Land Banks and Land Banking Partnerships

A Strategy for Long-Term, Equitable Recovery
National Land Bank Network

Brian Larkin, Director
a division of the Center for Community Progress

Together, with land bank leaders, we aim to collaboratively develop national infrastructure, research, and knowledge-sharing that strengthens the ground-work of land banks – vital contributors to community health.

communityprogress.org
Systemic Vacancy & Communities

Systemic vacancy is the community experience of widespread property vacancy caused by the combined actions of people, policies, and processes.
What are Land Banks?

A land bank is a public authority focused on the conversion of vacant, abandoned, and tax delinquent properties into productive use.
Land Banks are NOT...

• Simple Community Development Corporations (CDCs)
• Financial institutions (no cashing checks)
• Get rich quick agencies
• Rumpelstiltskin
Where Properties Come From

Local tax foreclosure system is primary pipeline

- Owner not paying property taxes, not maintaining property after local government sought compliance
- Government unit forecloses on property for unpaid taxes and code enforcement liens
- Depending on state legislation, property is transferred to land bank
- The Land Bank will:
  - Extinguish liens and clear title
  - Maintains, repairs property
  - Strategically assemble parcels
  - Hold property tax exempt
  - Flexibly set sales price based on desired outcome
  - Find responsible buyer and/or developer
- Property is sold to responsible end user and put back onto tax rolls consistent with community goals

Private Ownership → Public Ownership → Land Bank Ownership → Private Ownership

Other Sources of Inventory
- Donation
- Private purchase
- Property swaps
- Other government transfers

* The process for property tax foreclosure varies by state, as does the process for tax foreclosed properties to transfer into a land bank authority. Also, land banks receive a wide range of property types including commercial and industrial structures as well as vacant lots. The image of a residential house is used here only for illustrative purposes.

**Land banks may also sell property to tax-exempt entities.
Key Powers of Land Banks

• Acquire tax foreclosed property cost-effectively
• Ability to extinguish liens and clear title
• Hold property tax exempt
• Generate and collect revenue from delinquent tax fees, tax recapture, or other funding mechanisms
• Disposition decisions are flexible: driven not by highest price but by best outcome
• Accountable to the public given status as governmental entities
Source of Land Bank Powers

Land Bank powers are outlined through state-enabling (or local) legislation. Land Banks are only as powerful and flexible as the statute that created them.
Land Bank Growth

- Nearly 250 land banks nationwide
- Over 80% established since 2008
- Michigan, Ohio, New York, Pennsylvania, and Georgia are largest land bank states
- More than 90% of the properties held in LB inventories were acquired through the tax foreclosure process

OHIO
$180M STATEWIDE IMPACT

MICHIGAN
115 COMMUNITY GARDENS
Single Program

NEW YORK
2,800 PROPERTIES ACQUIRED
as of July 2018

communityprogress.org
Stewards for Vacant & Abandoned Parcels

- Maintenance
- Vacant Lot Reuse
- Job Creation
- Foreclosure Prevention
- Development
  - Rehabilitation
  - New Construction
  - Affordable Housing
What Type of Land Banks Exist?

- Urban: 64%
- Rural: 26%
- Suburban: 10%

- County: 56.36%
- Municipality: 30.91%
- Region: 5.45%
- Multi-Municipal: 3.64%
- State: 3.64%

communityprogress.org
Characteristics of Land Banks

Only 1 state provides recurring dollars: 53% don’t have adequate funding to cover basic expenses

Most land banks are small: 47% have a staff of 1 Full-Time Equivalent or less

Many are ready to do more: All were engaged in some form of property maintenance, most desired to expand into new construction or rehab.

communityprogress.org
Inventory Highlights

- **Inventory**
  - Median: 40 properties
  - Average: 1,887
- **Vacant Land Reuse Online Resource Center**
  - 87% of parcels are vacant lots
Property Transfers

• Mission based organizations operating in non-traditional real estate roles:
  • Vast majority are selling properties for less than FMV
  • LBs prioritize Community Residents as their #1 recipient of property.

1. Community residents
2. Local Nonprofits
3. Local LLCs/Private Entities
History of Inequity

Albany County Land Bank Inventory, 2017

Albany, NY Redlining Map, 1939
Racial Equity

• Land bank leaders are increasingly expressing interest in deepening their commitment to racial equity
  • Nearly all land banks who stated their racial composition doesn’t match the community they serve expressed interest in learning ways to increase diversity.
  • Strategies in equitable development, and property transfer highlighted as areas of desired support.
National Land Bank Network
Needs for the Field of Land Banking

• **Connect** with partners and community members to determine what the needs are and provide support.

• **Increase capacity** of organizations to address higher community needs.

• **Advocate** for increased funding and resources
Land Banks are...

**Connected**

Land banks have the connections both in their communities and throughout the field to impact change.

**Prepared**

Enter into spaces informed and prepared to position their tools and resources toward the accomplishments of community goals.

**Resourced**

Have the necessary means to impact meaningful community change.
Land Banks and Land Banking by Frank Alexander, 2nd Ed (2015)

Take It to the Bank (2014)

Progress in Community, Excellence in Diversity: A Georgia Association of Land Banks Publication (2019)

New York State Land Bank Report (2017)
Questions?

National Land Bank Network

Brian Larkin, Director
a division of the Center for Community Progress

Email: blarkin@communityprogress.org
Website: www.communityprogress.org