

Land Banks: A Tool for Equitable and Affordable Housing Development

Changing4Good Series

Prosperity Indiana

November 1, 2021



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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



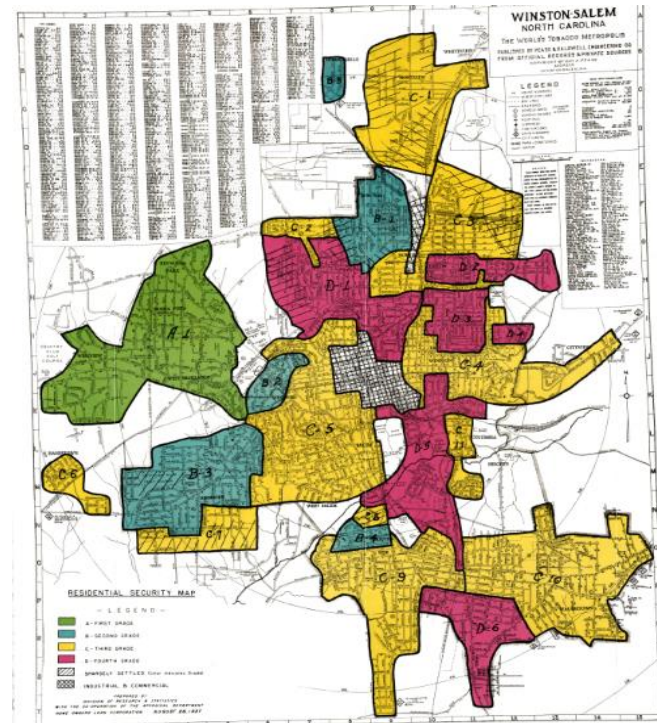
The background of the slide is a map of the United States with numerous grey location pins scattered across various states, indicating a wide geographic reach. The pins are most densely clustered in the Northeast and Midwest regions. The text 'Establishing Common Ground' is overlaid in a large, bold, orange font.

Establishing Common Ground

Our Approach: Centering Racial 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

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

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.

	Population		
	1960	2010	% Change
City of South Bend	132,445	101,166	-24%
St. Joseph County	238,614	266,931	12%

Our Approach: Systems-based



**Delinquent Property Tax
Enforcement Systems**

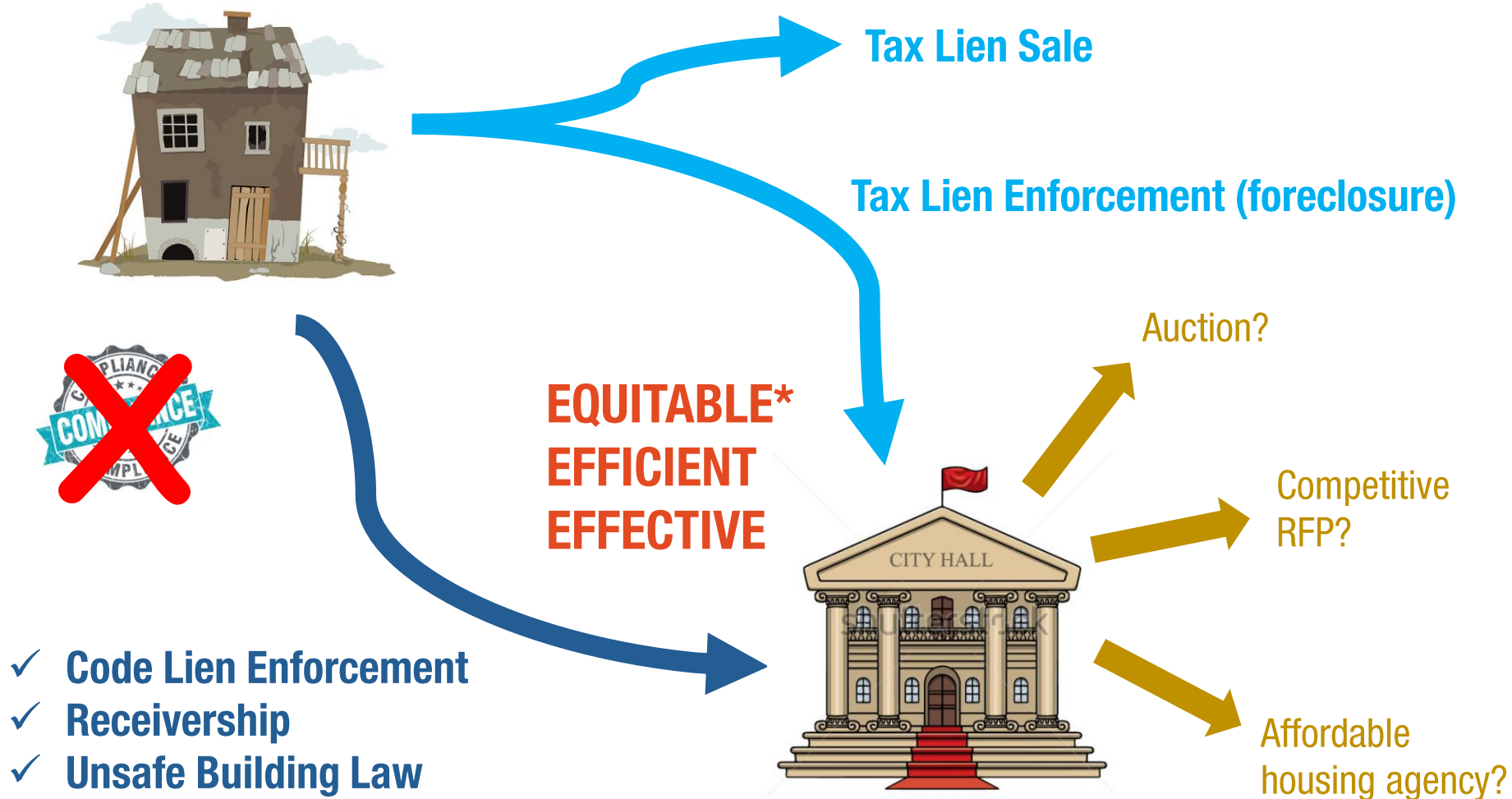
**EQUITABLE*
EFFICIENT
EFFECTIVE**

**Housing and Building
Code Enforcement Systems**



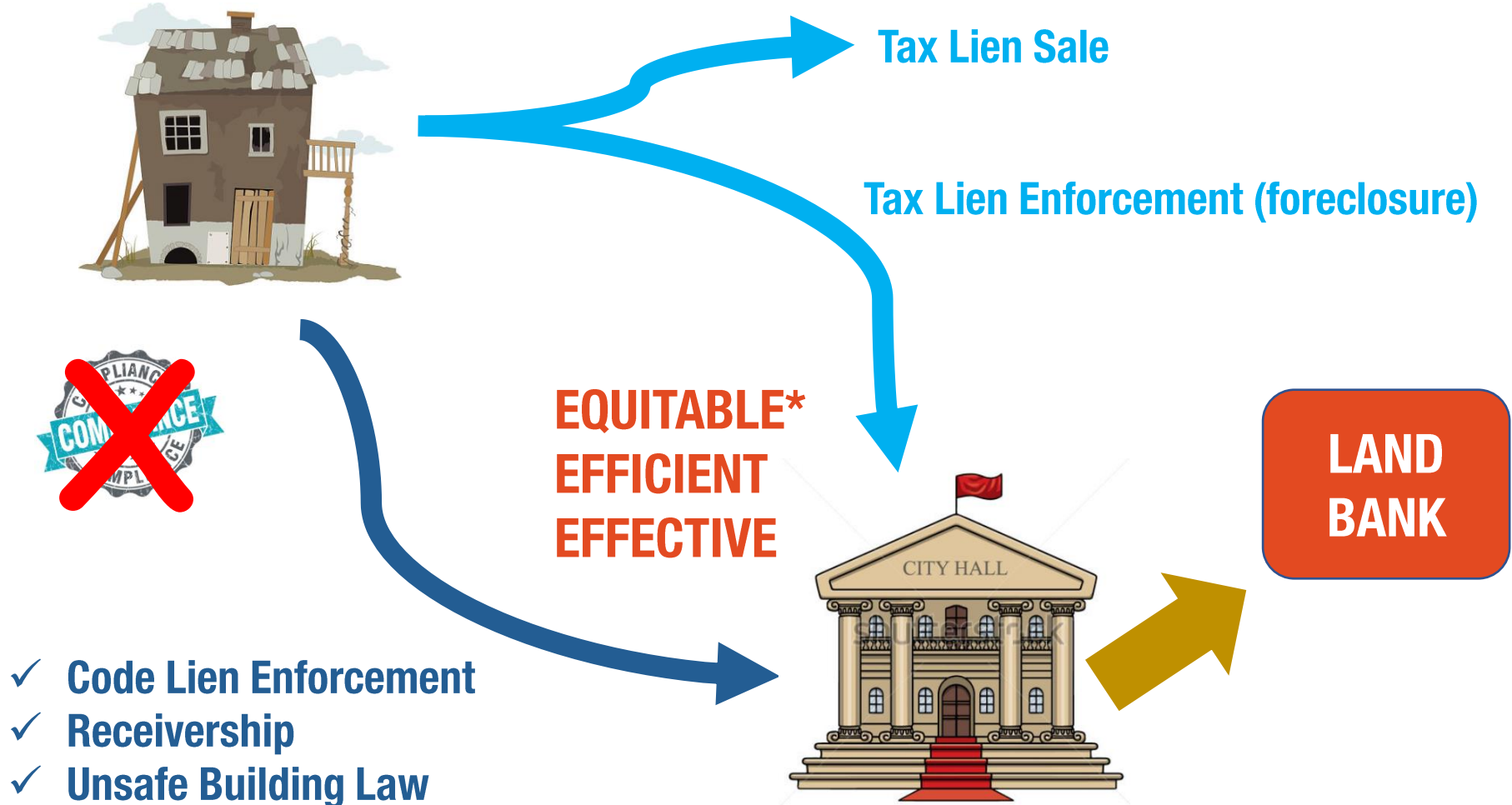
***Must include hardship provisions/programs to accommodate vulnerable owners!**

Our Approach: Systems-based



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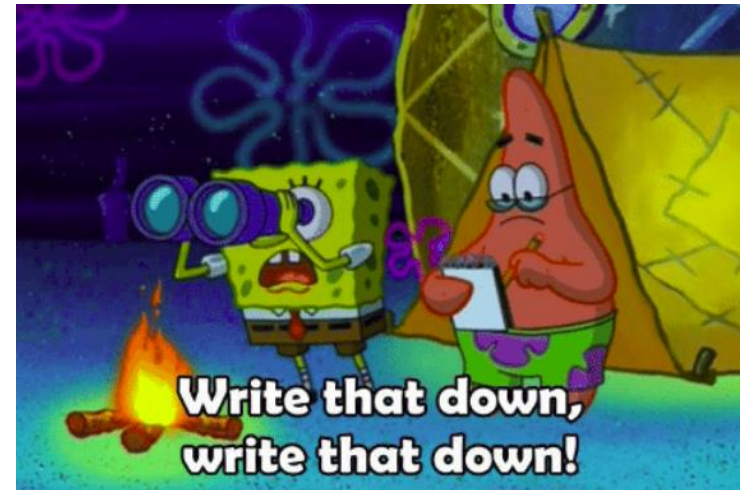


***Must include hardship provisions/programs to accommodate vulnerable owners!**

An Alternative to the Speculative Auction

The Key Takeaway?

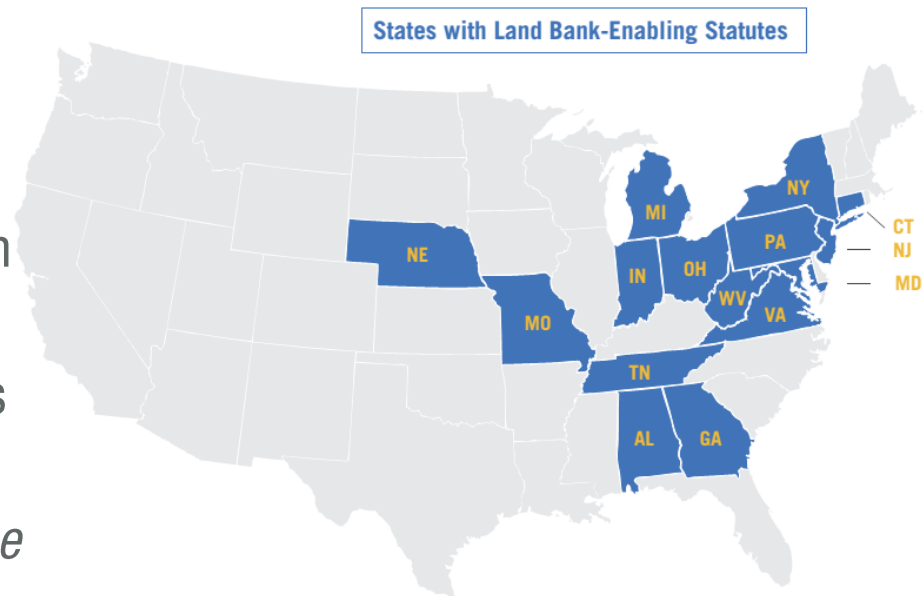
*A land bank should be seen as a more thoughtful alternative to the speculative auction that ensures the transfer of tax foreclosed properties to **responsible buyers** in order to generate **predictable outcomes consistent with community priorities.***



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*.

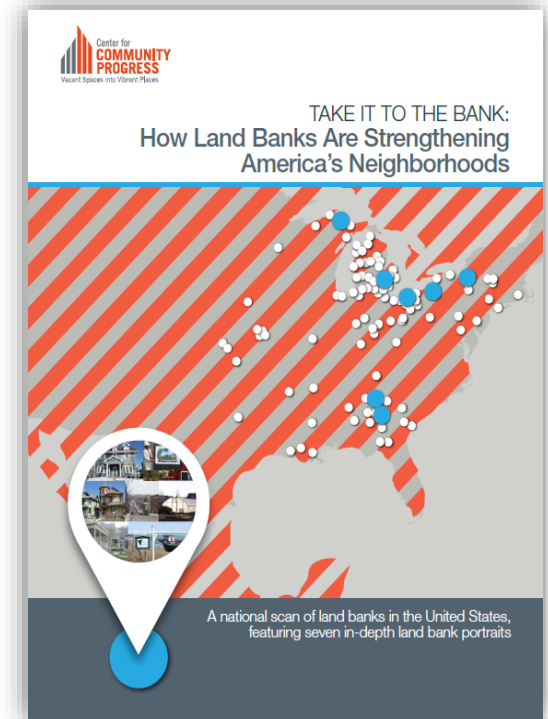
- Nearly 250 land banks nationwide
- Over 80% established since 2008
- Over 84% exist pursuant to comprehensive state enabling legislation
- Michigan, Ohio, New York, Pennsylvania, and Georgia are largest land bank states
- *More than 90% of the properties held in LB inventories were acquired through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



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

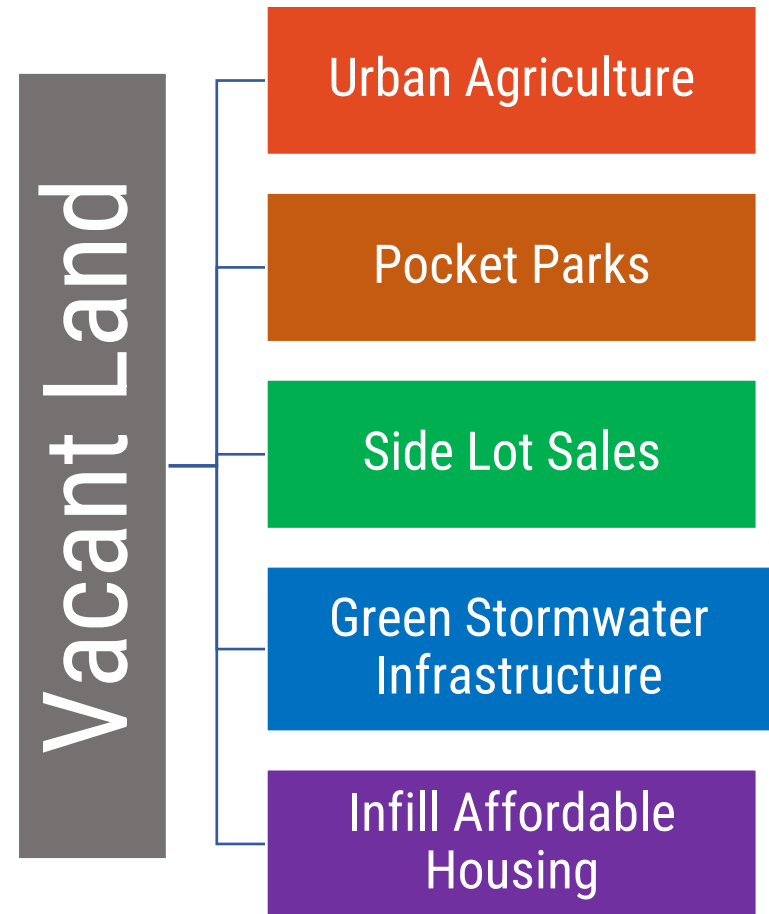
- An alternative to the speculative auction that generates more predictable outcomes consistent with community needs
- Will *always* need some level of support – cash or in-kind – proportional to the scope and scale of the problem it is expected to help resolve
- Powers/capacity/mission clear and tied to universe of problem properties



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



The background of the slide is a map of the United States with numerous grey location pins scattered across various states, indicating the presence of partnerships and programs. The pins are most densely clustered in the Northeast, Midwest, and Southeast regions.

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!



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**

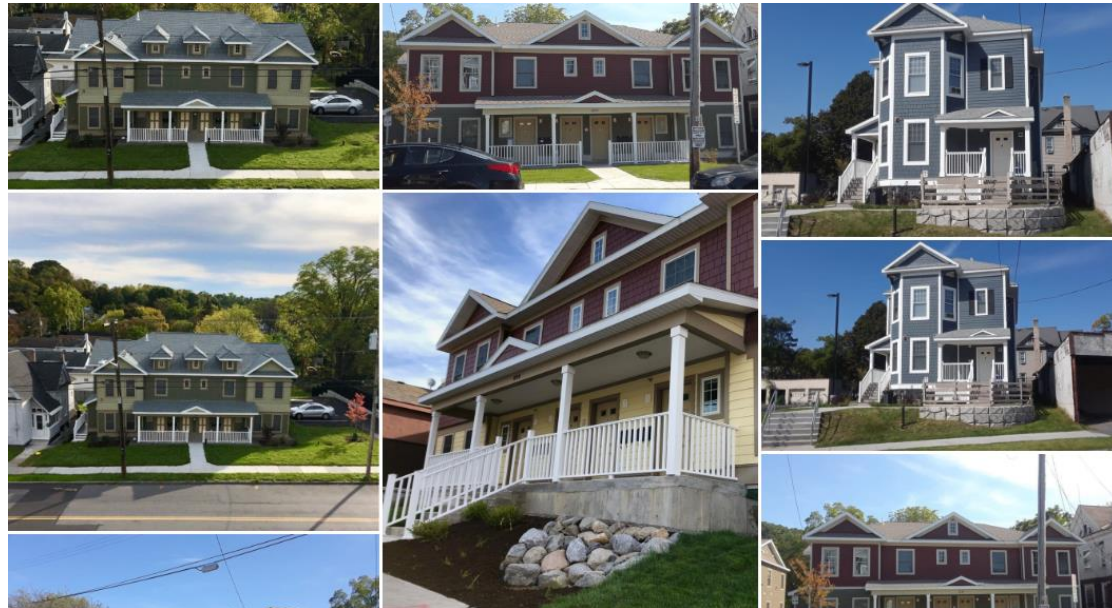


A mother and her two children move into their new home thanks to the New Horizons Housing Collaborative and the Cuyahoga Land Bank.

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



Innovative Partnerships/Programs



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.

LAND DEPOSIT PROGRAMS

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

Innovative Partnerships/Programs



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



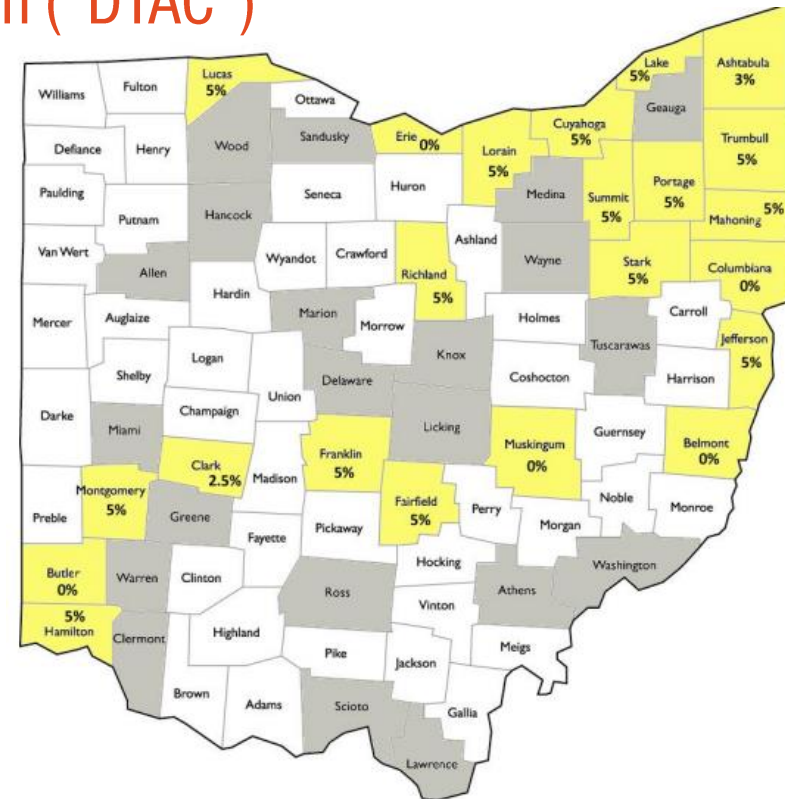
Funding Strategies:

A map of the United States with numerous location pins placed across various states, including Minnesota, Wisconsin, Illinois, Indiana, Michigan, Ohio, Pennsylvania, New York, New Jersey, Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia, Florida, Texas, and Louisiana. The pins are concentrated in the Northeast and Midwest regions.

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



Source: Greater Ohio Policy Center, "Taking Stock of Ohio County Land Banks: Current Practices and Promising Strategies," May, 2015.

Funding Land Banks: Current Strategies

Temporary Federal Programs Hardest Hit Funds

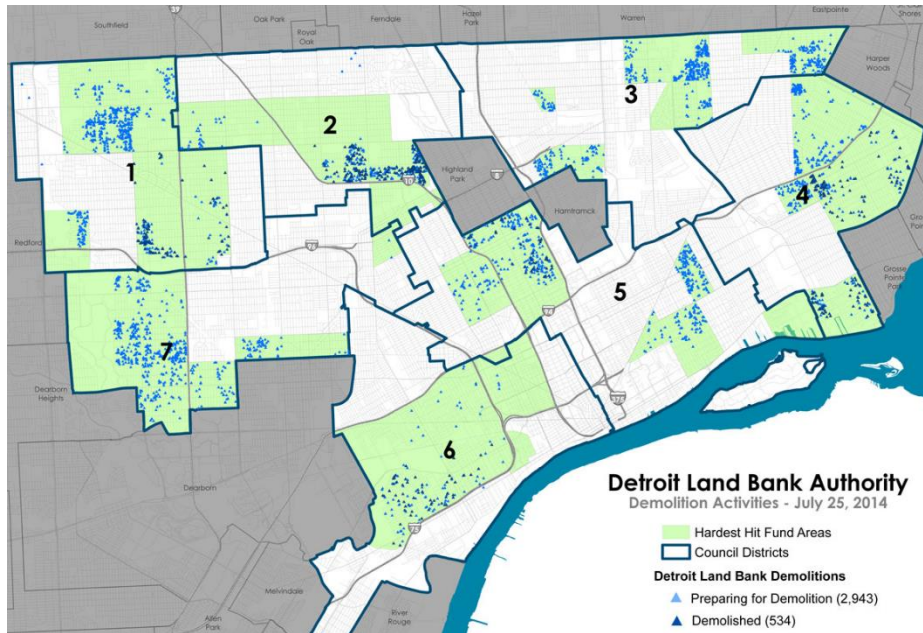


Photo credit: <https://detroitography.com>

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 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

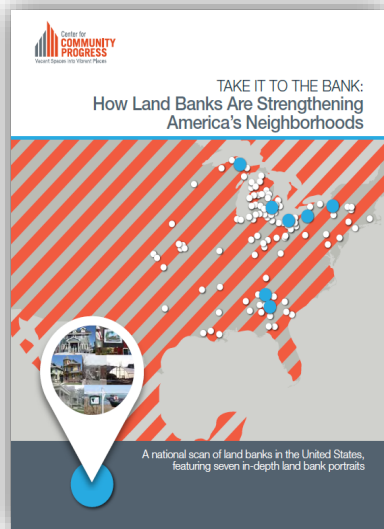
State:

- ✓ 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

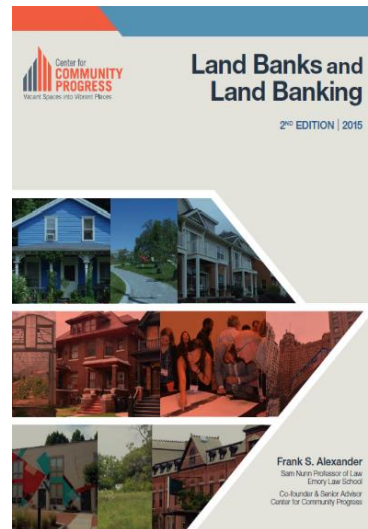
County/Local

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

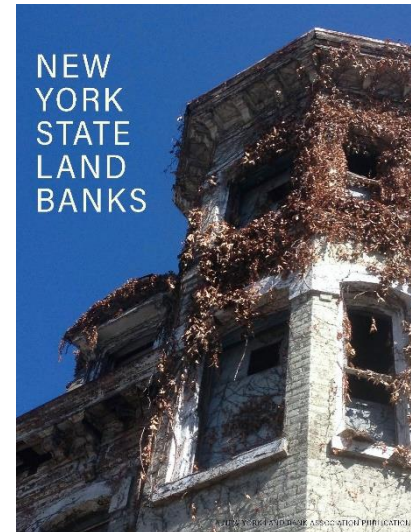
Additional Resources



Take It to the Bank (2014)



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



New York State Land Bank Report (2017)



Land Bank Information Headquarters (ongoing)

And much more located on our website: www.communityprogress.org.

Section IV

Open Q & A and Group Discussion

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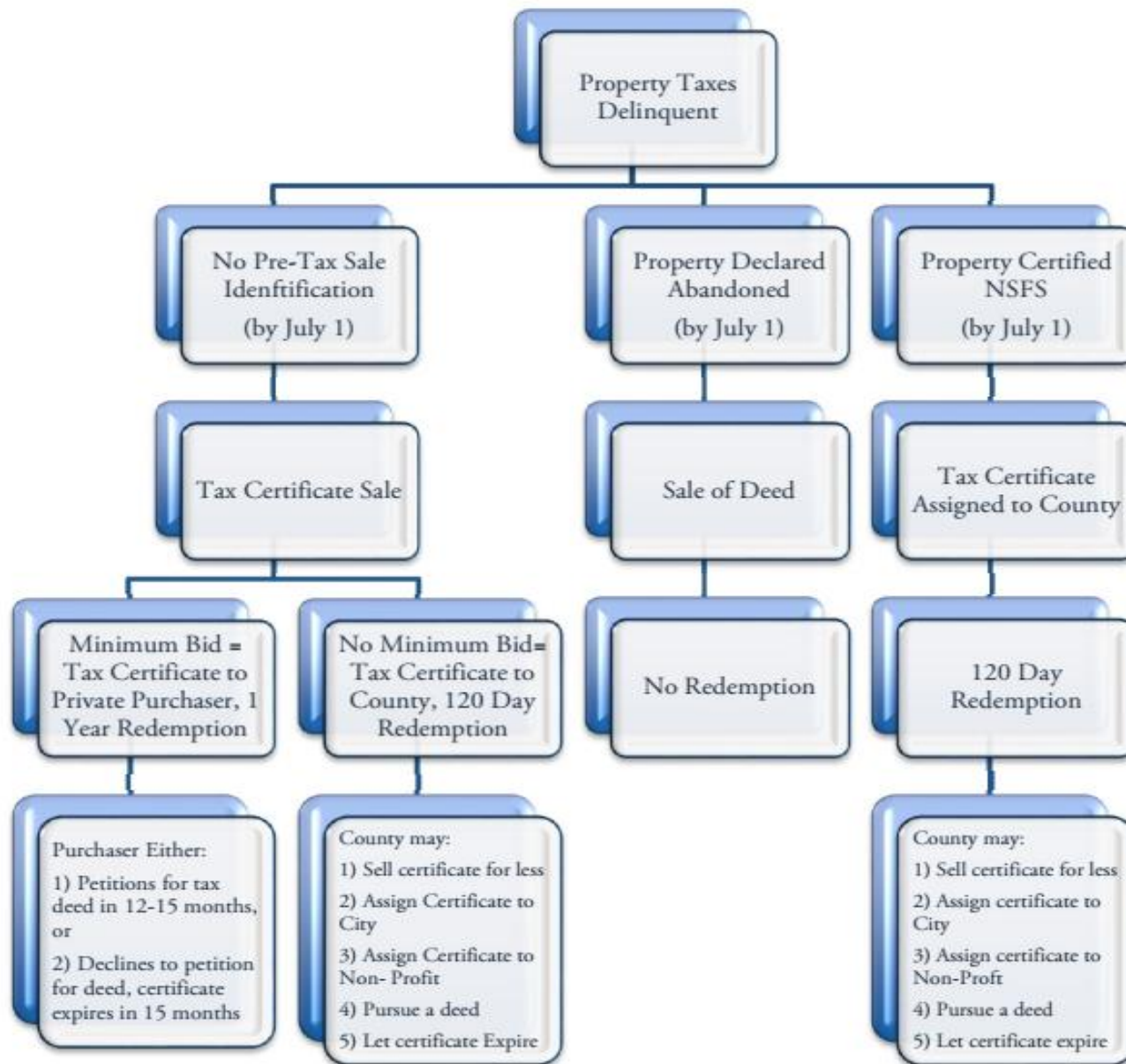


Figure 6 – Options to Transfer Tax Delinquent Property in Indiana