Land Banking 101: Everything You Wanted to Learn About Land Banking

Baltimore, Maryland

Moderator: Kim Graziani
Land Bank Practitioners: Raynetta Speed, Katelyn Wright and David Mann
About Us

Center for Community Progress

- We are the only national nonprofit solely focused on building a future in which entrenched, systemic blight and vacancy no longer exist.

- We serve communities through policy development, technical assistance, leadership development, education, and research.

- Technical assistance has been provided in more than 200 communities & trainings have reached 1,000s of professionals.

- Thank you for joining us for the Reclaiming Vacant Properties Conference!
Agenda

I. Introduction to Land Banks
   Kim Graziani, Vice President and Director of National Technical Assistance, Center for Community Progress (District of Columbia)

II. Meet the Land Bank Practitioners
   Raynetta Speed, Community Outreach Coordinator, Genesee County Land Bank (Michigan)
   Katelyn Wright, Executive Director of the Greater Syracuse Land Bank & Chair of the New York Land Bank Association (New York)
   David Mann, President, Lucas County Land Bank (Ohio)

III. Q & A
What is a Land Bank?

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

- 120+ land banks nationwide
- 50% established since 2008
- 70% exist pursuant to comprehensive state enabling legislation
- Michigan, Ohio, and Georgia are largest land bank states

How are Land Banks created?

• Generally through new state enabling legislation, but depends on local and state law

• Typically at the City or County level, but many state land bank bills enable and even encourage collaboration

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<td>Cuyahoga only (Year 1), then all counties eligible; county level only.</td>
<td>Any FGU (local or County) and any degree of collaboration permitted; capped at 10 the first two years, then increased to 20</td>
<td>Prior, required one county and at least one city in that county; now authorizes new regional cooperation across counties.</td>
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When is Land Banking the right tool?

**Clearly define the problem.**

- Weak economic conditions & properties with little market value
- Population loss and high rates of vacancy and abandonment
- Inequitable/inefficient tax foreclosure systems
- Restrictive public property disposition requirements
- Sudden “shocks” (Great Recession, Hurricane Katrina)
What are the core powers of Land Banks?

• Acquire through various mechanisms
• Establish and uphold maintenance standards
• Dispose according to local priorities
• Collaborate on an intergovernmental and regional basis
• Clear title and extinguishment of delinquent taxes
• Hold property tax-exempt
• Negotiate sales (avoid auctions & bureaucracy)
• Convey property for other than monetary consideration
What are examples of goals and strategies for Land Banks?

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

**Disposition Strategy**
- Demolitions, rehabilitation
- Sale to highest bidder
- Convey for sustainable development
- Convey at lowest price
- Demolition, rehabilitation, side lot transfers
How can they be most effective?

**Key Elements of Land Banking**

- An alternative to the speculative auction that generates more predictable outcomes consistent with community needs.

- 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.
How are Land Banks Funded?

- Local – General budget, in-kind staff
- State/Federal – Hardest Hit Funds, National Mortgage Settlement Funds, HOME, CDBG
- Philanthropic/Foundation Support
- Land Sales Revenue
- Tax Recapture (ex. 5/50 or 3/75)
- Tax Foreclosure Fees (ex. Ohio’s DTAC)
- Rental income/Developer Fees
- In-kind services
Is a Land Bank the Right Tool?

If YES, then HOW:

• Develop a land bank program within an existing entity
• Draft a local ordinance or state-enabling legislation
• Pray to the land bank gods

Initial questions to consider:

• What problem are you trying to solve? What will be your initial target inventory?
• Who are your partners and what other tools need to be deployed and coordinated?
• Who will this benefit and how will you measure success?
Additional Resources

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

Take It to the Bank (2014)

Land Bank Information Headquarters (2014)

And much more located on our website: [www.communityprogress.net](http://www.communityprogress.net)
Q&A Session

Questions?

Contact:
Kim Graziani, Center for Community Progress
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GREATER SYRACUSE LAND BANK


Formed by the City of Syracuse and Onondaga County
Scale of the Problem

• 1,800 vacant buildings (1/3 of these seizable)
• 3,500 vacant lots (1,100 of these seizable)
• 3,900 properties eligible for foreclosure
  – 9% of all parcels in the City in this category
  – Most of these are properties with lower than average assessments so:
    94% of levy collected on-time, 4% collected late, 2% “uncollectable”
Solution

• To take “problem properties” and get them under our control (public ownership)
  – City tax foreclosure allows us to do this en masse cost- and time-efficiently

• Address the scale of the problem
  – Inexpensive acquisitions and leveraging private renovation investment keep the budget down

• Created the Greater Syracuse Land Bank in 2012 to be the default recipient of the City’s tax-foreclosed properties.
Most of our sales are “as-is” to buyers that renovate. Some homes are renovated first with grant funds and sold move-in ready to income qualified buyers.
Enforcement:
We now attach mandatory work specs to each listing. Buyers have 12 months to finish renovations or we can foreclose on our ‘enforcement mortgage’.
Results

• Enabled the City to collect more than $8.9 million in delinquent taxes above historic collection levels to date.
• 1149 properties acquired.
• 352 properties sold:
  – $12.5 million in assessed value taxable and performing again.
  – $658,000/year in local property taxes
  – Leveraging $14.75 million in private investment and $9 million in grant funds
125 blighted land bank properties demolished to date.

These demolitions were made possible by grants from:
- Syracuse Industrial Development Agency (SIDA),
- the Office of the NY Attorney General,
- the City of Syracuse, and
- Onondaga County.

And with revenue generated by the sale of property.
Ongoing Funding Sources

• Sale of Property
• City and County annual budget allocations
• NY Attorney General – mortgage foreclosure settlement funds
• Local Sources of Demo Funding:
  – City CDBG funds, Industrial Development Agency

• Long term: need to secure a recurring, predictable funding source that we can use for land banking and pre-development activities
NY Land Bank Association

www.nylandbanks.org

• Advocacy
  – Last year passed bills exempting land banks from deed/mortgage recording fees and from Section 2897 of PAL
  – Seeking state level funding sources for land banks

• Education and Capacity Building
  – Annual conference – last year training on insurance risk-transfer, proper accounting procedures, etc.
  – Retained legal counsel for opinions and research with statewide applicability
  – Monthly conference calls to share ideas and best practices
  – Publications and website promoting the value of land banks
OUR HISTORY, MISSION, & ACCOMPLISHMENTS TO DATE
LUCAS COUNTY LAND BANK - OPERATIONS

- Incorporated – August 31, 2010
- Received funding / acquired first property – February 2011
- As of today:
  - 10 full and part-time professional staff members
  - Governed by a Board of 9 public and private leaders
  - Efforts on approximately 8,000 out of 20,000 tax delinquent parcels in Lucas County
  - Just under 2,000 properties sold and returned to the tax rolls
    - 1500 vacant lots repurposed
    - 400 residential and commercial properties renovated

1602 Monroe Street
HOW ARE WE FUNDED?

- Receive dedicated annual revenue from **5%** of the delinquent tax collection fund
  - All delinquent property tax principal, penalties and interest are collected in a separate fund
  - **5%** of that total annual amount is paid to the Land Bank
  - About **$1.5 million** annually
- Generate **property sales income** through FMV transfers for productive use
- Support operations through major **grant sources** (HHF, Housing Trust Fund, etc.)
HOW DOES THE LAND BANK ACQUIRE PROPERTIES?

- Expedited Tax Foreclosure
  - Judicial process
- Donations from Lenders
- Donations from Owners
- Purchase
The Toledo Survey is a **FIRST** for our community

- A complete condition survey for all **120,000+** parcels in Toledo
- Over **100** volunteers and paid staff
- Survey results used every day to make data-driven decisions about neighborhood investments, blight elimination, and property reutilization
DEMOLITION & VACANT LAND REPURPOSING
DEMOLITION WORK

- Lucas County has roughly **2,000** structures that need to be demolished **now**

- Between 2012-2014, the Land Bank matched Ohio Attorney General funding to demolish **862** residential structures

- Awarded a **$25.3** million grant from the Ohio Housing Finance Agency

- Lowest demolition costs in the state – **25%** lower than state average

- **80%** of private contractor work done by local and MBE/WBE businesses
THE 1500 PROJECT

1500 PROPERTIES

renovated or demolished in

1500 DAYS

• Every day for the next 1,500 days, the Land Bank will demolish or finish renovation on a property

• Massive community partnership to remove the most blighted properties from every Toledo and Lucas County neighborhood by the year 2020

• Built on the 122,000 parcel Toledo Survey project

• Inspecting 3,000 of the biggest targets
"It's a true community garden, with families coming together to share food and company. It's the highlight of our neighborhood!"

-- Rita McDougle, owner of a community garden developed after a Land Bank demolition in East Toledo
RESIDENTIAL & COMMERCIAL RENOVATION
HOME RENOVATIONS

- The Land Bank partners with local realtors to market properties for renovation.
- The Land Bank sells the property to a new homeowner, non-profit organization, or investor with the guarantee that the renovation will be done well and the property will be occupied again.
- To date, just over 400 homes have been sold for renovation, with a collective renovation infusion of over $10 million.
“I’ve had so much joy becoming a new homeowner. My neighbors are glad I’m here – and I’m here to stay!”

-- Evelyn McKinney, purchased and renovated a home from the Land Bank in Bancroft Hills (near UT main campus)
3427 GODDARD, TOLEDO -- BEFORE
3427 GODDARD, TOLEDO -- AFTER
3401 TWINING, TOLEDO -- BEFORE
3401 TWINING, TOLEDO -- AFTER
INCLUSIVE COMMUNITIES PROJECT

• Wells Fargo settlement directed $1.4 million to majority-minority neighborhoods with high homeownership rates

• Homeowners at or below 120% AMI received:
  • Wealth-building and home improvement counseling from LISC
  • Comprehensive home inspection
  • Complete roof replacement

• Goal was 90 roofs. Achieved 145.

• 75% of all contracted work to local MBE/WBE companies.
HERITAGE HOME PROGRAM

- Goal is neighborhood **preservation** before the property is abandoned
- All homes 50 years or older eligible
- **Free** technical assistance from Land Bank staff on home repairs / improvements
- Low-cost equity or tax assessed loans available for planned improvements - current rate is **3.5%**
RISE (Rebuild Invest Stabilize Engage) is an effort to target neighborhood investment by the Land Bank while continuing to serve all parts of the community.

2016 plans to:
- Renovate homes for traditional homeownership
- Reinvestment matching grants to homeowners for necessary improvements
- Storefront improvement grants to business owners
- Place-making efforts with Sylvania Avenue Neighbors
“The property was a neighborhood eyesore for years and likely would have remained in that condition for years to come without a strong public-private partnership that depended upon the Land Bank’s expertise.”

-- Bill Rudolph, Chairman of the Rudolph Libbe Group
6204 N. SUMMIT
“MERCHANT’S LANDING” -- BEFORE
6204 N. SUMMIT
“MERCHANT’S LANDING” -- AFTER
MADISON AND 18TH, TOLEDO -- BEFORE UPTOWN GREEN
THANK YOU!

www.LucasCountyLandBank.org