

Land Banks

A Tool for Addressing Problem Properties to Serve Community Goals

A land bank is a public entity with unique governmental powers, created pursuant to state-enabling legislation, that is solely focused on converting problem properties into productive use according to local community goals.

Land banks across the country have been a vehicle for supporting broader community development by maintaining vacant structures that can be restored and demolishing those that cannot, assembling property for future reuse, turning tax-foreclosed properties into quality housing for all income levels, facilitating commercial and industrial property reuse, and working with the community to transform vacant land into parks, gardens, and other community spaces.

While the special powers granted to land banks differ from state to state, ideally land banks have the authority to:

- Acquire tax-foreclosed property cost-effectively
- Extinguish liens and clear title
- Hold property tax-exempt
- Generate and collect revenue from delinquent property tax fees, property tax recapture, or other funding mechanisms
- Flexibly sell property to a responsible buyer and/or developer, driven not by highest price but by the outcome that most closely aligns with community goals



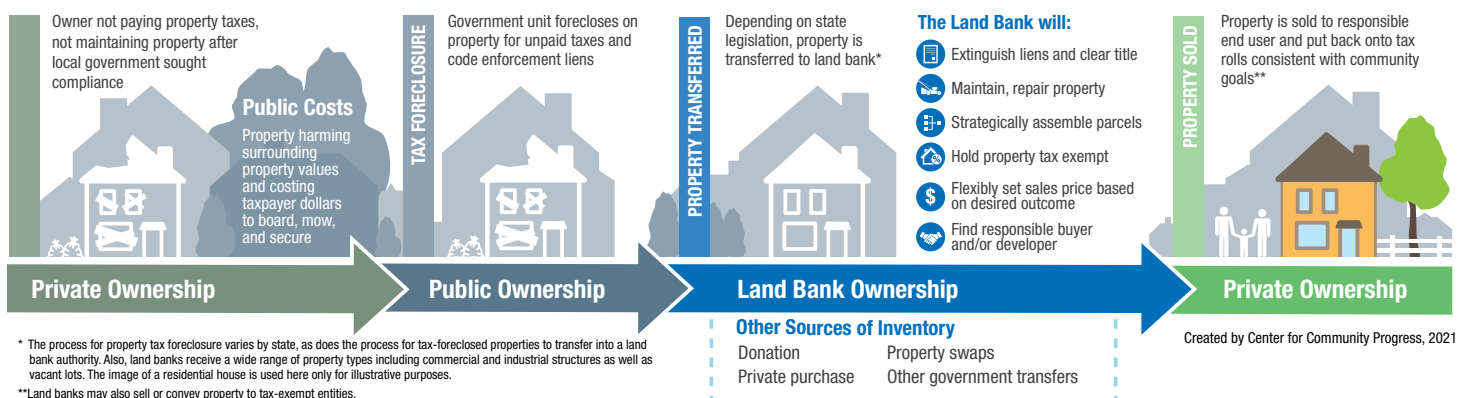
What's the difference between a land bank and a land banking program?

Land banks are created pursuant to state-enabling legislation which confers unique powers to these public entities, such as the ability to acquire tax-foreclosed properties cost-effectively, clear title, hold property tax-exempt, sell properties flexibly, and generate revenue.

Land banking programs may be operated by governmental or nonprofit entities and focus on acquiring, holding, and selling properties. However, since land banking programs are not created pursuant to state-enabling legislation, these programs do not have the special powers of a land bank, which may limit some of their utility.

There are over more than 250 land banks and land banking programs across the country – explore their locations [here](#).

How does a land bank work?



* 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 or convey property to tax-exempt entities.

Learn More about land banks at communityprogress.org/land-banks

PROGRESS POINTS

While all land banks exist to serve the same primary purpose of acquiring problem properties and returning them to productive use, they are quite diverse in their structure and operations. Land banks across the country vary greatly in terms of the types of cities, towns, and regions, and economic conditions in which they operate, the size of their inventories, their staff capacity, their legal authorities, and their goals and programs.

Despite this diversity, our experience has shown that successful land banks have the following:

- **Strategic links to the property tax collection and foreclosure process.** Many vacant and abandoned properties have property tax delinquency, which explains why nearly all land banks have established strategic links to the tax foreclosure process as a primary, cost-effective source of acquisition – aiming to direct these properties to new responsible owners.
- **Sufficient, predictable source of funding.** A land bank's focus is on the inventory of problem properties the local market has basically rejected and therefore will always require some level of public support – whether cash or in-kind – that is proportional to the scope and scale of vacancy the land bank is expected to help resolve. With a sufficient, predictable source of funding, land banks can focus on the creative interventions and community partnerships that are required to equitably transform liabilities to productive use that advance community goals.
- **Engagement with residents and other community stakeholders.** Successful land banks have found creative and consistent ways to inform, engage, and build relationships with residents to help prioritize land bank interventions and develop long-term solutions.
- **Operations scaled in response to local land use goals.** Land banks should always make decisions based on a strong understanding of community priorities and goals, and guided by neighborhood, local, and regional revitalization plans.
- **Policy-driven, transparent, and publicly accountable transactions.** Land banks should build and maintain trust with the public through transparency of priorities, policies, and procedures that govern all actions. These should be established prior to any transactions and annually revisited with public input to maintain a high standard of transparency and accountability.
- **Alignment with other local or regional tools and community programs.** Successful land banks have helped facilitate and work within diverse collaborations across the public, private, and nonprofit sectors that share similar economic and community development goals.



How are land banks funded?

Access to sufficient, predictable funding is cited by land bank leaders as one of the greatest operational challenges—and yet these entities are still driving impressive impacts in communities across the country, read more [here](#).

Land banks are funded through a variety of sources, which may include revenue from the sale of properties, general fund appropriations from local and county governments, federal and state grants, and foundation grants.

Recognizing the critical role land banks play in community revitalization, some states have enabled land banks to receive a portion of fees collected through the property tax enforcement process or a portion of the new property taxes generated from properties sold by the land bank.

Does my community need a land bank?

Any community considering the creation of a land bank should assess several factors to determine if a land bank is needed or likely to be successful. Some common reasons for creating a land bank include:

- Large inventories of vacant property, often with little to no market value and/or significant delinquent taxes and liens
- Properties with title problems
- Inflexible public policies dictating the sale of public property, limiting the ability to be strategic and nimble
- Unpredictable and harmful outcomes of auctioning tax-foreclosed properties

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American Rescue Plan Act (ARPA)

Why should ARPA funds be invested in land banks?

The American Rescue Plan Act's (ARPA) \$350 billion [State and Local Fiscal Recovery Fund](#) distributes federal relief to every US state, local, territorial, and Tribal government, which must be obligated by December 31, 2024 and expended by the end of 2026. This once-in-a-lifetime infusion of flexible funding is focused on catalyzing broader community recovery and rebuilding and addressing the immediate and long-term negative impacts of the COVID-19 pandemic, particularly on low-income communities and people of color.

NEED: Before the pandemic, vacant and deteriorating properties were eroding economic and community stability and public health. Continued economic impacts due to the pandemic have only exacerbated this challenge for communities.

OPPORTUNITY: **Land banks are ideal partners to address this need with ARPA funding** given the following:

- 1** Land banks have **special legal tools to efficiently facilitate vacant property acquisition, assemblage, holding, and disposition** in support of community revitalization goals.
- 2** Land banks **address long-term systemic inequities** by focusing their work in communities that have concentrations of vacancy and abandonment, working to shift these properties to support equitable, inclusive, and resilient neighborhoods.
- 3** Land bank interventions on residential and commercial properties, whether rehabilitation, demolition, or stewardship have shown to **increase employment opportunities, return positive economic value to the community, and improve public health and safety.**
- 4** Many land bank activities, such as increasing the supply of affordable and high-quality housing, home repair, and green infrastructure are **presumptively eligible uses.**
- 5** **Land banks are eligible recipients** since ARPA allows local or state governments to transfer funding to nonprofit organizations or other special purpose units of state or local government to carry out eligible activities.
- 6** Land banks have a **track-record** of rapid, effective use of funds to serve community priorities.

ARPA ON THE GROUND

- In Pennsylvania, [Pittsburgh's](#) land bank will be using \$10 million to address vacant properties and [Altoona](#) has proposed to dedicate \$5 million to its land bank with \$2 million for a revolving loan fund.
- [Syracuse, NY](#) is investing \$5 million in the Greater Syracuse Land Bank to stabilize or demolish vacant structures.
- [Rome, GA](#) is planning to allocate \$1 million to its land bank for housing rehabilitation and new construction.
- The [Central IL](#) Land Bank is looking to use ARPA funding to create an owner-occupied rehabilitation program.

POTENTIAL IDEAS FOR ARPA USE

- Development of affordable, quality housing.
- Securing and rehabilitation of vacant residential and commercial property to strengthen neighborhoods and commercial corridors.
- Property improvement, including remediation of lead hazards, home repair, and weatherization.
- Demolition or deconstruction of residential and commercial property that is harming community health, safety, and economic stability.
- Environmental remediation and reuse of vacant land including stormwater mitigation, food production, and energy production.
- Scaling activities by building staffing capacity, pairing with workforce training and apprenticeship opportunities, and investing in data and technology improvements.

Learn More about the American Rescue Plan Act at communityprogress.org/resources/arpa/

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