Land Banking in New Jersey: Lessons Learned from Newark and Advancing the Field of Practice

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October 3, 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.
Catch up on Session I:

• Overview of NJ land bank advocacy efforts
• National perspective on land banks
• Inspiration from the field
• Key provisions in the New Jersey Land Bank Law
• Considerations for New Jersey land banks

Watch Session I presentation: https://www.hcdnnj.org/landbanks
Today’s Agenda

• Lessons Learned from the Newark Land Bank
  • Q&A
• How to determine if a land bank is the right tool
• Information on competitive technical assistance scholarship
  • Q&A
• Optional Office Hours
An Overview of the Newark Land Bank

October 3, 2023
ESTABLISHMENT OF THE NEWARK LAND BANK

July 2019
Land Bank Law is passed by the State of New Jersey.

October 2019
Newark Land Bank Establishes ordinance adopted by City of Newark Municipal Council.

April 2020
Land Bank Entity is Identified. Invest Newark is designated as the Land Bank Entity.

November 2020
FIRST PROPERTIES
The Municipal Council authorized a trust agreement to transfer properties to the Land Bank.

March 2021
The Newark Land Bank is Launched.

FIRST PROPERTIES

ESTABLISHMENT OF THE NEWARK LAND BANK
# Newark Land Bank Activities

## Property Acquisition
- Local tax foreclosure system
- Donations
- Property swaps
- Private Acquisitions

## Property Management
- Maintenance
- Security
- Cleaning out

## Property Disposition
- Community residents
- Local-non-profits
- Local LLCs/Private entities

## Strategic Reuse
- Allocate into Programs that allows the best end use for the property
The Newark Municipal Council authorizes the Director of EHD to execute Quitclaim Deeds to complete the transfer of the properties to Invest Newark, the Land Bank Entity.

The office of Property Management prepares Deeds for execution by the Director of EHD.

Quitclaim Deeds are approved as to form and legality by the City's Corporation Counsel.

City Clerk attests to and acknowledges Quitclaim Deeds.

EHD completes the transfer of properties and provides executed deeds to Invest Newark.
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<th>THE PRIORITIES</th>
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<tr>
<td><strong>Boost</strong></td>
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<tr>
<td>✓ Boost Homeownership</td>
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<tr>
<td><strong>Reduce</strong></td>
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<tr>
<td>✓ Reduce blight</td>
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<tr>
<td><strong>Create</strong></td>
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<tr>
<td>✓ Create affordable and market rate housing</td>
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<tr>
<td><strong>Increase</strong></td>
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<tr>
<td>✓ Increase MWBE developer or subcontractor capacity</td>
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<tr>
<td><strong>Expand</strong></td>
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<tr>
<td>✓ Expand neighborhood business opportunities</td>
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<tr>
<td><strong>Increase</strong></td>
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<tr>
<td>✓ Increase property values</td>
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<tr>
<td><strong>Support</strong></td>
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<td>✓ Support community goals</td>
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<tr>
<td><strong>Improve</strong></td>
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<tr>
<td>✓ Improve the quality of life for Newark residents</td>
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THE OPPORTUNITIES

EQUITABLE HOMEOWNERSHIP

• Section 8 Homeownership Conversion Program
• Move-In Ready Program
  - Municipal Employee
• PRO Newark (Purchase Renovate Occupy)
• Resident Advantage

SIDE LOT INITIATIVE

• Side Lots for Neighborhood
• Side Lots for Gardens
ADDITIONAL OPPORTUNITIES

REQUEST FOR PROPOSAL (RFP)
- Competitive sales to the highest qualified bidder that demonstrates the ability to timely renovate or develop.

ECONOMIC DEVELOPMENT
- Sale of property for the purpose of larger scale development consisting of new construction, residential repurposing, mixed-use, commercial, industrial or manufacturing projects.

NEIGHBORHOOD BUSINESS EXPANSION
- Real estate development and revitalization projects targeting business expansion along Newark’s traditional commercial corridors

NONPROFIT COMMUNITY PARTNERSHIP
- Sale of property to non-profit community partners that are furthering the City’s plans, goals and initiatives for building sustainable neighborhoods, and who are providing impactful wraparound services.
# REQUIREMENTS

**Potential Buyers will be:**

- Demonstrate ability to purchase, rehabilitate, and occupy homes for a specified period of time.
- Experienced and qualified developers, partnerships, or investors committed to equitable economic growth and efficient development.
- Businesses that will own and occupy commercial properties.
- Local nonprofit community partners.

**Potential Buyers cannot have:**

- Un-remediated code violations.
- Delinquent tax payments to the City of Newark.
- Properties that were transferred to local government as a result of In-rem foreclosure.
- Stalled development projects.
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<th>REQUIREMENTS (continued...)</th>
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<td><strong>APPLICATIONS AND PURCHASE AGREEMENTS REQUIRE A FEE AND EARNEST MONEY DEPOSIT, RESPECTIVELY</strong></td>
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<td><strong>NOT MORE THAN 10 PROPERTIES CONVEYED IN A SINGLE TRANSACTION, SUBJECT TO THE SPECIFIC TERMS AND CONDITIONS SET FORTH IN A SPECIFIC PROGRAM OR RFP</strong></td>
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<td><strong>NLB ARRANGES FOR CLOSINGS TO TAKE PLACE NO LATER THAN NINETY (90) DAYS FROM THE OFFER ACCEPTANCE DATE</strong></td>
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<td><strong>DEEDS WILL BE HELD IN ESCROW AND/OR DEED RESTRICTIONS WILL BE IMPOSED TO ENSURE BUYERS UPHOLD COMMITMENT TO APPLICATION &amp; PURCHASE AGREEMENT TERMS</strong></td>
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<td><strong>NLB WILL RESERVE RIGHT TO REPOSSESS (REVERT) NON-COMPLIANT AND STALLED PROJECTS</strong></td>
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<td><strong>ENTIRE INVENTORY OF ALL REAL PROPERTY HELD BY NLB WILL BE MADE AVAILABLE ON THE WEBSITE AT <a href="http://WWW.INVESTNEWARK.ORG/LAND-BANK">WWW.INVESTNEWARK.ORG/LAND-BANK</a></strong></td>
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CHECKS AND BALANCES

- Invest Newark Staff will administer land bank operations; including acquisition and disposition programs.

- Invest Newark Board of Directors consisting of public & private civic leaders, economic and real estate development professionals will provide oversight to the land bank.

- The Land Bank will report KPIs to Newark City Council at least quarterly.

- The Land Bank has a Community Advisory Board consisting of recognized businesses, community associations, and nonprofit organizations to provide valued input into land bank programs on an ongoing basis.
SECTION 8 - 223 PESHINE AVENUE
Vacant Lot - 320 S 7th street

Program: Vacant Lot
Buyer/Developer: Harsh Realty
Sold: September 22, 2021
Lot Size: 25 X 100
Construction time: 12 months
Construction Type: 2-family home
Features: 3 bedrooms, 2 baths, finished basement, Roof deck
THE WEBSITE

www.investnewark.org/land-bank

- Lists current & former property inventory
- Policies and applications
- Record of acquisition & disposition activities
- How-to tutorials
- Strategic plan and fiscal reports (published annually)
Questions?
Contact Us at NLBinfo@investnewark.org

OUR OFFICES ARE LOCATED AT
111 Mulberry Street
Lower Level Suite
Newark, NJ 07102
(Entrance on Market Street)
Phone: 973-273-1040
Email: NLBinfo@investnewark.org

Pursuant to the Mayor’s executive order and our utmost concern for the health of our team, clients and partners, the Invest Newark team is working remotely until further notice. Our physical offices are closed. Contact us by phone or email during business hours 9:00am – 5:00pm, Monday – Friday.
Thank You!

Martha Baez
Senior Vice President, Land Bank Operations
Invest Newark
mbaez@investnewark.org
973-273-1040
When is a land bank the right tool?

Defining the problem

• High rates of vacancy and abandonment
• Weak economic conditions & properties with little market value
• Inequitable/inefficient tax foreclosure, or code lien enforcement systems
• Restrictive public property disposition requirements
• Desire for more predictable, community-based outcomes that advance equity and resiliency: “public land for public good”
What data can help?

Some places to look to determine possible pipeline...

• Tax lien sale information
• Existing public inventory
• Certificates that have defaulted to the municipality
• Code enforcement activity and abatement efforts
Technical assistance scholarship
About the Scholarship

• Free technical assistance to support the exploration of land banks in two communities

• Each scholarship will include:
  • Up to 100 hours of technical assistance
  • A two-day site visit
  • A written deliverable to document key observations and locally tailored recommendations for successful, community-driven implementation.
  • Potential for additional funding to support inclusive stakeholder engagement and education
What do we mean by technical assistance?

• **Consensus Building and Education:** Developing a robust education campaign with one-on-one meetings, focus groups with stakeholders, and/or larger convenings of a broad range of stakeholders that are interested in learning more about land banks.

• **VAD Systems Assessment and Land Bank Feasibility:** An assessment of the ‘problem property inventory’ as well as the key legal systems and practices (including data collection and management, code enforcement, delinquent property tax enforcement).

• **Land Bank Implementation Decision Guide:** Preliminary recommendations for structure and framing for the land bank agreement and recommendations related to aligning the land bank with other systems, priorities, and programs.
Eligible Applicants

- Municipalities
- Municipal redevelopment agencies
- County improvement entities
- Nonprofit organizations or a coalition of nonprofit organizations

Applicants must include a letter of support from the Mayor’s Office of the municipality that may benefit from the land bank.

REMINDER:
Municipalities can establish a land bank via an Ordinance by appointing an existing entity to serve as the land bank.
Land Banks’ powers are expressly granted by the municipality via the “Land Bank Agreement”
Expectations of Awardees

- Assign a dedicated point of contact
- Coordinate the gathering and sharing of relevant data and materials
- Arrange virtual meetings and site visit logistics, and serving as primary 'connector' to all relevant local stakeholders (e.g., local government leaders, residents, and nonprofit leaders)
- Commit time to help complete other items and ensure a productive and successful engagement.
Selection Criteria

• Level of interest from various stakeholders, including municipal leadership, in exploring the value and feasibility of a land bank to address VAD property challenges

• Preliminary evidence of the scope, scale, and nature of the local inventory of VAD properties a land bank might address

• Demonstrated track record of partnerships with local stakeholders, especially those most impacted by VAD properties

• A commitment to advancing equitable, inclusive community and economic development
## Timeline

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<th>Date</th>
<th>Task</th>
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<tr>
<td>Tuesday, October 3, 2023</td>
<td>New Jersey Land Bank Launch Scholarship applications open</td>
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<tr>
<td>Friday, November 17, 2023</td>
<td>Applications due electronically by 5:00pm ET</td>
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<td>All applicants notified of application status</td>
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<td>Kick off meetings with selected communities</td>
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<td>Scholarship Agreements executed between Community Progress and scholarship recipients</td>
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<td>Delivery of technical assistance</td>
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Questions?