

How to Form a Land Bank

A 10-Step Guide

Communities across the country looking for a solution to vacant properties and neighborhood revitalization are increasingly turning to land banks to make it happen.

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. 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.

There are over 300 land banks and land banking programs in the United States as of 2024, operating at municipal, city, county, regional, and even state levels. This brief guide will walk you through some of the big considerations and steps to getting a land bank off the ground, but state and local laws will impose additional and more specific requirements. Before forming a land bank, you should consult with a local attorney to ensure you understand these requirements.

Land Bank Powers

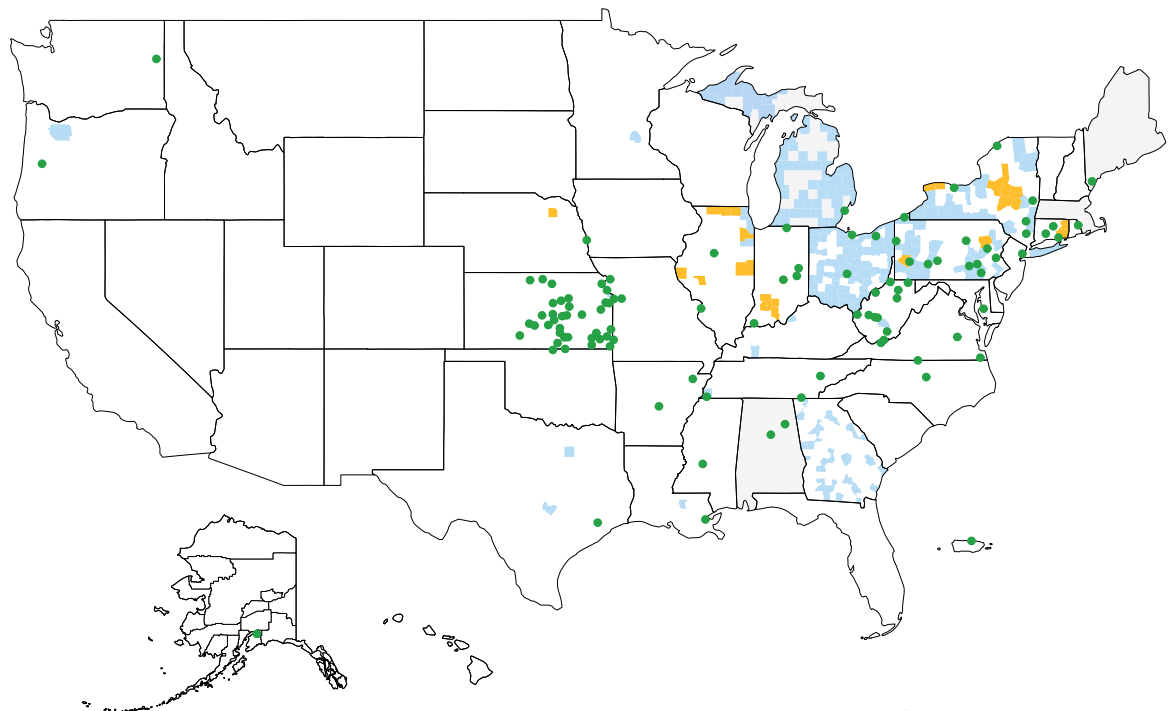
State laws give land banks their special powers. While these powers vary state to state, the most effective land banks can:

- 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

Map of US Land Banks

There are over 300 land banks and land banking programs in the US as of April 2024. See communityprogress.org/land-bank-map.

- Municipal land bank
- County land bank
- Regional land bank
- Statewide land bank



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

10 Steps to Forming a Land Bank



Determine if a Land Bank is Right for Your Community

Land banks work best in communities with weaker real estate markets and lots of vacant, abandoned, and deteriorated properties. To decide if a land bank would work for your community, look at the available data:

- Are there a lot of vacant and abandoned properties that are tax-delinquent and go unsold at public auction?
- Are there a lot of publicly owned vacant, abandoned, deteriorated properties that could be better and more strategically managed by a single entity?

If you answered “no” to these questions, it might be more effective to try other strategies, like [improving your housing and building code enforcement](#), [reforming your delinquent tax enforcement systems](#), and focusing on [creating affordable housing](#).



Check if Your State Has Laws Enabling Land Bank Creation

Land bank enabling statutes are state laws that authorize local governments to create land banks. These laws specify how land banks should be created, organized, and managed in your state and they give land banks special government powers to acquire, hold, and dispose of properties. As of February 2024, [18 states and Puerto Rico](#) have passed land bank enabling statutes.

Even if your state does not have an enabling statute, your community may still be able to create a land banking program using your local government’s existing property acquisition and disposition authorities. Nonprofits may also create land banking programs, however, those programs have much more limited powers.



Take Action Required by Your State's Law to Create Land Bank

Your state land bank enabling statute will describe the process of creating the land bank. Usually, local governments are required to adopt an ordinance or resolution that creates the land bank.

Some enabling statutes allow local governments to form joint or regional land banks, which may help smaller communities access more resources and expertise. In this case, local governments may also need to enter into interlocal agreements governing the creation and management of the land bank.



Establish Necessary Interlocal Agreements

Understand how your land bank will acquire vacant, abandoned, and deteriorated properties. In some states, tax-foreclosed properties that do not sell at public auction transfer automatically to the land bank. In other states, land banks will need to enter into interlocal agreements with the local government unit that conducts foreclosures—often this is the county—outlining how the land bank can acquire tax-foreclosed properties.

Land banks may also want to enter into interlocal agreements to acquire surplus properties from local governments or other government entities, like school districts.



Recruit and Appoint Land Bank Board Members

Most land banks operate with a small staff. A land bank board of directors plays the role of advisor, advocate, and ambassador, often guiding the land bank's strategic direction and making sure the land bank meets its mission of serving the community.

Some state land bank laws grant a lot of discretion to local decision-makers in appointing board members. Other state land bank laws are very prescriptive about who must be named to the board. As discretion allows, recruit board members who live or work in the neighborhoods most impacted by vacancy and those with a background or expertise related to land banking, such as in real estate, community and economic development, urban planning, or racial justice.



06 Adopt Bylaws and Internal Policies and Procedures

Bylaws, policies, and procedures guide a land bank's day-to-day operations. A land bank's policies should set priorities for property acquisition and disposition informed by community priorities, local land use goals, and revitalization plans. These policies can help land banks operate transparently and keep properties out of the hands of bad actors—like those who own properties with code violations or delinquent property taxes.

For sample bylaws, policies, procedures, and documents, see [Land Banks and Land Banking \(2nd Ed.\)](#).



07 Develop a Strategic Plan

Your land bank's strategic plan guides short- and long-term work and should be clearly tied into your community's vision for long-term land use. Strategic planning processes should start with an analysis of problem properties in the community, including data on the condition, tax status, and ownership of each property, as well as an understanding of neighborhood conditions and market trends. Then, the land bank should develop specific, community-informed goals, strategies to accomplish those goals, and metrics to measure success.

Check out the strategic plans for the [Tri-COG Land Bank](#), the [Philadelphia Land Bank](#), and the [Buffalo Erie Niagara Land Improvement Corporation](#).



08 Identify Funding Sources and Create a Budget

Land banks are funded through a [variety of sources](#), including general fund appropriations from local governments, state and federal grants, revenue from property sales, and philanthropic grants. Some enabling statutes also include financing mechanisms, such as provisions allowing land banks to capture a certain percentage of tax revenue from properties they sell for a certain number of years.

When a local government establishes a land bank, they will often house it within an existing department and provide in-kind support, such as shared staffing and office space.



Build Programs and Partnerships

Land banks are more than just transactional entities. Their purpose is to respond to an urgent need in the community. Your land bank's initiatives should be designed to meet the goals of your strategic plan and be customized to your community's property inventory and needs. A few examples of land bank programs are:

- [Side lot programs](#), which sell vacant lots to immediate neighbors
- Programs that [sell properties in need of rehab](#) to qualified buyers
- Programs that [sell renovated or new construction properties](#), often targeting first-time home buyers

Land banks can't tackle vacant properties alone. They often partner with nonprofit affordable housing developers, community development corporations, community land trusts, and for-profit developers to return land bank properties to productive use. Read about successful land bank partnerships and programs in [Pennsylvania](#), [New York](#), [West Virginia](#), and [Georgia](#).



Monitor Your Progress and Report Your Impact

Create internal data systems and procedures to track the outcome of land bank sales. Key data to track might include property tax revenue, property values, property conditions, and code violations. Make sure you're [communicating your impact](#) with your community, local leaders, philanthropy, and others who are invested in revitalization. Transparency and accountability are key to building and sustaining trust with community residents. For examples of how land banks share their impact, see the [Houston Land Bank's annual report](#), [Calhoun County Land Bank's annual report](#), and a report on [ten years of land banking in New York](#).



Get Help for Your Community!

If you're struggling with vacant, abandoned, and deteriorated properties in your community, check out our [free online resources](#), [webinars](#), and [publications](#). The Center for Community Progress also provides [customized, expert guidance to state and local governments](#) to draft state-enabling land bank legislation, local policies, and help land banks conduct strategic planning in service of equitable neighborhood revitalization. Contact us at technicalassistance@communityprogress.org to learn more!

This guide was made possible via grant funding from the US Environmental Protection Agency and with generous support from the Robert Wood Johnson Foundation and the JPB Foundation.