Land Banking 101: An Introduction to Land Banks and the New Jersey Land Bank Law

Tarik Abdelazim, Director, National Technical Assistance
Liz Kozub, Associate Director, National Technical Assistance

September 12, 2023
About the Center for Community Progress

Our Mission

To foster strong, equitable communities where vacant, abandoned, and deteriorated properties are transformed into assets for neighbors and neighborhoods.
About the Center for Community Progress

How We Do It

Educating people who want to turn problem properties into assets for neighbors and neighborhoods

Advocating for equitable policy and practice change

Delivering customized, expert guidance to help communities prevent and reduce entrenched vacancy
Why are we here?

• Years of tireless advocacy from HCDNNJ, Assemblywoman Mila Jasey, and other leaders and organizations across the state for state enabling land bank legislation

• In July 2019, Senate Bill No. 1214, the “New Jersey Land Bank Law,” was signed into law

• In October 2019 Newark Land Bank was established, and remains the only land bank in the state

• COVID slowed progress of a land banking movement across the state

• Vacant, abandoned, and deteriorated properties (VAD) and housing challenges persist - time is right to restart conversations centered on land banks
Goals for New Jersey Land Bank Initiative

• Expand knowledge and understanding of land banks as a tool for equitable community revitalization across the state
• Work closely with trusted statewide partner, HCDNNJ, to build knowledge and network
• Understand local challenges on the ground in NJ communities by connecting with leaders across the state
• Help interested communities contemplate and eventually launch new land banks
• Continue to serve as support for a robust land bank network across the state
Agenda

• National perspective on land banks
• Inspiration from the field
• Key provisions in the New Jersey Land Bank Law
• Barriers for New Jersey land banks
• What’s next
• Optional – 30 minute “office hours” for those that want to continue discussion
Land Banks

A National Overview
What is a land bank?

A land bank is a public authority or nonprofit that focuses on the conversion of vacant, abandoned, tax-delinquent, or foreclosed properties to support equitable community development outcomes.

- Over 300 land banks nationwide
- Over 80% established since 2008
- Over 84% exist pursuant to comprehensive state enabling legislation
- Michigan, Ohio, New York, Pennsylvania, and Georgia are largest land bank states
- Approximately 90% of the properties held in LB inventories were acquired through the tax foreclosure process!
How do land banks get their inventory?

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**

* 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.

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

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

We will chat about this process in New Jersey!
Key Powers of a Land Bank

Land banks are only as powerful as the state-enabling legislation allows

**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**
2022 National Land Bank Survey

Highlights

- **Inventory**: Almost 90% of land bank inventory is vacant land with no structures (from the tax foreclosure process)

- **Funding**: Most common sources of funding are from government grants and property sales

- **Programming**: Many land banks are developing programs beyond demolition (home rehabs, vacant land reuse)

- **Community and Resident Engagement**: The most successful land banks engage those residents most impacted by vacancy

Impacts of Land Banks
Land Bank Impacts
Land Bank Impacts

• **Economic Impacts:** 26 land banks operating in New York State were able to leverage $300 million in private investment; including $180 million in local and county government funds, and returned $135 million in assessed value back to the tax rolls.

• **Safety:** Studies show simply cleaning and greening vacant lots can decrease gun-related violence by as much as 29%.

• **Community Stability:** Less than 1% of the properties sold by the land bank in Flint, Michigan went through tax foreclosure again, compared to 57% of the properties sold at the public tax auction.
Partnerships are Essential

- A land bank must work with strategic partners that can put abandoned structures and vacant land back to productive use.

- Land banks can’t be experts in everything: land-use, neighborhood planning, project financing, or community engagement. But partnering with experts in these areas will yield the best results.

Vacant Land

- Urban Agriculture
- Pocket Parks
- Side Lot Sales
- Green Stormwater Infrastructure
- Infill Affordable Housing
Innovative Housing Programs

Cuyahoga Land Bank, Ohio

- Refugee Services Collaboration: Donated rental properties for resettled refugees
- New Horizon’s Housing Collaboration: Donate homes for women in crisis
- Jordan Resource Center: Deeded duplex for women transitioning from incarceration
- Purple Heart Homes, which are donated homes for veterans
- BRAIN Program: Discounted homes for enrolled college and graduate students, and recent graduates
Partnering with Community Land Trusts to increase permanent affordable housing choices
Newark Section 8 Homeownership

• First-of-its-kind programing leveraging Housing Choice Vouchers for residents to purchase land bank properties

• More information on October 3rd!
Land Banking in New Jersey

Key Provisions in the NJ Land Bank Law
Who establishes land banks in New Jersey?

Municipalities can establish a land bank via an Ordinance by appointing an existing entity to serve as the land bank such as:

- Municipal redevelopment agency
- County improvement entity
- Nonprofit organization

Land Banks’ powers are expressly granted by the municipality via the “Land Bank Agreement”. This agreement dictates:

- How properties are acquired
- How properties are disposed
- If properties are held tax exempt
- How sale proceeds are handled
- Other key operational functions
Opportunities for New Jersey Communities

• A land bank entity may act on behalf of more than one municipality at the same time

• Potential to connect to other NJ VAD Tools
  - Abandoned Properties Rehabilitation Act
  - Abandoned Property List
  - Tax Foreclosure & Tax Sales As A Redevelopment Tool
  - Spot Blight Eminent Domain
  - Vacant Property Receivership

• Land banks are critical tools to address VAD properties and repurpose in line with community goals
Top Barriers for Implementing Land Banks in New Jersey

1. Tax Lien Sales

2. Appreciating housing markets

3. Still a new thing, unknown, to many decision-makers and stakeholders

4. Lack of dedicated funding from state
Join us next time: October 3rd

- An overview of the Newark Land Bank, its innovative programs, and successes and challenges to date

- How communities can evaluate if a land bank is a right fit

- Information on a competitive scholarship opportunity for New Jersey communities to receive free technical assistance to advance a local land bank
Thank You!

Liz Kozub
Associate Director, National Technical Assistance
ekozub@communityprogress.org
877-542-4842

Tarik Abdelazim
Director, National Technical Assistance
tabdelazim@communityprogress.org
877-542-4842