

Land Banks

A Tool for Addressing Problem Properties to Serve Community Goals

A land bank is a public entity with unique powers to put vacant, abandoned, and deteriorated properties back to productive use according to community goals.

Land banks across the country advance equitable, inclusive neighborhoods and resilient communities. A land bank’s primary purpose is to acquire properties that some call “blighted” and temporarily hold and take care of them until they can be transferred to new, responsible owners. State laws give land banks their unique powers. While these powers vary state to state, ideally land banks can:

- acquire tax-foreclosed property cost-effectively
- flexibly sell property to a responsible buyer or developer, driven not by the highest price but by the outcome that most closely aligns with community goals
- 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



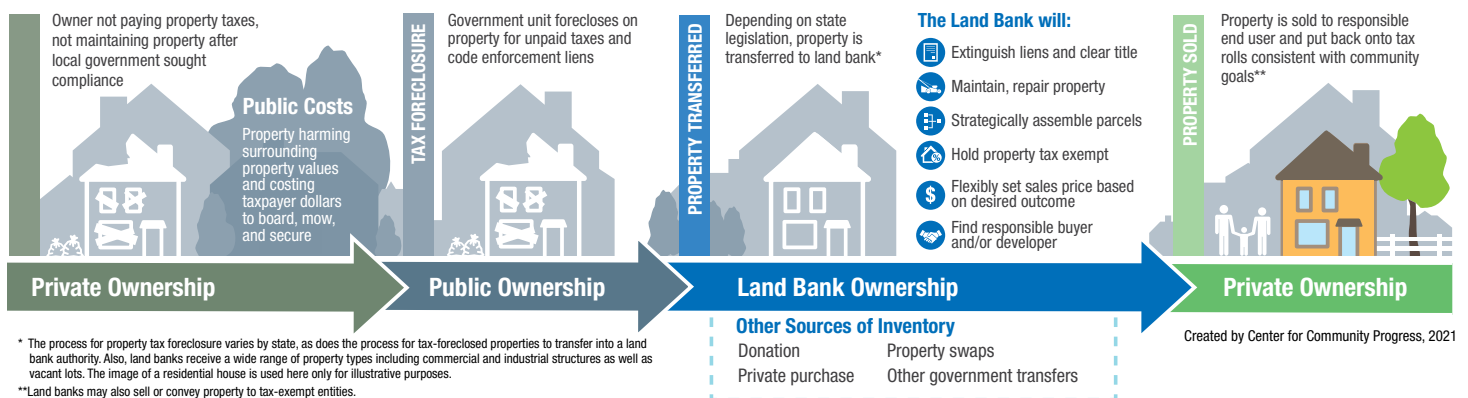
What’s the difference between a land bank and a land banking program?

Land banks with the unique powers described here can only be created through a state law (what we call “state-enabling legislation”). Sometimes a municipality may call their land bank a “land reutilization authority,” “land reutilization council,” or “redevelopment authority” instead.

Land banking programs on the other hand, exist in states that don’t have state-enabling legislation, which limits their powers and utility. They may be run by governmental or nonprofit entities.

There are over more than 300 land banks and land banking programs across the country—check out our National Land Bank Map [here](#).

How does a land bank work?



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

PROGRESS POINTS

Land banks operate in cities, towns, and regions of all sizes and varying economic circumstances. While all land banks work to acquire vacant, abandoned, and deteriorated properties with the goal of returning them to productive use, they vary in their structure, operations, staff capacity, and programs. Despite this diversity, successful land banks share the following qualities:

- **Strategic links to the property tax collection and foreclosure process.** Many vacant and abandoned properties are delinquent on property taxes, which explains why nearly all land banks use the tax foreclosure process as a primary cost-effective way to acquire properties with the goal of getting properties into new, responsible ownership.
- **Sufficient, predictable source of funding.** Land banks focus on properties the housing market has basically rejected. Therefore, they will always require some level of public support—whether cash or in-kind—proportional to the scale of vacancy the land bank is expected to address. With a sufficient, predictable source of funding, a land bank can focus on creative interventions and community partnerships to equitably transform vacant spaces into vibrant places that advance community goals.
- **Engagement with residents and other community stakeholders.** Successful land banks use creative and consistent ways to inform, engage, and build relationships with residents to help prioritize land bank work 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 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 by making transparent the priorities, policies, and procedures governing their actions. These policies should be established before any property is acquired or sold, and should be 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 work with organizations across the public, private, and nonprofit sectors that share similar economic and community development goals.



How are land banks funded?

Despite the impressive impact land banks achieve in their communities, land bank leaders cite access to sufficient, predictable funding as one of the greatest operational challenges.

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?

A land bank isn't always the best tool for every community. Generally, land banks work best in places dealing with:

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

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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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