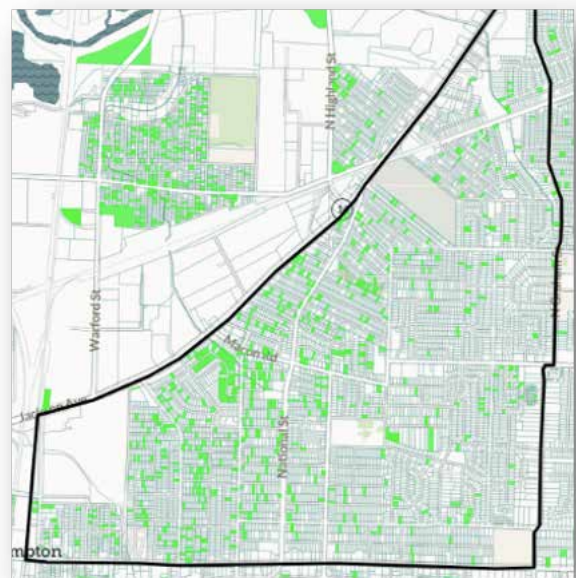
¹⁰ According to the project’s dedicated website, the Heights Line “will provide a much-needed public space amenity in North Memphis, and connect disinvested historic neighborhoods to nearby parks, urban centers, and transit routes.” To learn more of the project, see <https://www.heightsline.com/>.

WHAT THIS LOOKS LIKE AT THE CDC LEVEL

(the border represents the CDC service area):



MAP A. There are 22 parcels held by the SCLB in the Heights CDC service area.



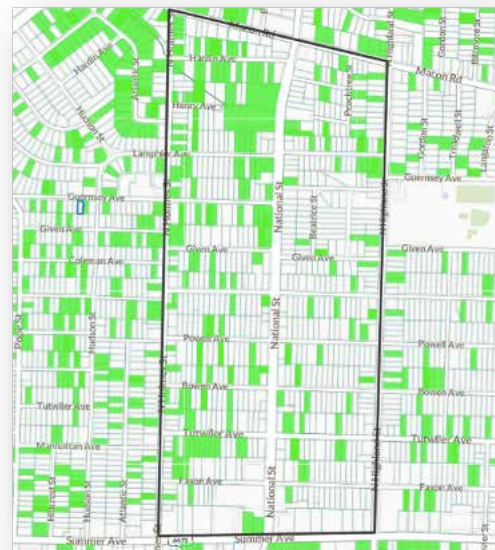
MAP B. There are 691 parcels that are at least five years tax delinquent in the Heights CDC service area, representing a *significantly* expanded portfolio of possibilities for CDC acquisition and activation in support of equitable development.

WHAT THIS LOOKS LIKE AT THE PROJECT LEVEL

(the border represents the Heights Line project area):

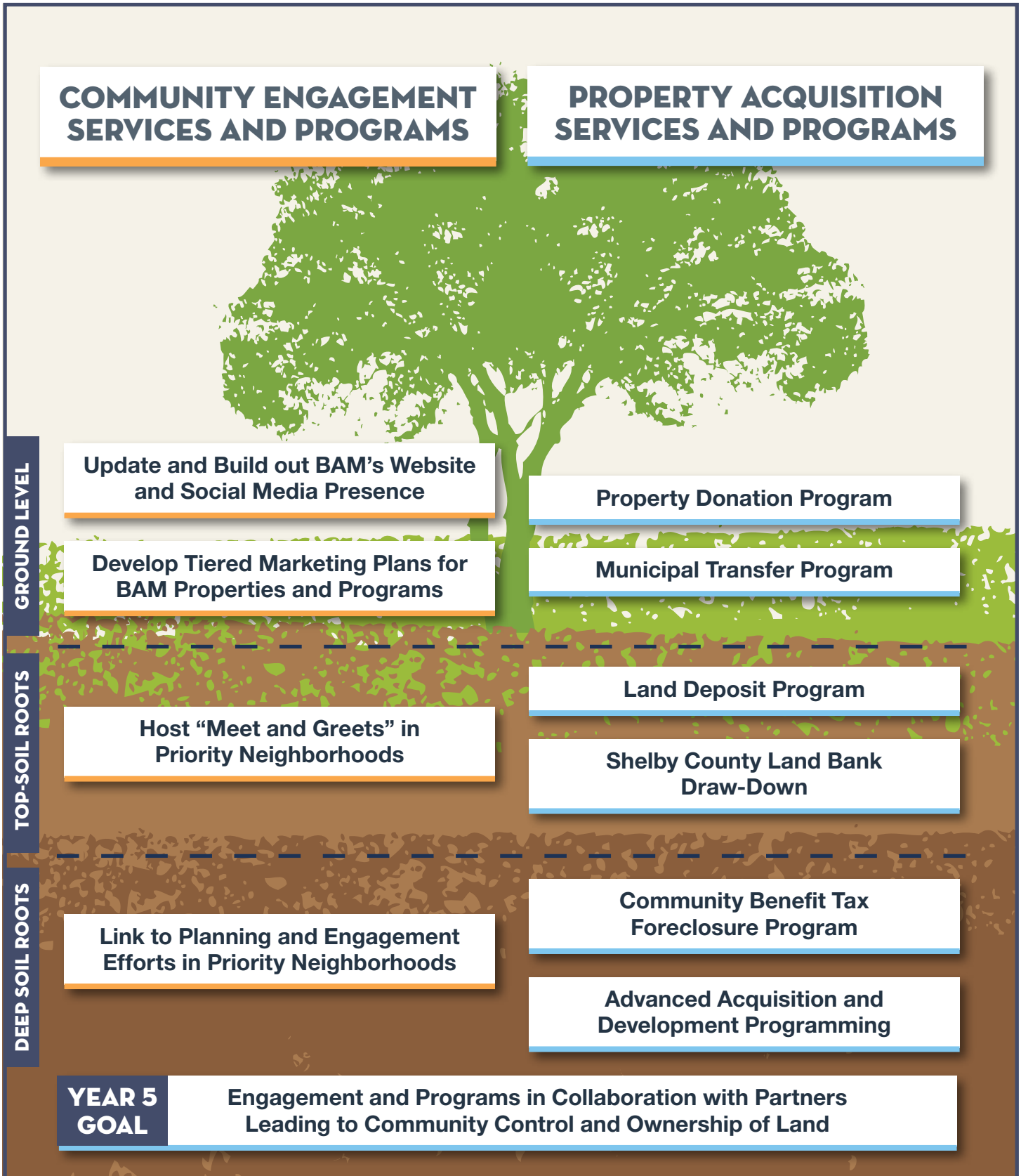


MAP C. There are five parcels held by the SCLB in the Heights Line project area.



MAP D. There are 78 parcels that are at least five years tax delinquent *exclusively* within the Heights Line project area; with many more parcels immediately adjacent to the project area.

APPENDIX E: TREE GRAPHIC ONE-PAGER





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