


Definition of Land Bank

- What is a Land Bank?**
 A land bank is a public authority created to efficiently acquire, hold, manage and develop tax-foreclosed property, as well as other vacant and abandoned properties.
- NSP Eligible Use C:**
 "Establish and operate land banks for homes and residential properties that have been foreclosed upon"

U.S. Department of Housing and Urban Development Neighborhood Stabilization Program 2



Land Bank Bridge Notice Change

- HUD Guidance. Q:** "How did the Bridge Notice impact the use of land banks under NSP1?"
- A:** The October 6, 2008 NSP1 Federal Register Notice limited the use of land banks with the following language "establish land banks for homes that have been foreclosed upon."
- The June 19, 2009 NSP1 Federal Register Bridge Notice expands the use of land banks with the following language "establish and operate land banks for homes and residential properties that have been foreclosed upon."

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Land Bank Bridge Notice Change (cont)

- **HUD Guidance. Q:** "Can land banking include purchasing a foreclosed or abandoned property that has a structure on it or does the property have to be vacant land?"
- **A:** As stated in the NSP1 Bridge Notice "[NSP1 funds can be used to] establish and operate land banks for homes and residential properties that have been foreclosed upon;" abandoned homes and residential properties are not eligible.





Land Bank FAQ

- **HUD Guidance. Q:** "How does a land bank differ from a land trust?"
- **A:** The basic differences are timing and land use. A land bank is a short-term (10 years maximum) means of managing land that may not have a defined purpose and cannot be immediately used (e.g. market conditions), while a land trust is a long-term land management technique with a defined purpose and benefit for another party.





Land Bank FAQ (cont)

- **HUD Guidance. Q:** "Can NSP1 funds be used to support land trusts?"
- **A:** Yes. Land trusts could be classified as financing mechanisms permissible under Eligible use A of NSP1. For example, the land trust could acquire homes or residential land with NSP1 funds. Then build new or rehabilitate existing homes and sell them to NSP1-eligible homebuyers, while retaining ownership of the land. The occupant would own the structure and lease the land. The exclusion of the price of land keeps the overall cost lower, allowing the home to remain affordable long-term.





Land Bank FAQ (cont)

- HUD Guidance. **Q:** If the grantee buys property for the purposes of a land bank under eligible use (C) and allows tenants to move into the units on a temporary basis, would those tenants be entitled to relocation assistance if they are later required to move out? The issue with this eligible activity is that grantees have 10 years to re-use the property so it could presumably be many years later that someone would be asked to move out once a final use is determined.





Land Bank FAQ (cont)

- HUD Guidance. **A:**
- If no person was displaced by the acquisition of the property for the land bank, then the URA is not applicable at the time of the acquisition. If the grantee allows a tenant to move into the acquired property prior to a planned federally-funded re-use project, the tenant-occupant is not eligible for relocation assistance as a result of the original acquisition (see 49 CFR 24.2(a)(9)(ii)(B)). However, the tenant-occupant may be eligible for relocation assistance if they are made to move for a planned re-use project that is funded with federal financial assistance.





Elements of an Effective Land Bank

- ① **Connected to the tax collection and foreclosure process**
- ② **Scaled at the metropolitan level, or most diverse real estate market possible**
- ③ **Policy driven – transparent in policies and transactions**
- ④ **Emphasis on community engagement and participation**





Land Bank Example

- Best Practice:
 - The Genesee County Urban Land Initiative**
 - PA 123 of 1999 reforming tax foreclosure
 - The Land Bank Act of 2003
 - Amendments to the Brownfield Redevelopment



Land Bank Example (cont)

- **THE PROBLEM: Contagious blight**
 - Loss of tax base
 - Concentration of poverty
 - Increased demand for services
 - Crime, disease, fire
 - Poor quality of life
 - Reason to “sprawl”



Land Bank Example (cont)

- | | |
|---|--|
| <ul style="list-style-type: none"> • Former Foreclosure Law <ul style="list-style-type: none"> – 4-7 year process – No clear title – Hundreds of owners – Low-end speculation – Indiscriminate foreclosure -- homeowners at risk – Contagious blight | <ul style="list-style-type: none"> • PA 123 of 1999 <ul style="list-style-type: none"> – 1-2 year process – Clear title judgment – Property titled to county – Tax liens eliminated – Hardship postponements – Intervention |
|---|--|



Land Bank Example (cont)

Genesee County Land Bank/Brownfield Plan

- 3600 scattered sites included in 17 municipalities
- \$12 million in Brownfield TIF financing, cross-collateralized
- Over 1000 demolitions
- Environmental remediation on dozens of sites
- One development utilized \$4.8 million in Brownfield financing, another used \$550,000
- Site prep, major cleanup on several hundred sites





Land Bank Example (cont)

Land Bank and Brownfield Legislation

- Land Banks created by intergovernmental agreement
- Hold property as tax exempt (land banking agreements)
- Bonding authority for improvements and demolition
- May sell for other than monetary consideration
- Self funding mechanism (5/50, fee revenue, equity)
- All Land Bank property Brownfield eligible, may be "cross-collateralized"

Policy and planning can determine use of property, rather than simply selling at auction to highest bidder. Transactions may include development agreements or other conditions.





Land Bank Example (cont)

BEFORE:

- Barbara Drive, Flint
- Tax foreclosed in 2003
- Acquired for \$3,100
- Rehabilitation cost: \$42,000





Land Bank Example (cont)

BEFORE:

- Sold in 2005 to first-time homeowner for \$55,000







Land Bank Example (cont)

The Genesee County Land Bank:

Progress since 2003...

- 9000 foreclosures (12% of Flint)
- 3100 foreclosure prevention cases
- 1100+ Demolitions
- 3100 sites maintained
- 550 properties in "Clean and Green" program
- 60 single family rehabs
- 208 units developed since '04, 113 under construction
- \$35 million mixed-use redevelopment in 2009
- 1000 tons of debris removed since summer 2004



Land Bank Example (cont)

- **BEFORE:**
2003





Land Bank Example (cont)

- **UNDER CONSTRUCTION:**
2005





Land Bank Example (cont)

- **TODAY:**





Resources

Additional Resources:

- Genesee County Land Bank
www.thelandbank.org
- National Vacant Properties Campaign
www.vacantproperties.org
- LISC Online Resource Library
www.lisc.org/resources
- Smart Growth America
www.smartgrowthamerica.org