RVP Training: Land Banking 101

Reclaiming Vacant Properties Conference
Atlanta, GA
October 2, 2019

Tarik Abdelazim, Associate Director of National Technical Assistance
Presentation Outline

About Us

Section I. Establishing Common Ground
  Centering Equity
  Data-Driven, Systems-Based Approach
  Tax Enforcement Systems: Options

Section II. Land Banks: An Overview

Section III. National Scan
  Five Common Mistakes and Field Innovators

Section IV. Moving Forward

Section V. Discussion Time
Center for Community Progress

- **Mission:** To foster strong, equitable communities where vacant, abandoned, and deteriorated properties are transformed into assets for neighbors and neighborhoods.

- **Services:** Technical assistance, education and training, policy, and research. Focus on systems-level change.

- **Snapshot:** In 2018, fielded 200+ technical assistance inquiries, supported policy/programmatic change in dozens of communities, reached 4,350 through education, distributed 1,000s of publications
Section I

Establishing Common Ground
An Approach that Centers Equity

Neighborhood development and fighting “blight” has a history—and that lived experience has often been traumatic and tragic to people of color

- Race-based zoning ordinances, which sought to institutionalize segregation
- “Redlining,” which was used to deny mortgages to residents of “hazardous” neighborhoods, which locked out private investment (and redirected public investment elsewhere)
- FHA race-based restrictive covenants, which prohibited white homeowners from selling to black purchasers those homes in subdivisions that were funded by loans insured by the federal government
- Urban renewal, which disproportionately impacted black homeowners and business owners across the country, and created physical instruments of segregation

Source: Mapping Inequality, University of Richmond
A Data-Driven Approach: Overview

**PARCEL DATA:**
- Delinquent Property Taxes
- Unpaid code liens (or other public liens)
- Frequency and volume of code violations
- Nuisance and police calls
- Utility shut-offs
- Occupancy status
- Structure condition

**MARKET DATA:**
- Foreclosure rates
- Sales volume
- Sales price
- Purchaser (LLC?)
- Cash deals?
- Assessment values

**SOCIAL DATA:**
- Resident input
- Neighborhood needs
- Place-based partners

Healthy, equitable, inclusive and resilient neighborhoods
A Data-Driven Approach: Understand the Inventory

Citywide Parcel Surveys
City of Toledo, OH and Cleveland, OH

Lucas County Land Bank led effort to survey all 121,798 parcels in City of Toledo.

Western Reserve Land Conservancy led effort to survey all 158,854 parcels in Cleveland.

For full report, see https://tinyurl.com/y87tcy95

To learn more, visit http://co.lucas.oh.us/2783/The-Toledo-Survey
A Data-Driven Approach: Integrate and Analyze

Cost of Blight Studies
City of Atlanta, GA (2016)

✓ $1.67 to $2.96 million in annual Code Enforcement, Fire, and Police direct service costs, incurred by the City of Atlanta, that are related to vacant properties.

✓ $55 to $153 million reduction in single-family property values in the City due to distressed, vacant properties.

✓ $985,000 to $2.7 million lost in property tax revenue annually due to the decline of property values.

For full report (Immergluck, 2016): http://tinyurl.com/jbyfk8d
# A Data-Driven Approach: Understand the Market

**POPULATION SHIFTS IN SIX UPSTATE NEW YORK COUNTIES ILLUSTRATING THE “HOLLOWING OUT OF THE CORE” PHENOMENON**

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>1950</th>
<th>2010</th>
<th>Net Change</th>
<th>% Change</th>
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</thead>
<tbody>
<tr>
<td>City of Schenectady</td>
<td>91,785</td>
<td>66,135</td>
<td>-25,650</td>
<td>-28%</td>
</tr>
<tr>
<td>Schenectady County</td>
<td>142,497</td>
<td>154,727</td>
<td>12,230</td>
<td>9%</td>
</tr>
<tr>
<td>City of Troy</td>
<td>72,311</td>
<td>50,129</td>
<td>-22,182</td>
<td>-31%</td>
</tr>
<tr>
<td>Rensselaer County</td>
<td>132,607</td>
<td>159,429</td>
<td>26,822</td>
<td>20%</td>
</tr>
<tr>
<td>City of Utica</td>
<td>100,489</td>
<td>62,235</td>
<td>-38,254</td>
<td>-38%</td>
</tr>
<tr>
<td>Oneida County</td>
<td>222,855</td>
<td>234,878</td>
<td>12,023</td>
<td>5%</td>
</tr>
<tr>
<td>City of Buffalo</td>
<td>580,132</td>
<td>261,310</td>
<td>-318,822</td>
<td>-55%</td>
</tr>
<tr>
<td>Erie County</td>
<td>899,238</td>
<td>919,040</td>
<td>19,802</td>
<td>2%</td>
</tr>
<tr>
<td>City of Syracuse</td>
<td>220,583</td>
<td>145,170</td>
<td>-75,413</td>
<td>-34%</td>
</tr>
<tr>
<td>Onondaga County</td>
<td>341,719</td>
<td>467,026</td>
<td>125,307</td>
<td>37%</td>
</tr>
<tr>
<td>City of Rochester</td>
<td>332,488</td>
<td>210,565</td>
<td>-121,923</td>
<td>-37%</td>
</tr>
<tr>
<td>Monroe County</td>
<td>487,632</td>
<td>744,344</td>
<td>256,712</td>
<td>53%</td>
</tr>
</tbody>
</table>
A Systems-Based Approach: Overview

Delinquent Property Tax Enforcement Systems

EQUITABLE*
EFFICIENT
EFFECTIVE

Code Enforcement Systems

*Must include hardship provisions/programs to accommodate vulnerable owners!
A Systems-Based Approach: Overview

EQUITABLE* EFFICIENT EFFECTIVE

Tax Lien Enforcement

Code Lien Enforcement Receivership Abandonment Proceedings

Auction? Land Bank?
Competitive RFP? Affordable housing agency?

*Must include hardship provisions/programs to accommodate vulnerable owners!
Tax Enforcement Systems: Options

Sell the Debt

Auction tax liens (in bulk or individually) to investor or investors and transfer power of foreclosure to private investor.

Delinquent Tax Lien

Sell the Dirt

Pursue judicial *in rem* foreclosure.

Speculative Auction

More predictable disposition

In-house "land banking"

Land Bank
Tax Enforcement Systems: Options

An analysis of data and systems can uncover the inequities, inefficiencies, and ineffectiveness of the “status quo.”

Binghamton, NY. Tax auction sales, 2007-2016

Binghamton, NY. Home sales, 2011-2013
The Key Takeaway?

A land bank should be seen as a more thoughtful alternative to the speculative auction that ensures the transfer of tax foreclosed properties to responsible buyers in order to generate predictable outcomes consistent with community priorities.
Section II

Land Banks: An Overview
What is a Land Bank?

A land bank is a **public** authority or nonprofit that **focuses** on the conversion of vacant, abandoned, tax-delinquent, or foreclosed properties into productive use.

- 170+ land banks nationwide
- Over 70% established since 2008
- Over 80% exist pursuant to comprehensive state enabling legislation
- Michigan, Ohio, New York, and Georgia are largest land bank states

Land Bank Information Headquarters: 
http://www.communityprogress.net/land-bank-headquarters-pages-446.php
Different yet complimentary...

Land Banks and Redevelopment Agencies

- Mission
- Acquisition powers
- Disposition requirements

Land Banks and Community Land Trusts

- Mission (and origin stories!)
- Legal structure/Governance
- Ownership
What are key powers of Land Banks?

Land Banks authorized through state-enabling (or local) legislation are only as powerful and flexible as the statute that created them.

- Acquire tax foreclosed property cost-effectively
- Ability to extinguish liens and clear title
- Hold property tax exempt
- Generate and collect revenue from delinquent tax fees, tax recapture, or other funding mechanisms
- Disposition decisions are flexible: driven not by highest price but by best outcome
When is a Land Bank the right tool?

Define the problem and identify available solutions.

- Population loss and 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
- Sudden “shocks” (Great Recession, Hurricane Katrina)

ורים for more predictable, community-based outcomes that advance equity and resiliency: “public land for public good”
Land Banks: Not Always a Viable Solution

State law in Florida MANDATES that jurisdictions must first offer all tax liens to investors!

Key Elements of Effective Land Banks

Essential Tips:

- Will always need some level of support – cash or in-kind – proportional to the scope and scale of vacancy and blight it is expected to resolve

- Partnerships and collaborations are essential

- Not about maximizing proceeds, but optimizing neighborhood outcome!
Key Elements of Effective Land Banks

Partnerships Required!

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

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

FUNDING MECHANISMS

- Local – General Budget, In-kind Staff
- State/Federal – Hardest Hit, Mtg. Settlements, HOME, CDBG
- Philanthropic Support
- Land Sales
- Tax Recapture (ex. 5/50)
- Fees/Interest from Delinquent Taxes (ex. OH’s DTAC)
- Rental Income/Developer Fees
- In-kind Services

Funding Land Banks: Best Strategy

Legislate Recurring Funding:
Ohio’s Delinquent Tax Assessment Collection ("DTAC")

- Included in state’s 2009 land bank enabling legislation
- Just over 2/3 of the authorized land banks in Ohio commit full 5% of DTAC
- For Cuyahoga County, that’s $7 M/year
- Gold standard, a national model

Funding Land Banks: Current Strategies

Temporary Federal Programs

Hardest Hit Funds

Program was originally authorized in 2010 to invest $7.6 billion to housing markets in 18 states and DC.

In 2013, Treasury approved demolition as eligible activity, and earmarked $622 million for a blight elimination program.

A fifth and final allocation of $2 billion was announced and awarded in 2016.

Land banks in MI, OH, TN and IN are using HHF.

Photo credit: https://detroitography.com
Funding Land Banks: Current Strategies

Local Borrowing (Bond Measures)
Macon-Bibb County (GA) & City of Greensboro (NC)

Macon-Bibb County, GA
Approved a bond resolution for $14 million to support anti-blight initiatives. The bonds were issued the end of May 2015.

Each of the ten commission districts has been allocated $1 million dollars for blight remediation, which can include acquisition, demolition, and implementation of capital projects.

Greensboro, NC (not a land bank, but still impressive!)
City voters approved a $25 million Housing Bond in November 2016.

Will help fund homeownership programs, rehab of rental properties, code-driven repairs for senior homeowners, handicap accessibility improvements, and health-related repairs.

Funding Land Banks: Current Strategies

National Mortgage Settlement Dollars
New York AG’s Office Setting a High Bar

Since 2013:

$32 M  Community Revitalization Initiative for land banks (JPMorgan)
$25 M  Donations of properties and cash to land banks (BoA)
$30 M  Grants for land banks and community land trusts (Goldman)
$13 M  An additional land bank grant program (Morgan Stanley)
$13 M  Zombie and Vacant Property Grant Program (Morgan Stanley)
$13 M  Dedicated grant program for local data systems (Goldman)
$13 M  Dedicated grant program for anti-displacement strategies and pilot initiatives
$4 M   Pilot rental housing grant program for land banks (Citigroup)

...And nearly $100 million for mortgage assistance and foreclosure prevention!
Land Banks: Do They Work?

2013 Michigan Land Institute Study: Ingham County Land Bank

Findings suggest that land bank activities have a significant positive impact on the regional economy:

- Homes sold within 500 feet of a land bank renovation resulted in a 5.2% higher property value

- Between 2006-2012 every $1.00 spent by the Ingham County Land Bank added $1.80 to the regional economy ($31M spent/indirect economic impact $56.2M)

Land Banks: Do They Work?

Case Study: New York Land Banks

Source: NY OAG Report, November 2016
Case Study: New York Land Banks
Summary of AG’s Grant Funding over Two Rounds (2013 – 2016)

<table>
<thead>
<tr>
<th>Land Bank</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Syracuse Land Bank</td>
<td>$4,971,534</td>
</tr>
<tr>
<td>Rochester Land Bank</td>
<td>$4,645,762</td>
</tr>
<tr>
<td>BENLIC (Buffalo, Erie County)</td>
<td>$4,587,500</td>
</tr>
<tr>
<td>Newburgh Community Land Bank</td>
<td>$4,408,850</td>
</tr>
<tr>
<td>Capital Region Land Bank</td>
<td>$3,150,000</td>
</tr>
<tr>
<td>Albany County Land Bank</td>
<td>$2,880,000</td>
</tr>
<tr>
<td>Chautauqua County Land Bank</td>
<td>$2,806,000</td>
</tr>
<tr>
<td>Suffolk County Land Bank</td>
<td>$2,613,471</td>
</tr>
<tr>
<td>Troy Community Land Bank</td>
<td>$1,257,748</td>
</tr>
<tr>
<td>Broome County Land Bank</td>
<td>$955,401</td>
</tr>
</tbody>
</table>

**TOTAL CRI FUNDING ALLOCATED** $32,276,266
**Land Banks: Do They Work?**

**Case Study: New York Land Banks**

Results (2013 – 2016)

- **1,989 problem properties acquired**, almost entirely through the tax foreclosure process, with vacant lots accounting for 25% of all acquisitions
- **651 properties sold** to private individuals or nonprofit partners, with clear development goals and uses beneficial to the neighborhood
- **482 unsafe, dilapidated structures demolished**
- **400 structures renovated or stabilized** (by the land banks), with most resulting in new homeownership opportunities or quality, workforce rental housing

…and those blighted properties are no longer generating police, fire, and code enforcement service calls and draining local tax dollars!
Land Banks: Do They Work?

Case Study: New York Land Banks
Return on Investment (2013 – 2016)

▪ $77 million in private investment has been leveraged
▪ $28.4 million in assessed value has been returned to the tax rolls
▪ Nearly $2 million in new tax revenue for local jurisdictions
▪ More than $9.4 million in sales proceeds have been rolled back into land bank operations and interventions
▪ Approximately $13 million in local and county government funds, and $10.5 million in other grants from public, philanthropic and private partners, have been leveraged by land banks and invested in neighborhoods

…and according to the November 2016 report by the NY AG’s Office, land bank interventions supported by CRI funding have saved an estimated $19 million in property value for surrounding homes!
Section III

National Scan
Largest Land Bank Inventories in the Country

**MICHIGAN**
- Detroit Land Bank: 100,000+
- Genesee County Land Bank: 12,000+
- Saginaw County Land Bank: 4,000+
- Wayne County Land Bank: 1,000+

**OHIO**
- Cayuhoga County Land Bank (Cleveland): 4,000
- Lucas County Land Bank (Toledo): 2,200
- Franklin County Land Bank (Columbus): 2,000
- Hamilton County Land Bank (Cincinnati): 1,000

**NEW YORK**
- Syracuse Land Bank: 1,000
- Albany County Land Bank: 450

**BIG CAVEATS:**
1. Hardest Hit Funds (MI + OH)
2. DTAC (OH)
Common Mistake #1: Lack of Data and Clarity on Problem

What properties are causing the most harm?

• Building and Housing Code Violations
• Delinquent Property Taxes
• Utility Shut-offs
• Nuisance & Police calls
• Zombie Mortgages
• Heir Properties

Cuyahoga County Land Bank, Ohio

Property Profile System

- Basic parcel info – ownership, tax delinquency, physical conditions, occupancy
- Market conditions – property values, trends, investment areas
- GIS-based, updated regularly, used across departments, public interface

Source: http://neocando.case.edu/
Common Mistake #2: Lack of Clarity and Flexibility

**Goal**
- Eliminate blight
- Maximize short term revenue
- Maximize long term revenue
- Affordable housing/commercial
- Neighborhood stabilization

**Strategy**
- Demolitions, rehabilitation
- Sale to highest bidder
- Convey for sustainable development
- Convey at lowest price
- Demolition, rehabilitation, side lot transfers
Manage Expectations and Be Transparent

More opportunities, stronger neighborhoods.
Everyone deserves safe, affordable, quality housing.

- Excellent program descriptions
- Accessible, user-friendly property portal
- Introductory video
- Compelling Annual Reports
- All policies, agendas, minutes online for review
Common Mistake #3:
The Myth of Self-Financing

• If the properties had market potential, there would be no problem!
• Thus, this work requires ongoing investments from non-private actors (government, foundations, nonprofits, volunteers, etc.)
• Dedicated revenue streams allow staff to find creative solutions instead of chasing the next grant

Ohio’s Statewide Funding Solution

Legislate Recurring Funding:
Ohio’s Delinquent Tax Assessment Collection ("DTAC")

- Included in state’s 2009 land bank enabling legislation
- Just over 2/3 of the authorized land banks in Ohio commit full 5% of DTAC
- For Cuyahoga County, that’s $7 M/year
- Gold standard, a national model

Common Mistake #4: Inauthentic Engagement

- Land banks are public entities, and often work in the most distressed neighborhoods, usually communities of color, which were shaped over decades by unjust and racially discriminatory policies.

- “Government” coming in to acquire property in neighborhoods that have felt neglected and mistreated for decades introduces real anxiety and legitimate concerns.
Lucas County Land Bank (Toledo, OH)

Dedicated, full-time staff:
Director of Community Engagement

- Direct liaison to all neighbors and community groups
- Always present at neighborhood meetings and community events
- Building lasting relationships, and a common understanding of what the residents’ needs are, and what the Land Bank can and can’t do

Source and photo credit: TMACOG, Junction Urban Waters Project
Common Mistake #5: Going It Alone

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

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

Deep, Diverse, & Inclusive Coalition: Beall’s Hill

Partners

- Macon County & County Tax Commissioner
- City of Macon Econ Dev & Code Enforcement
- Macon Housing Authority
- Habitat for Humanity
- Historic Macon
- Mercer University
- Knight Foundation
Cuyahoga County Land Bank, OH

Innovative Housing Partnerships

- New Horizon’s Housing Collaboration: Donate homes for women in crisis
- Jordan Resource Center: Deeded duplex for women transitioning from incarceration
- Purple Heart Homes: Donated homes for veterans
- Refugee Services Collaboration: Donated rental properties for resettled refugees
- BRAIN Program: Discounted homes for enrolled college and graduate students, and recent graduates
Section IV

Moving Forward
What’s Next for Land Banking?

- Establishing **dedicated funding streams**
- **Maintaining** and reusing large swaths of **vacant land**
- Moving from the fringe to **center of community development**
- Preserving affordability and **supporting inclusive + equitable communities**
- **Evaluating** impacts and outcomes

Source: thisishope.org
Challenge to the Field

poverty

LAND

housing is a human right
Additional Resources

*Land Banks and Land Banking* by Frank Alexander, 2nd Ed (2015)

*Take It to the Bank* (2014)

*Land Bank Information Headquarters* (2014)

*New York State Land Bank Report* (2017)

And much more located on our website: [www.communityprogress.net](http://www.communityprogress.net)
Section V

Discussion Time
Discussion Time

Questions?
Comments?
Thoughts?
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