



Salem, New Jersey

Assessment of VAD Strategies and a Land Bank in Salem, New Jersey

Memorandum

TO: Jody Veler, Mayor, City of Salem

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RE: New Jersey Land Bank Launch Technical Assistance Scholarship, Assessment of VAD
Strategies and a Land Bank in Salem, New Jersey

This memorandum summarizes key takeaways, observations, and recommendations for the City of Salem (City) and its partner, the Cumberland County Improvement Authority (The Authority) to consider as they explore implementation of a land bank to address vacant, abandoned, and deteriorated (VAD) properties in Salem City and the region.

Program Background

Virtually all communities have some inventory of VAD properties. These properties pose significant health and safety risks for residents and neighborhoods and disproportionately harm Black and Brown communities. VAD properties can be privately owned, but some communities have large inventories of publicly owned underutilized properties. Across the country, land banks have proven to be a powerful tool to address VAD properties and advance equitable revitalization outcomes consistent with community goals.

In July 2019, Senate Bill No. 1214, the “New Jersey Land Bank Law,” was signed into law. The New Jersey Land Bank Law permits New Jersey municipalities to form land banks by entering into an agreement with a nonprofit or public redevelopment entity to serve as the municipality’s land bank. However, the pandemic stalled efforts to capitalize on this new community development tool. The Center for Community Progress (Community Progress) and our partner the Housing and Community Development Network of New Jersey (HCDNNJ) responded to renewed energy for addressing persistent housing challenges statewide and communities’ desires to explore the potential of land banks to advance equitable community development with the New Jersey Land Bank Launch initiative.

The New Jersey Land Bank Launch initiative includes a scholarship program, announced in October 2023, for communities interested in exploring a land bank as a tool to address their VAD property inventories. In early 2024, we selected Salem City and two other communities to receive no-cost technical assistance to explore the utility and value of creating a local land bank.

Approach

The assessment team included national experts from Community Progress (Tarik Abdelazim, Nora Daly, and Liz Kozub) and state-wide policy experts from HCDNNJ (Matt Hersh and Louis Prezeau). Our assessment included:

- Virtual and in-person interviews
- A review of available data, programs, policies, and relevant state laws
- A two-day site visit with individual and group interviews

This memorandum shares key takeaways, observations, and recommendations relative to the City's needs, challenges, and approach to addressing VAD properties and explores whether a land bank could add value and impact to this approach.

Introduction to Salem City

Strengths and Challenges

In Salem, City government and nonprofit leaders exude palpable pride in their community. They bring considerable energy to addressing entrenched challenges and improving quality of life for all residents. The stakeholders we spoke with demonstrated openness to new approaches and strategies to alleviate pervasive issues, including youth and community violence, lack of food access, and systemic vacancy.

While there is an appetite for change in Salem, the City faces significant barriers in terms of capacity. The local government has limited and overextended staff. Many employees we spoke with held multiple roles. Some functions—such as data collection and analysis and maintenance of City-owned surplus properties—are unfulfilled.

The City also faces budgetary constraints. Salem has been in the New Jersey Transitional Aid Program for at least a decade. As a result, the city budget cannot contain any unrestricted funds and the designated use for all funds must be determined in collaboration with a state-assigned fiscal monitor.

Why Vacancy?

Given the City's limited financial and staff capacity, City leadership must be selective in prioritizing programmatic and policy responses to address its challenges. The prevalence of VAD properties throughout Salem City undermines residents' health and well-being and contributes to other community issues, such as youth violence. Directing resources to reduce the City's inventory of VAD properties and prevent future vacancy can lead to positive impacts on neighborhood safety and food access. Just as the presence of vacant properties and duration of vacancy are linked to violent crime,¹ maintaining vacant properties—through abatement, greening,² and demolition³—is linked to a decrease in crime.

¹ Lin Cui, and Randall Walsh, "Foreclosure, Vacancy and Crime", (National Bureau of Economic Research, 2014), https://www.nber.org/system/files/working_papers/w20593/w20593.pdf.

² Charles C. Branas, et al., "A Difference-In-Difference Analysis of Health, Safety, and Greening Vacant Urban Space", *American Journal of Epidemiology* 174, no. 11, (40878): 1296-1306, <https://academic.oup.com/aje/article/174/11/1296/111352>

³ "Crime Reduction through the Removal of Vacant Buildings: A Baltimore City Study", US Department of Agriculture, (website), accessed August 7, 2024,

Strategic reuse of vacant properties could further benefit the community. For example, repurposing vacant retail as a grocery store can improve food security and access. Revitalizing the City's defunct community center can provide positive programming for youth and other residents.

The first part of our assessment better defined the scale and scope of VAD properties by analyzing local reports and datasets. We then reviewed the City's current approach to managing these properties with the two key systems local governments can leverage to address vacancy challenges: code enforcement and delinquent property tax enforcement.

The assessment revealed several opportunities to bring additional resources and capacity to alleviate systemic vacancy in Salem City. These opportunities are:

- **Build upon prior work.** The City has made significant strides to better understand and address its VAD property challenges. These efforts included engaging AmeriCorps participants to complete an inventory of the vacant properties in Salem and hiring new code enforcement officers. By leveraging existing legal tools, such as the New Jersey Land Bank Law, the City can build upon these previous investments.
- **Supplement staff capacity.** Lack of staff capacity is a significant challenge that undercuts the City's ability to effectively and efficiently address its inventory of VAD properties. Though current leadership has improved financial health and made incremental changes over the last few years, all parties interviewed expressed a need for more staffing capacity. Delegating land banking to a trusted third party that has community and economic development expertise, like The Authority, could fill a critical gap.
- **Attract additional existing financial resources.** Tackling systemic vacancy is costly. Doing so equitably requires even more funding. While the City has smartly leveraged both annual state grant programs and Transitional Aid Program funding to chip away at vacancy, a land bank could attract additional state and philanthropic funding to transform vacant properties in a manner that benefits legacy residents of Salem. Two philanthropic funders have already expressed interest in this initiative due to its potential to positively impact health equity.

The following sections provide a detailed explanation of these takeaways and outline additional recommendations for the City to consider in its approach to addressing VAD properties.

<https://research.fs.usda.gov/nrs/projects/crimereductionbaltimore#:~:text=Vacant%20buildings%20have%20a%20negative,a%20viable%20crime%20reduction%20strategy.>

Tools to Address and Understand Vacancy

Data

The most effective approaches to addressing vacancy use data to drive decision-making and resource allocation. This is especially important when a local government has limited staff and resources. Robust data collection, management, and analysis help define the problem, indicate the most effective solutions, and generate the greatest impact.

As the City works to implement the strategies outlined in this memo, timely data collection and analysis will be essential to evaluate whether the interventions reduce vacancy in an effective, efficient, and equitable manner and inform course corrections as needed.

The City has already taken steps to understand the scale and scope of its vacancy challenges, including partnering with New Jersey Community Capital to complete a housing report in January 2023 and engaging AmeriCorps participants to develop an inventory of the vacant properties in Salem. This City plans categorize the inventory by recommended actions for each vacant property, such as demolition, selling via the City's nascent \$1 home program, or selling at auction for market value. We reviewed the 2023 Housing Report and analyzed City-provided and online datasets available.

Observations

1. **The City is on the right path to better understanding this issue.** Efforts by Salem leadership to better understand VAD properties should be commended, especially given the City's limited resources. These data collection efforts are a critical first step to developing targeted solutions.
2. **There are approximately 400 vacant properties in Salem.** Given its area spans just over two square miles, this represents a sizeable portion of all properties and has significant negative impacts on resident health and safety and neighborhood vibrancy.
3. **There are three distinct categories of VAD inventories:**
 - a. City-owned properties that are badly deteriorating due to lack of funding for maintenance (~100 properties)
 - b. Tax delinquent properties where the City owns the tax certificate but is unable to foreclose and take ownership due to a temporary moratorium on tax foreclosures statewide stemming from the 2023 United States Supreme Court ruling *Tyler v. Hennepin County*, described in greater detail in Tax Enforcement Section (~150 properties)
 - c. Privately owned VAD properties (~250 properties)
4. **Vacancy disproportionately burdens Black and Brown neighborhoods.** The highest rates of vacant properties are in neighborhoods east and south of the City's central business district. These neighborhoods also have the largest concentrations of Black residents. This is a trend we see in communities across country due to our nation's history of racist land use, housing, and lending practices.

5. **The City is taking steps to target investment toward blocks with the highest vacancy rates.** Blocks with the highest rate of vacant properties, nearly 37 percent,⁴ have been designated as the Quality of Life Improvement Zone (QIZ), a local designation that is helping to target limited resources toward those neighborhoods most affected by systemic vacancy.
6. **All residents are impacted by vacancy.** While the QIZ zone has the highest vacancy rate in the city, more affluent areas of the city, such as a neighborhood known as “the Terraces,” are also affected. Vacancy in these neighborhoods is not as widespread but still impacts residents who take on maintenance responsibilities for nearby properties to keep their neighborhoods stable.
7. **There is an increasing trend of investors purchasing properties in the City.** More than half (59 percent) of one- to four-family residences in the city are investor-owned. Nearly three-quarters of these investors live outside the City.⁵ Recent trends in the sale of delinquent tax certificates (described in the Delinquent Tax Enforcement section) suggest that outside investment is likely to continue increasing without intentional intervention to increase resident ownership.

Recommendations

1. **Develop standard practices for data collection and sharing.** Data gathered through code enforcement, tax sales, the AmeriCorps program, and other sources each contain a piece of the bigger picture of vacancy in Salem. However, these data remain siloed, are not accessible across departments or to City leaders, and are not stored or formatted consistently. Information about property ownership, along with location, condition, and tax delinquency should be incorporated into a vacant property inventory dataset. The City (and a future land bank) can better leverage data to inform decision-making by standardizing data collection and sharing.
2. **Form a Vacant Property Task Force.** Members of the Vacant Property Task Force should include leaders from departments that most directly deal with vacancy. These departments include: housing, tax collection and enforcement, code enforcement, fire, legal, and information technology. The Task Force should meet on a regular basis to prioritize actions on problem properties and inform the City’s approach to addressing systemic vacancy. Consistent, timely access to data should guide decision-making within this group. The Task Force can also inform the City’s approach to data collection and help interpret findings in future years.

Housing and Building Code Enforcement

Code enforcement is often a community’s first line of defense against the harmful effects of VAD properties. Traditionally, local governments rely on complaints to identify violations and civil and criminal penalties to enforce local property maintenance ordinances. This approach is inequitable, inefficient, and ineffective in weak real estate markets and when owners lack the resources to make repairs—as is often the case in Salem. Instead, communities should focus on strategic code compliance and use different strategies for vacant, owner-occupied, and tenant-occupied properties.

Given the focus of this engagement was to identify the need and value of a potential land bank, it is worth better understanding approaches to address vacant properties.⁶ The most effective code

⁴ Alan Mallach, and Diane Sterner, *A Housing Strategy for the City of Salem, New Jersey* (New Jersey Community Capital, 2023)

⁵ *ibid*

⁶ “Reevaluating Code Enforcement: A New Approach to Addressing Problem Properties,” Washington DC: Center for Community Progress, 2024, www.communityprogress.org/code-enforcement-report

enforcement tactic on vacant properties is what Community Progress calls a “Fix it Up, Pay it Up, Give it Up” approach. The approach includes:

1. Give the owner a chance to fix property conditions before the local government steps in;
2. If the local government fixes the issue, make the owner pay back the public cost; and
3. If the owner does not pay back the City, enforce the code lien like delinquent taxes and use the foreclosure process to transfer the property to a new, responsible owner.

“Fix it Up, Pay it Up, Give it Up” is the most effective practice to protect residents from the harms caused by vacant and abandoned properties. Moreover, this approach provides the City an opportunity to either recoup the public investment in a vacant property or compel transfer to a responsible owner, such as a land bank.

Observations

1. **The City’s code enforcement capacity has been growing.** The code enforcement team currently includes two full-time code enforcement officers and oversight from the Economic Development Director. The officers, who were hired in 2022, are responsible for the enforcement of property maintenance codes and managing the rental registration and inspection program.
2. **Code enforcement officers prioritize working with low-resourced homeowners to achieve compliance.** This focus on compliance, as opposed to relying strictly on punitive measures, is a best practice especially for occupied properties.
3. **Code enforcement is having a noticeable impact.** City leadership and external partners reported that the new officers’ work with low-resourced homeowners, and holding bad actors accountable, are having noticeable, positive impacts in the city.
4. **Repair resources are a critical need.** Code enforcement officers acknowledged that the greatest need to address property conditions in the city is home repair funds for vulnerable low-income households or elderly homeowners.
5. **The City relies on criminal code enforcement.** Code enforcement is handled through a criminal process, whereby if a property owner fails to adhere to the City’s housing and building codes, they are given a notice of violation and eventually brought to court. The code officers reported that they are no longer bringing owners of vacant properties to court if they have a history of unresponsiveness.
6. **Addressing vacant properties is a particular challenge.** This is the case for code enforcement officers not just in Salem, but nationally. Our understanding of the officers’ process for vacant properties in Salem is as follows:
 - a. The officers inspect the property when a complaint is received.
 - b. The officers research property ownership.
 - c. A notice of violation is sent to the property owner.
 - d. If there is no response, a second notice of violation is sent.
 - e. If the property presents an imminent risk to public safety, the officers report to the Chief Administrative Officer and City Clerk, who are responsible for including property on the demolition list.

- f. The City rarely does abatement on properties, but in cases where it is necessary, the City follows proper legal proceedings for the nuisance abatement. All expenses are added to the tax bill and included in the tax lien sale (described in the Delinquent Tax Enforcement section).
7. **The City lacks resources to abate nuisances.** When private owners refuse to remedy nuisance violations like tall grass or trash and debris, the City generally does not abate nuisances due to a lack of capacity and funding. The City does conduct a handful of demolitions each year, but the number of structures identified for demolition far outweigh the City's resources. In the rare occasion when the City uses public funds to abate a nuisance at a private property, the owner is billed for those costs. If the bill goes unpaid, the City follows the best practice of rolling the code lien onto the tax bill.
8. **The City's inability to properly maintain its own inventory is a liability.** Unwanted tax-delinquent properties eventually default to the City (described in the Delinquent Tax Enforcement section), and financial distress over the years has made it difficult for the City to invest in maintenance. This creates a legitimacy challenge for the code enforcement team when they are requiring residents to address code violations despite violations present at City-owned properties.
9. **Legal tools under the Abandoned Properties Rehabilitation Act are not being leveraged.** Municipalities in New Jersey have access to many legal tools that are not currently being utilized in Salem. These include an Abandoned Property List, Special Tax Sale, Spot Blight Eminent Domain, and Conservatorship.⁷

Recommendations

1. **Create an Abandoned Property List.** Municipalities in New Jersey have the authority to create an Abandoned Property List as a mechanism to both track data related to property vacancy and take legal action against properties that are causing harm. Creating an Abandoned Property List is a critical first step in addressing VAD properties because certain municipal powers can only be used against properties that are on an Abandoned Property List.

The City should follow the procedures as laid out in Abandoned Properties Rehabilitation Act to assemble the list.⁸ Given the City's limited capacity, the initial list should target properties that are on the same block as existing City-owned properties that are slated to be transferred to the land bank. Targeted properties could include those with significant unresolved code violations and causing harm to neighbors and properties in the QIZ.

The City should also consider requesting a multi-year grant from a local or New Jersey-based foundation to support the implementation of this policy intervention. The grant funds would cover the costs of dedicated legal services and the addition of one more code enforcement officer.

⁷ More information, including detailed descriptions of how to implement these legal tools can be found on the Housing and Community Development Network of New Jersey's website at www.hcdnnj.org/

⁸ A detailed description on how to create an Abandoned Property List in accordance with the Abandoned Properties Rehabilitation Act can be found on HCDNNJ's website at https://www.hcdnnj.org/index.php?option=com_content&view=article&id=605:abandoned-property-list&catid=19:site-content

2. **Consider adding “Abatement Funds” in the City’s next annual budget to pilot “Fix it Up, Pay it Up, Give it Up.”** When private owners of vacant properties fail to remedy nuisance violations, the City could and should expend public funds to abate violations in areas slated for block-wide interventions and investments. If the owner refuses to pay the bill, those costs are rolled to the tax bill. The quickly appreciating housing market and escalating investor activity means the City will likely recoup its costs at the tax lien sale—90 percent of all tax liens offered at the auction this year received a bid (a drastic increase from just two years ago).
3. **Aggressively pursue additional funding for home repairs.** To prevent future vacancy, explore all state, federal, and philanthropic funders that could be leveraged to offer home repair grants to low-income homeowners to help address code violations.

Delinquent Tax Enforcement

Property taxes are often the primary revenue source for local governments. They are critical to funding the essential community services and amenities that create healthy, safe, and equitable communities. When property owners fail to pay their taxes, it signals potential problems at the properties and can cause a financial strain for local governments. The property tax enforcement system is a strong legal tool that local governments can and should leverage to address VAD properties and transfer them to new, responsible owners.

In New Jersey, local governments are required by state law to offer tax liens for sale to private buyers.⁹ Generally, there are two rational reasons driving a private buyer to purchase a tax lien: (1) They see it as an investment opportunity to collect the debts owed plus interest and additional fees; or (2) They are hoping the owner *doesn’t* pay off the debt and they can then foreclose on the lien, take ownership of the property, and resell for a hefty return on investment. Privatizing the collection and enforcement of delinquent taxes (selling tax liens to private buyers) creates significant barriers for any city to address VAD properties in an equitable, effective, and efficient manner. It leaves vulnerable homeowners subject to the extractive schemes of largely unregulated individual investors. It prioritizes short-term private profit over the long-term public good of safe, stable neighborhoods. And it allows investors to speculate, either sitting on vacant, harmful properties for years or walking away and trapping the property in a cycle of decline.

In May 2023, the United States Supreme Court released its opinion in *Tyler v. Hennepin County*¹⁰ (*Tyler* decision) which directly impacted the property tax statutes in about a dozen states, including New Jersey. The *Tyler* decision determined that local governments can recover only what they are owed in a tax foreclosure. This decision requires that property owners be given a mechanism to recover any surplus, which is the value in the property that exceeds the amount owed. While many states already had such a mechanism in place, until this past summer New Jersey did not.

In response to the Supreme Court’s decision, in 2023 the New Jersey Supreme Court issued a temporary suspension of the Office of Foreclosure recommendations of final judgment for tax foreclosures until lawmakers reformed the state statute to comport with the *Tyler* decision. This decision effectively stopped all tax lien holders (private buyers and local governments) from foreclosing on an owners’ right to redeem and taking ownership of the property, which inevitably created a backlog of tax delinquent properties eligible for foreclosure.

⁹ See New Jersey’s “tax sale law,” R.S.54:5-1 *et seq.* Note that we are not New Jersey lawyers. Before relying on this summary and analysis of local New Jersey statutes, we urge Salem leaders to consult their local attorney(s).

¹⁰ To learn more about the implications of the *Tyler* decision, read Center for Community Progress, *Tyler v. Hennepin County: Analysis and Policy Reform Options for State and Local Governments* (2023) available at <https://communityprogress.org/wp-content/uploads/2023/08/2023-08-tyler-hennepin-policy-brief.pdf>

In July of 2024, New Jersey Governor Phil Murphy signed a reform bill (A-3772/S-2334) in response to the *Tyler* decision, which provides property owners or their heirs the ability to claim surplus by requesting their property be sold at a judicial sale or online auction. While that bill has passed, as of the writing of this memorandum, the tax foreclosure moratorium has not been lifted.

Below are key findings and recommendations as it relates to Salem’s approach to delinquent property tax enforcement, a critical system that a land bank will need to leverage to be successful.

Observations

1. **The City faces significant challenges with property tax delinquency.** Leaders reported nearly 26 percent of properties are tax delinquent.
2. **The City is required to pay Salem County and Salem City School District their entire tax levy.** Regardless of whether the City received tax payment on a property, it is financially responsible for paying the County and School District their entire tax levy, furthering the financial burden these delinquent properties place on the City.
3. **The City is required to hold an annual tax lien sale.** Though the timing of the sale is not legislated, the tax collector aims to hold it in the first half of the year.
4. **Our understanding of the tax enforcement process is as follows:**
 - a. The tax sale occurs in the first half of the year, to collect delinquencies from the prior year.
 - b. The tax sale is an online auction, where investors bid down the interest rate.
 - c. Successful bids are those with the lowest interest rate. If multiple bids are received with zero interest rates, the bid with the highest premium (cash payment) is successful.
 - d. Unsold certificates are defaulted to the City.
 - e. Six months after the tax sale, the City can foreclosure on the property.

Important note: Due to the temporary moratorium on tax foreclosures still in place as of the writing of the memo in August 2024, the City is not foreclosing on tax certificates it holds, as described in item “e”.

5. **The tax lien sale has become increasingly competitive.** In the 2024 tax lien sale, only 10 percent of the 250 tax certificates failed to receive a bid and defaulted to the City. This is a stark contrast to the 71 percent of unsold tax certificates that defaulted to the City during the 2022 tax sale.¹¹ These results align with national trends. Outside investors (individual as well as corporate and institutional) are playing a significant role in tax sales, even in communities that for years (if not decades) had high rates of VAD properties and weak housing markets.
6. **The City is not using a Special Tax Sale for abandoned properties.** New Jersey communities can hold a Special Tax Sale for abandoned properties to expedite the foreclosure process and ensure tax lien investors intend to take ownership of the property.¹² Properties first must be included on the City’s Abandoned Property List, however, as noted in the prior section, the City does not have an Abandoned Property List due to limited capacity and fiscal constraints.

¹¹ Alan Mallach, and Diane Sterner, A Housing Strategy for the City of Salem, New Jersey (New Jersey Community Capital, 2023)

¹² NJSA.55:19-101

7. **A sizable, though unknown, number of properties sit in ownership limbo.** The temporary moratorium on tax foreclosures has prevented tax certificate holders from foreclosing and taking ownership of properties. This ownership limbo affects the approximately 150 properties whose tax certificates defaulted to the City from the 2022 and 2023 tax sales, and an unknown number of properties whose certificate are held by private investors.
8. **The City currently owns around 100 vacant properties, some for nearly a decade.** These properties, many of which are badly deteriorating due to lack of maintenance, came into the City's ownership through the tax enforcement process described above.
9. **The last public auction of City-owned properties yielded unsuccessful results.** The last time the City auctioned off 12 tax-foreclosed properties they used a tiered system to set the minimum bid between \$2,000–\$6,000. At the time of the site visit, none of the properties were occupied and only two were rehabilitated to a state where they received a certificate of occupancy.
10. **Compliance with the *Tyler* decision and recent state legislation amending the tax enforcement process is necessary.** The City must review its local tax enforcement and public auction practices to ensure compliance and minimize future public liability for claims of surplus from previous owners.

Recommendations

1. **Set minimum bid for properties auctioned that encompasses all expenses owed to the City.** In order to ensure future compliance with *Tyler*, the City may decide to conduct a public auction of properties it has already acquired via property tax foreclosure for the purpose of determining whether there might be surplus value to return to the former owner. If the City opts to conduct such an auction, the minimum bid set should encompass all the delinquent taxes, unpaid water bills, unpaid abatement expenses, and allowable administrative expenses of carrying out the foreclosure.¹³ Setting a minimum bid will help recoup taxpayers' dollars that have been invested into private properties and minimizes future liabilities for claims of surplus from previous owners. If a bid above the minimum bid is received, the City should follow appropriate state and local procedures to return the surplus to the former owner(s) or interested parties. Properties that do not receive a bid may be appropriate to eventually convey to a future land bank to temporarily steward and repurpose in line with community goals.
2. **Begin foreclosure proceedings of properties where the City holds the tax certificate. Prioritize those properties that will be an early win for the land bank.** Time is the enemy of vacant properties. While there is a moratorium on *finalizing* tax foreclosures, the City can still *initiate* the foreclosure process to ensure a swift transition of ownership when the foreclosure moratorium is lifted. The City must carefully follow the new procedures laid out in the New Jersey property tax reform bill ([A-3772/S-2334](#)) and consult with local attorneys to make sure they are in compliance with the *Tyler* decision.
3. **Utilize the Special Tax Sale for abandoned properties and set criteria for bidders.** Each year, when the tax collector compiles a list of tax delinquent properties the list should be compared with the Abandoned Property List. Properties that appear on both lists should be targeted for a Special Tax Sale.

¹³ The City may want to consult a local attorney to better understand what amounts might be appropriate to include in this "minimum bid."

At the Special Tax Sale, and in compliance with the Abandoned Properties Rehabilitation Act, the City should consider requiring bidders to:

- Document their qualifications and ability to carry out rehabilitation or reuse plans
- Rehabilitate or otherwise reuse the property consistent with the municipality's plans and regulations
- Initiate foreclosure by a certain date
- Be in compliance with all local and state building codes and for other properties owned within the city
- Be current on all property taxes and other fees for other properties owned within the city

Land Banking

A land bank is a public or nonprofit entity with a unique purpose to put VAD properties back to productive use according to community goals. Across the country, over 300 land banks and land banking programs are mitigating the harms brought on by problem properties and advancing equitable, inclusive, and resilient communities. Land banks have profound positive impacts in the communities they serve, including stabilizing neighborhoods and property values of neighboring homes,¹⁴ addressing safety concerns,¹⁵ catalyzing economic investment,¹⁶ furthering racial equity and social justice,¹⁷ and creating lasting affordability.¹⁸

Land banks are a valuable tool for communities that have:

- Significant challenges with VAD properties, especially for those in which the public debt exceeds the property's fair market value
- Publicly owned properties the local government is struggling to maintain or dispose of in an equitable fashion due to lack of staffing capacity or financial resources
- Inflexible public policies dictating the sale of public property, limiting the ability to be strategic and nimble

¹⁴ In Detroit, Michigan, the median sales price grew an additional 11.5 percent per year in the Land Bank's Rehabbed & Ready neighborhoods during the three-year treatment period than they would have without the intervention. Paul Fontaine, and Chris Mueller, Good Deeds: Community - minded intervention to strengthen the Detroit housing market is working, according to U-M analysis (University of Michigan, 2021), <https://www.rocketcompanies.com/wp-content/uploads/2021/04/Good-Deeds-An-Analysis-of-the-Rehabbed-Ready-Program.pdf>

¹⁵ Analyzing PHS' greening program impact on health and safety from 1999-2008, researchers found a significant reduction (29 percent) in gun assaults citywide in areas with PHS-greened vacant lots. Additionally, in many of these areas, residents also reported less stress and increased exercise. Charles C. Branas, et al., "A Difference-In-Difference Analysis of Health, Safety, and Greening Vacant Urban Space", American Journal of Epidemiology 174, no. 11, (40878): 1296-1306, <https://academic.oup.com/aje/article/174/11/1296/111352>

¹⁶ In 10 years, New York State land banks were able to secure \$180 million in local, state and federal funding, and \$300 million in private investments. Center for Community Progress, A Decade of Progress: Celebrating 10 Years of Land Banks in New York (New York Land Bank Association, 2023), https://syracuselandbank.org/wp-content/uploads/2023/02/NYLBA-publication-2022_FINAL-1.pdf

¹⁷ The Lucas County Land Bank in Toledo, Ohio has established a \$1.5 million Neighborhood Justice Fund to support land bank investments that will grow wealth and foster health in Black and Brown communities.

¹⁸ Across the country, land banks and community land trusts are partnering to create and preserve affordable housing. Center for Community Progress, Land Banks and Community Land Trusts Partnering to Provide Equitable Housing Opportunities Now and for Future Generations (2023), <https://communityprogress.org/publications/land-banks-and-community-land-trusts/>

- A public disposition process that lacks transparency, is highly politicized, and vulnerable to mismanagement

New Jersey municipalities can form a land bank pursuant to the 2019 New Jersey Land Bank Law.^{19, 20} Communities interested in forming a land bank must designate an entity to serve as the land bank and adopt a “Land Bank Agreement” between the municipality and the selected entity. Municipal redevelopment agencies, county improvement authorities, and nonprofit organizations are eligible to serve as a land bank.

The Land Bank Agreement should detail the responsibilities of the land bank and the conditions under which the land bank may acquire, maintain, and dispose of real property on behalf of the municipality. A land bank’s size of operations, programming, and funding should be proportionate with the scale and scope of properties it is expected to help resolve and the specific goals of the community it will work towards achieving.

For land banks to be successful, they must acknowledge the inextricable connection between addressing VAD properties and advancing racial equity. Our country’s legacy of unjust policies and racist systems have concentrated VAD properties in communities of color, who bear an unfair share of the harms they cause. Land banks that generate the greatest positive impacts for residents infuse equity into all that they do, from policy and programming to hiring and board recruitment.

Observations

1. **The City struggles to effectively address the full scale of VAD properties.** As previously discussed, there are hundreds of VAD properties that are destabilizing neighborhoods, placing a heavy demand on city services, and creating public safety hazards for residents throughout Salem. Due to lack of staff and financial resources, the City is not maintaining and planning reuses for the properties it currently owns; future acquisitions of tax-delinquent properties will only exacerbate this challenge.
2. **There is a lack of interest in purchasing publicly owned properties through existing City programs.** The City demonstrates a high level of transparency with the public in sharing information on its publicly owned properties available for sale. Despite this, there is still little interest from outside buyers. Staff reported receiving very few, if any, letters of interest from buyers to purchase City-owned properties.
3. **A recent public auction of twelve city-owned properties yielded unsuccessful results.** These properties remain in a nonproductive status and are not achieving the desired outcomes for the City. At the time of the site visit, none of the properties were occupied and only two were rehabilitated to a state where they received a certificate of occupancy. This is an unfortunate though not atypical result of the public auction where properties are sold to the highest bidder and not for the purpose of achieving long-term desired outcomes.
4. **The Cumberland County Improvement Authority (The Authority) expressed strong interest in serving as a regional land bank for Salem and other smaller, resource-constrained communities in the Tri-County region.** In 2019, shortly after the Land Bank Law passed, The Authority actively engaged with communities who expressed interest in pursuing a land bank. As

¹⁹ NJSA 40A: 12:A-77

²⁰ As of 2024, only one city (Newark) has leveraged this new community development tool to help address problem properties. This primer is part of a series of educational resources and activities, co-developed by the Center for Community Progress and HCDNNJ, to encourage greater use of land banks in New Jersey.

we've heard from communities across the state, the COVID-19 pandemic necessitated local governments turn their attention away from land banks and focus on urgent community needs. Communities are now able to refocus attention on addressing long-term community needs and exploring whether a land bank would be beneficial.

5. **The Authority is a trusted partner to the City.** The Authority both serves as the redevelopment authority for Cumberland County and does development work in neighboring counties and municipalities. For example, The Authority is actively working to develop ten new affordable housing units on Linden Street in Salem, a project that includes demolition, site assemblage, and new construction.
6. **The Authority's expertise and capacity could be an asset to the City.** The Authority has expertise in real estate development and data analytics, and has staff capacity that could be leveraged for an effective land banking program.
7. **Current market dynamics and investor activity necessitate timely action.** Land banks need land, and the quickly changing market dynamics could impact the land bank's ability to acquire properties cost-effectively. The fact that only 10 percent of tax certificates defaulted to the City, down from 70 percent just two years ago, necessitates a thoughtful strategy for land ownership in Salem. Communities across the country including in New Jersey, are experiencing tidal-wave changes of outside investors purchasing tax certificates that outpaces residents' ability to participate in the housing market. Now is the time for the City to establish a system with a predictable mechanism to reuse vacant, deteriorated, tax-delinquent properties in line with community goals.

Recommendations:

1. **Consider designating The Authority as the land bank for Salem.** The Authority is a trusted partner that could serve as the land bank for Salem and other communities in the region. The Authority could bring needed capacity to the City and leverage its expertise in real estate transactions and housing development to create a systemized process to deal with VAD properties.

A Land Bank Agreement to designate The Authority as a land bank will need to be adopted by ordinance of the City and by resolution of The Authority's board. The Land Bank Agreement should outline responsibilities of the land bank and the conditions under which the land bank may acquire, maintain, and dispose of real property. Appendix A provides additional recommendations to consider relative to land bank formation and the agreement.

2. **Infuse racial equity into land bank operations and culture.** The City's Black and Brown residents are disproportionately impacted by VAD properties. Decades of unjust policies and intentional disinvestment contributed greatly to shaping inequitable neighborhoods. In serving this community, the land bank should consider its work through the lens of equity and healing. An equitable *process* would be engaging and centering those legacy residents most impacted by VAD in the design and implementation of programs. Equitable long-term goals could be narrowing the racial homeownership gap and racial wealth gap, supporting contractors of color, and addressing food insecurity and environmental injustice (such as brownfield properties).
3. **Solicit financial resources from public, private, and philanthropic sources.** Nationally, the primary source of land bank's funding (37 percent) comes from direct governmental

appropriations.²¹ The City and land bank should explore funding opportunities from the New Jersey Department of Community Affairs, who might demonstrate interest in supporting the state's first regional land bank. The City should also explore whether recent proceeds from the sale of the municipal water plant or another grant under the state's Transitional Aid Program could be invested as seed funding for early land bank interventions.

It is also common for land banks to seek financial support from philanthropic partners during their start-up phase. Local, regional, or even national funders might find supporting the land bank's initial phase as an exciting opportunity, particularly when establishing specific programs focused on issues like health equity, community safety, food security, and affordable housing.

Partnerships

A land bank is not a silver bullet. Simply establishing a land bank will not solve entrenched community challenges in Salem including economic and housing instability, lack of food access, and the prevalence of youth and community violence. However, a land bank can serve a critical role in efforts to stabilize Salem and enhance the health and well-being of residents by coordinating with mission-aligned partners to address VAD properties and support community-driven reuse. Examples of how land banks may work with partners to identify and advance community priorities include:

- Partnering with community-based organizations—such as community development corporations (CDCs), neighborhood associations, and ambassador programs—enables land banks to understand the needs of underserved populations and build programming around desired outcomes.
- Supplementing their existing capacity through strategic partnerships to ensure properties are repurposed in alignment with community priorities. Land banks may work with local Habitat for Humanity affiliates and community land trusts to create affordable homeownership opportunities; or organizations focused on increasing urban green spaces, community gardens, or storm water management in communities with significant vacant land inventories.
- Connecting with stewardship partners, such as workforce development organizations or youth-organizations, to support maintenance and restoration of the properties they own while also providing job training and employment opportunities to residents.
- Leveraging their unique roles to advance the goals of community coalitions. Such is the case when land banks assemble sites for LIHTC projects or community parks, or when land banks conduct environmental site assessments on brownfield properties.
- Soliciting funding from lending institutions and philanthropy to support critical programming or property development.

In some communities, the land bank is *the* driver of catalytic community change. This position can only be earned from years of trust-building and delivering community-desired results.

Observations

1. **There is a rich culture of civic engagement in Salem.** Many leaders we spoke with work in mission-aligned organizations, serve on multiple nonprofit boards, and expressed an eagerness to support revitalization in Salem.

²¹ Center for Community Progress, National Land Bank Network Annual Survey (2023) available at <https://communityprogress.org/publications/2022-update-from-the-national-land-bank-network/>

2. **There is a clear consensus among government and nonprofit leaders concerning community needs.** Stakeholders identified expanding homeownership opportunities for first-time homeowners and developing new one-bedroom or efficiency apartments as the two most pressing housing needs. Additional needs included expanding food access and reducing the prevalence of youth and community violence.
3. **Potential land bank partners possess expertise and funding.** Existing organizations and developers in Salem have expertise and access to financial resources that could be leveraged to advance homeownership and support other community goals in Salem. These organizations and opportunities include:

- a. **Stand Up For Salem** is the recipient of a \$570,000 grant through the Neighborhood Revitalization Tax Credit Program Lead-Based Paint Hazard program. While these types of funds are usually directed at occupied housing with young children, there may be a chance to utilize some funding to assess and remediate lead-based hazards in vacant properties held by the land bank that are slated for redevelopment. This could not only lower the land bank's costs to fully rehabilitate the properties, but also ensure future occupants are safe from lead-hazards.

Stand Up For Salem is also providing vocational training for local youth—with a focus on woodworking, ornamental plaster, and masonry—through their newly established Building Preservation Arts program. The land bank can engage this program to give trainees on-the-job experience and skill development opportunities while at the same time benefiting from the property restoration work.

- b. **Habitat for Humanity of Salem County** is expanding its reach and impact due to new funding tools from the NJ Department of Community Affairs. They are now able to take on multiple new home construction projects at once. In certain cases, they can also use this funding to support demolition and site clearance. For Habitat to increase its work in Salem City, it will need access to vacant lots at low or no cost. Habitat has also been working with elderly residents to receive Single Family Housing Repair Loans & Grants²² from the USDA to address deteriorating property conditions.

The land bank and Habitat can work together to develop a coordinated plan that targets funding and land bank activities for block-level neighborhood stabilization. The land bank can transfer vacant land to Habitat for new home construction, and work in coordination with Habitat and the City to secure home repair resources for existing residents on that same block.

- c. **Gateway Community Action Partners** has deep expertise in affordable housing development. They pursue new construction and rehabilitation of existing affordable housing. They are expanding their capacity to bring property management back in-house and getting staff HUD certified to provide housing counseling for prospective first-time homeowners. The land bank could work with Gateway by assembling land for large-scale development and holding or “banking” land for a period to reduce development costs. The land bank could also engage with Gateway to provide housing counseling, when that certificate is obtained.

²² See the United State Department of Agricultural Affairs to learn more about the Single Family Housing Repair Loans & Grants program, available here: <https://www.rd.usda.gov/programs-services/single-family-housing-programs/single-family-housing-repair-loans-grants>

- d. The City has engaged in initial conversions with **Neighborhood Assistance Corporation of America** and is interested in exploring a partnership to support lending opportunities for first-time homebuyers.
4. **The land bank can play a critical role in a coalition focused on addressing entrenched challenges in Salem, including community health and safety.** While developing and sustaining a coalition of organizations to solve entrenched challenges requires significant coordination, resources, and strategy, it is not impossible. Two illustrative examples of the role Salem's land bank could play is described below:
 - a. The City currently holds the tax certificate to a vacant and deteriorated community center that, since its closure, has left a deficit in needed community services. The City could foreclose on the property, and transfer it to the land bank, subject to any requirements of the recent New Jersey property tax reform bill ([A-3772/S-2334](#)) and in line with *Tyler v. Hennepin County*. The land bank could serve as the temporary steward of the property, conduct all the necessary environmental site assessments, and actively maintain the property so that it is no longer a safe harbor for illegal dumping. The land bank could work to secure a developer for its eventual reuse, dictated by community input. If authorized in the Land Bank Agreement, the land bank could hold the property in tax-exempt status while the developer puts together necessary financing and development partners, minimizing their pre-development costs. The land bank could monitor the progress of the development and include a reverter clause or other legal mechanism to ensure either the project is completed successfully or the land bank can quickly regain title to the property.
 - b. Salem's only grocery store closed in 2018 and the community remains a food desert today. While the economics of bringing a new grocery store chain to the community present unique challenges, the land bank could serve as a strategic partner by acquiring and holding title to the vacant commercial building or supporting the assemblage of parcels in the City for a new location. The land bank and City government should also consider working with philanthropic partners to bring a mission-driven grocery store to Salem, similar to the partnerships that created Market at 25th²³ in Richmond, Virginia and Gem City Market²⁴ in Toledo, Ohio.

Recommendations

1. **Leverage existing community expertise through the land bank's Community Advisory Board.** In accordance with the New Jersey Land Bank Law, the land bank must establish a Community Advisory Board (CAB), comprised of representation from community associations and non-profit organizations. The existing expertise and mission-aligned work already happening in Salem could be coordinated through the CAB. The expertise of board members should be leveraged to understand community priorities and guide policy and program development. Board members can play a critical role in educating the community about the land bank and its mission, policies, and programs.

²³ *Richmond's Market At 25th Shaped By History, Needs Of Church Hill Residents* (National Public Radio, 2019), <https://www.vpm.org/news/2019-04-25/richmonds-market-at-25th-shaped-by-history-needs-of-church-hill-residents>.

²⁴ To learn more about the Gem City Market, visit their website at <https://gemcitymarket.com/>

2. **Develop policies and programs, in coordination with the CAB, that address existing community priorities.** It is imperative that community goals drive the land bank's acquisition and disposition decisions. These community goals need to be reflected in the founding policies and procedures of the land bank and vetted and approved by the CAB. The CAB should contemplate the priorities of homeownership, new housing options for individuals, and bringing key community assets to Salem, such as a grocery store and community center. These end uses would support broader community goals around economic stability, food access, and reducing youth and community violence.
3. **Prioritize engagement with partners and community members by adding a land bank staff person with this focus.** Engagement done well takes time and capacity. In addition to leveraging The Authority's existing staff, there was a strong desire from stakeholders in Salem for The Authority to consider bringing on a new staff person who has a deep understanding of the community's needs. The new staff person should not only be responsible for supporting the operational functions of the land bank, but also building trusted partnerships, attending community events, providing educational opportunities about the land bank to other stakeholders, and supporting the CAB.

Conclusion

VAD properties can destabilize communities, significantly strain local government budgets, and pose health and safety concerns for residents. Under passionate and committed leaders, the City has made progress in gaining clarity about the scale and scope of VAD properties. The City is well positioned to use that critical information to develop an intentional plan forward, in consultation with the Salem community.

Now is the time for the City, along with its partners, to take a robust and coordinated approach to transform these harmful VAD properties to assets that serve neighbors and neighborhoods. A land bank could play a critical role in serving as a temporary steward of these properties, bringing capacity and expertise to the work, and fostering reuse that fills critical community needs.

We deeply appreciated learning about Salem's history, current challenges, and the ambitious and hopeful vision of the City's steadfast leaders, community partners, and neighborhood advocates. Community Progress remains available as a partner and resource to both the City and a future land bank as they explore these recommendations, and we thank all those who contributed to the success of this engagement.

Appendix A: Recommendations related to land bank formation and the Land Bank Agreement

Below are recommendations for Salem City and The Authority to consider as they contemplate a land bank to address VAD properties in the Tri-County region. Recommendations with an asterisk (*) denote items that should be addressed in the Land Bank Agreement between the City and The Authority.

Governance

1. **If the land bank is a nonprofit, its bylaws must be amended to include the Chief Financial Officer (CFO) of Salem on its board.***

A municipality may enter into a land banking agreement with a nonprofit entity, so long as the bylaws of the nonprofit provide that the CFO the municipality serves on the board of the nonprofit.²⁵ The City and The Authority should consult local legal counsel to determine applicability of this requirement.

2. **Establish a Community Advisory Board within six months of land bank formation, with clear mechanisms for board appointments and authorities.***

The Land Bank Law requires that the land bank create a Community Advisory Board (CAB) within six months of its designation of a land bank by the municipality.²⁶ Representatives on the CAB must come from recognized community associations and nonprofit organizations operating within the land bank's jurisdiction.²⁷ The Land Bank Law does not confer any decision-making authority to the CAB, which significantly limits their impact in land bank decisions. However, it does not *prohibit* the Agreement or the land bank entity from granting significant weight to CAB recommendations either in practice or by memorializing such authority in the Agreement or in the entity's land bank policies and procedures. To build trust with the greater Salem community and ensure the land bank's activities are meeting community needs, the City and Land Bank could consider the extent to which the Agreement could establish the CAB's authority to approve or shape land bank priorities and policies, including, for example, helping to develop and shape the land bank's acquisition and disposition policies. It may be worthwhile to engage local attorneys to help craft language shaping the CAB's potential role either in the Agreement or in the land bank's policies and procedures governing the CAB's activities (see #3 below).

If the Agreement does include additional detail on the role of the CAB, it may also make sense to clarify in the Agreement the desired size of the CAB and which party (e.g., the nonprofit entity or the City) has the authority to make CAB appointments. Community Progress would strongly suggest the City have the authority to appoint a majority of CAB members.

3. **Establish policies and procedures in coordination with the land bank board and CAB.**

It is *imperative* that community goals drive the land bank's acquisition and disposition decisions. Using an inclusive process to set priorities and policies when the land bank is first formed builds

²⁵ NJSA 40A: 12:A-77

²⁶ NJSA 40A: 12:A-84

²⁷ NJSA 40A: 12:A-84

trust with the community and ensures the land bank staff and board have clear guidance to make important and transparent decisions in line with those community goals.

Acquisition

4. Consider transferring control of publicly held properties to the land bank.*

In order for land banks to do their important work of meeting community goals, they need a systematic and cost-effective process for acquiring distressed, vacant properties. The properties currently owned by the City are vacant, in poor condition, and causing harm to the neighbors. Therefore, it is important that these properties are transferred to the control of the land bank, via the Agreement or a separate trust agreement, as expeditiously as possible, and at no cost so the land bank can use its limited resources on maintenance and reuse.²⁸

5. As part of the Agreement the City and land bank should identify what role the land bank will play in acquiring vacant properties on the City's behalf.*

The Agreement should allow the land bank to acquire property on the City's behalf through "contribution, gift, grant, bequest, purchase or otherwise."²⁹ The Agreement could also grant the land bank the ability to undertake the following actions on the City's behalf as a means to acquire vacant properties:³⁰

- Purchase tax and other City liens;
- Foreclose on tax and other City liens; and
- Conduct individual abandoned property takings under the New Jersey Urban Redevelopment Act.

Holding

6. Consider whether a separate trust agreement is needed to authorize the land bank to hold property on behalf of the municipality and to take certain land bank actions.*

The Agreement, or a separate trust agreement adopted via ordinance, should establish the extent to which the land bank shall hold, convey, and lease property owned by the municipality, as well as to conduct other land banking activities without municipal authorization for each individual conveyance or action.³¹ As noted in the Land Bank Law, if this authority is provided in the land banking agreement, "each trust agreement shall provide the land bank entity with all the powers of property ownership, subject to the potential termination of the land banking agreement..."³² It should also outline the way in which the Land Bank will hold and manage tax or other liens assigned by the City to the Land Bank (see #5 above).

²⁸ The City already owns these properties and appears to have clear authority to transfer them to the land bank's control. However, the City and Land Bank should consult local attorneys to understand whether there are any potential claims that could be made for surplus tied to this inventory pursuant to *Tyler v. Hennepin County* and/or such transfer is in compliance with the New Jersey property tax reform bill ([A-3772/S-2334](#)).

²⁹ NJSA 40A: 12A-79(a)

³⁰ NJSA 40A: 12A-79(b)

³¹ NJSA 40A: 12A-80

³² *Id.*

7. Grant the land bank ability to hold properties tax exempt.*

The Authority should be explicitly granted the ability to hold properties tax exempt in order to preserve their limited resources for maintenance and reuse activities. This is a vital power for land banks given the heavy costs of holding and maintaining properties. While we understand the City's desire to get these properties in tax paying status as quickly as possible, putting that tax burden on the land bank will impair its ability to carry out its mission and reach the longer-term outcomes desired by the City and residents.

Disposition

8. Allow for disposition of properties by approval of the land bank board.*

Many municipalities are straddled with inflexible policies dictating the sale of public property, limiting the ability to be strategic and achieve desired outcomes. Public disposition processes often lack transparency and can be highly politicized. Having a transparent disposition process, and building trust with the community, is foundational to a land bank's success. Granting the land bank board the ability to dispose of properties, without additional approval by the local government, is a best practice in the national field. This may be accomplished through the Agreement and/or the trust agreement (see #6 above).

Staffing and Operations

9. Considering hiring new staff to manage land bank operations in Salem.

A land bank formed at The Authority can leverage the organization's existing expertise, staffing capacity, and network of developers and other relationships. Beyond leveraging existing staff, stakeholders in Salem expressed a strong desire for The Authority to consider bringing on a new staff person who has a deep understanding of the community's needs. The new staff person should not only be responsible for supporting the operational functions of the land bank, but also building partnerships, attending community events, providing educational opportunities about the land bank to other stakeholders, and supporting the CAB. This staff person might also spend half their time in The Authority's office and half their time in Salem City Hall.

10. Launch an online database with ownership information for all current and former land bank properties in compliance with the Law Bank Law.

The Land Bank Law requires that the land bank make a publicly available database on their website that lists all "current and former land bank properties, each owner of record since each property became a land bank property, and the sales price of each land bank property that has been purchased by the land bank entity."³³

In keeping with its purpose to protect and promote transparency and integrity in land bank operations, the CAB is required to report annually on the "accuracy, integrity, accessibility, and comprehensiveness" of the property databases the land bank is required to create and maintain.³⁴

11. Engage in land bank board training for new land bank authorities.

³³ NJSA 40A: 12:A-84

³⁴ NJSA 40A: 12:A-84

Given the land bank will be a new program of The Authority, board members should be given adequate training to understand the mission and authorities of the land bank. This will be important to guide decision making and future land bank strategies, and also ensure board members understand the value of the land bank and advocate for its work.

Funding

12. **Allow the land bank the ability to retain sales proceeds.***

Nationally, 33 percent of funding for land banks comes from the revenue of real estate sales.³⁵ This funding source is important for a land bank to carry out its mission, and therefore the land bank should be able to retain the revenue of property sales.

13. **Exercise 10/50 tax recapture option for properties that received land bank intervention as permitted by state law.***

The New Jersey Land Bank Law allows for a tax recapture of properties that have received land bank intervention. If authorized by the governing body of the municipality, a land bank can receive up to 50 percent of taxes collected on certain properties sold by the land bank for up to ten years.³⁶ This would mean that after the land bank sells a property and it is in a taxable status, 50 percent of the taxes would be remitted to the land bank and 50 percent of the taxes would be distributed among the other taxing bodies for ten years. After this period, 100 percent of the taxes would be sent to the respective taxing bodies. This tax recapture can be used to support the operations of the land bank.

14. **Consider annual appropriations to the land bank from the City.***

Nationally, the primary source of land bank's funding, nearly 37 percent, comes from direct governmental appropriations.³⁷ If the City can commit an annual appropriation to the land bank, it should stipulate the amount and for how long. While it doesn't appear that this kind of funding is strictly prohibited, local attorneys should be consulted as to how or whether and in what form this could be authorized in the Agreement itself.

15. **Consider a provision that both entities will commit reasonable efforts to secure funding for the land bank.***

Addressing VAD properties can be a costly endeavor. Ensuring the land bank is adequately funded to tackle the scale and scope of VAD properties in Salem will require a continual and committed effort. The City and land bank should each take responsibility for soliciting and securing funding to support the land bank's operation and advance its mission.

The City and land bank should explore funding opportunities from the New Jersey Department of Community Affairs, who might demonstrate interest in supporting the state's first regional land bank. The City should also explore whether recent proceeds from the sale of the municipal water plant or another grant under the state's Transitional Aid Program could be invested as seed funding for early land bank interventions.

³⁵ Center for Community Progress, National Land Bank Network Annual Survey (2023) available at <https://communityprogress.org/publications/2022-update-from-the-national-land-bank-network/>

³⁶ NJSA 40A:12A-89

³⁷ Center for Community Progress, National Land Bank Network Annual Survey (2023) available at <https://communityprogress.org/publications/2022-update-from-the-national-land-bank-network/>

It is common for land banks to seek financial support from philanthropic partners during their start-up phase. Local, regional, or even national funders might find supporting the land bank's initial phase as an exciting opportunity, particularly when establishing specific programs focused on issues like health equity, community safety, food security, and affordable housing.

Appendix B: Stakeholders Interviewed

Name	Title	Organization
Jody Veler	Mayor	City of Salem
Charles Bailey	Executive Director of Commerce / Economic Development	City of Salem
Jimmy Trinided	Code Enforcement Officer	City of Salem
Aileen Westcott	Code Enforcement Officer	City of Salem
William McCafferty	Tax Collector	City of Salem
Ben Angeli	City Administrator/Clerk	City of Salem
Kenia Nunez	Chief Financial Officer	City of Salem
Nicholas M. Ranieri	City Solicitor	Maley Givens, P.C.
Sonita Johnson	Pastor	St. John's Pentecostal Outreach
Betsy McBride	Executive Directo	Stand Up for Salem
Minister Wadiya Davenport	Salem Community Ambassador	St. Johns Pentecostal Outreach Church
Paul DiLorenzo	Executive Director	Salem Health and Wellness Foundation
Jennifer Preen	Administrative Coordinator	Inter-Agency Council
Sue Ann Leighty	Executive Director	Habitat for Humanity of Salem County
Charles Hassler	Board of Director	Habitat for Humanity of Salem County
John Burdzy	Housing Expert	Gateway Community Action Partnership
Jerry Velazquez	President and CEO	The Authority

Appendix C: Sample Land Bank Budget

Sample Land Bank Budget³⁸

Income

Municipal Financial Commitment	
Property Sales Proceeds	
Grant Funds	
Tax Recapture Funds	
Miscellaneous Income	
Income Total	

Expenses

Salaries

Executive Director	
Property Acquisition/Disposition Coordinator	
Community Engagement Coordinator	
Office Manager	
Fringe Benefits (additional 30 percent of total salaries)	
Salaries Subtotal	

Administrative Expenses

Office Space Rent	
Payroll Services	
Bank Fees	
Telephone & Internet	
Computer Equipment and Software	
Office Supplies	

³⁸ This sample budget template has been modified from the example provided by Sara J. Toering and Allie Jett, *Resource Guide for Georgia Land Banks*, (Center for Community Progress, 2022), <https://communityprogress.org/publications/resource-guide-for-georgia-land-banks/>.

Insurance (Liability, Directors and Officers, Bond, WC)	
Postage	
Marketing/Promotion/Website	
Printing/Reproduction	
Annual Registrations/Dues	
Furniture/Office Sundry	
Mileage & Travel	
Training and Education	
Administrative Expenses Subtotal	
<u>Professional Fees</u>	
Accounting Services	
Financial Audit	
Title Examination	
Realtor/Broker Commissions	
Appraisal Services	
Legal Services	
Professional Fees Subtotal	
<u>Property Expenses</u>	
Property Acquisition	
Property Maintenance	
Property Insurance	
Property Title Clearance	
Property Expenses Subtotal	
Expenses Total	
Less Income	
Balance	