Land Banks: A Tool for Equitable and Affordable Housing Development

Changing4Good Series
Prosperity Indiana
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Presentation Outline

About Us

Section I. Establishing Common Ground
Section II. Scanning the Field: Partnerships and Programs
Section III. Funding Strategies
Section IV. Open Q&A and Group Discussion
About Us

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**: Since 2010, provided TA to nearly 300 communities in more than 30 states, supported policy/programmatic change in dozens of communities, reached 6,000+ through education, and distributed seminal publications in the field to thousands of practitioners, decision-makers, and community leaders.
Section I

Establishing Common Ground
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
Our Approach: Data-driven

**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
Data: Markets and Demographics

Most legacy cities in Northeast, Great Lakes, and Midwest are struggling with a harmful imbalance of housing supply and demand, inequitable economies, and systemic poverty.

<table>
<thead>
<tr>
<th></th>
<th>1960</th>
<th>2010</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of South Bend</td>
<td>132,445</td>
<td>101,166</td>
<td>-24%</td>
</tr>
<tr>
<td>St. Joseph County</td>
<td>238,614</td>
<td>266,931</td>
<td>12%</td>
</tr>
</tbody>
</table>
Our Approach: Systems-based

Delinquent Property Tax Enforcement Systems

EQUITABLE*
EFFICIENT
EFFECTIVE

Compliance

Housing and Building Code Enforcement Systems

*Must include hardship provisions/programs to accommodate vulnerable owners!
Our Approach: Systems-based

- Code Lien Enforcement
- Receivership
- Unsafe Building Law

EQUITABLE* EFFICIENT EFFECTIVE

Tax Lien Sale

Tax Lien Enforcement (foreclosure)

Auction?
Competitive RFP?
Affordable housing agency?

*Must include hardship provisions/programs to accommodate vulnerable owners!
Our Approach: Systems-based

- Code Lien Enforcement
- Receivership
- Unsafe Building Law

EQUITABLE* EFFICIENT EFFECTIVE

Tax Lien Sale
Tax Lien Enforcement (foreclosure)

LAND BANK

*Must include hardship provisions/programs to accommodate vulnerable owners!
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.
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 to support equitable community development outcomes.

- Nearly 250 land banks nationwide
- Over 80% established since 2008
- Over 84% exist pursuant to comprehensive state enabling legislation
- Michigan, Ohio, New York, Pennsylvania, and Georgia are largest land bank states
- More than 90% of the properties held in LB inventories were acquired through the tax foreclosure process!

Map Source: Progress in Community, Excellence in Diversity: A Georgia Association of Land Banks Publication (September 2019), available on the Community Progress website at: https://www.communityprogress.net/filebin/GALBA-Report_FINAL.pdf
What are Key Powers of a Land Bank?

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
How Can Land Banks 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 the problem it is expected to help resolve.

- Powers/capacity/mission clear and tied to universe of problem properties.

- Connected to tax foreclosure process

- Scaled in response to local land use goals

- Alignment with other blight strategies

- Emphasis on community engagement

- Policy-driven, transparent, accountable transactions
How Can Land Banks be Most Effective?

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.
Section II

Scanning the Field: Partnerships and Programs
Innovative Partnerships/Programs

**Evansville Land Bank**

- Strong political leadership and partnerships, united around common goal
- City commits $1 million annually
- About 50% of properties offered at County tax sale are not sold, and Land Bank has agreement with County to acquire from this group of “unwanted properties” (~100 a year)
- Through 2016-2018, completed 249 demolitions and sold 320 parcels (half through the Side Lot Program)
- Works with local affordable housing developers to support new construction, bringing in $$$$ in grants
- Even partnered with Fire and Police Departments for training exercises on properties slated for demolition!

Source: Cuyahoga Land Bank: 2018 Community Impact Report
Innovative Partnerships/Programs

Cuyahoga County Land Bank, OH

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

Source: Cuyahoga Land Bank: 2018 Community Impact Report
Innovative Partnerships/Programs

Syracuse Land Bank, NY

- Public Employee Discount Program
- Land Assemblage: Butternut Crossing (five years to acquire the parcels)
  - 16 vacant/distressed parcels
  - 53 units
  - $16 million project
  - Completed 2020
  - Place-based anchor: St. Joseph’s Hospital
Blight Authority of Memphis

BLIGHT AUTHORITY OF MEMPHIS

Aligning Tools to Address Blight at the Root

Blight Authority of Memphis, Inc. (BAM), a Tennessee Local Land Bank, seeks to reduce the occurrence of blight and its symptoms that threaten the security, stability, and growth of all Memphis neighborhoods.
Innovative Partnerships/Programs

Macon-Bibb County Land Bank, GA

Deep, Diverse, Place-based Coalition

Place-based 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
The 2021 Toledo Survey

Now, the Land Bank has launched a new Neighborhood Survey. Trained members of our team will be re-visiting all 120,000+ properties over summer 2021. You can spot them with their bright orange vests, Land Bank caps, and friendly smiles. Please take a minute to wave hello when they come to your neighborhood!
Innovative Partnerships/Programs

Broome County Land Bank, NY: Private landlords “retiring” portfolios

- LIHTC Funded, $10.5 M project
- 37 affordable homes + commercial space
Innovative Partnerships/Programs

Huntington Land Bank (WV)
KIRSA Maintenance Crews

- KISRA works with recently incarcerated men, providing wrap around supportive services, including workforce training
- Multi-year grant from State’s Labor Department funded salaries of work crews to carry out all maintenance needs at land bank owned properties
Innovative Partnerships/Programs

“Cluster Catalytic Development”

- Released RFEI then an RFQ to identify firm to co-develop significant clusters in three different zones
- Connected to Opportunity Zones
- Strong focus on equitable development and meeting community needs
- NYS eager to help
Section III

Funding Strategies:
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.

Photo credit: https://detroitography.com

Land banks in MI, OH, TN and IN used HHF.
Funding Land Banks: Other Options

**Federal:**
- Proposed National Land Bank Network
- Proposed Neighborhood Homes Investment Act
- Proposed Restoring Communities Left Behind Act
- Potential significant increase in HUD programs in FY2022

**State:**
- Invest ARPA allocation in equitable community development – and make LB’s eligible applicants (*State of IN received $3.26 BN*)
- Mortgage recording tax/fee or real estate transfer tax

**County/Local**
- Philanthropic support
- Local general fund appropriations or portions from ARPA awards (*South Bend received $63 M, St. Joseph County about $52.7 M*)
Additional Resources

- *Take It to the Bank* (2014)
- *Land Banks and Land Banking* by Frank Alexander, 2nd Ed (2015)
- *Land Bank Information Headquarters* (ongoing)

And much more located on our website: [www.communityprogress.org](http://www.communityprogress.org).
Open Q & A and Group Discussion

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Figure 6 – Options to Transfer Tax Delinquent Property in Indiana