Land Banking Best Practices

GICH RETREAT
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Land Banking Best Practices

I. What is a land bank?
II. Why have a land bank?
III. Market and Operational Considerations
IV. Fulton/Atlanta Land Bank Authority
V. Augusta-Richmond Land Bank Authority
VI. Macon-Bibb Land Bank Authority
What is a Land Bank?

- Land Banks are public or nonprofit entities created by local governments to acquire, manage, maintain and facilitate the redevelopment of underutilized, vacant blighted, tax delinquent properties.

- Land Banks are created through local intergovernmental agreements (IGA)
What is a Land Bank

- Tool for converting vacant, abandoned, or distressed property into productive use. This includes residential, commercial, industrial and greenspace purposes.
- Core competency is acquisition and disposition of troubled, surplus, or vacant property.
- Does NOT have eminent domain or taxing authority.
- Steps in where market does not or cannot work due to administrative/legal barriers.
Triggers for Creating a Land Bank:

- Fragmented inventories
- Large inventories of abandoned/vacant property with little market value
- Ineffective tax foreclosure procedures
- Code violations
- Title problems
- Property disposition requirements
Georgia Land Banks:
O.C.G.A. § 48-4-60 et seq. (SB 284)

- Independent Tax Exempt Authority
- Independent Board
- Power to Extinguish Delinquent Taxes
- Broad Acquisition & Disposition Authority
The Problems

Inner City areas create Unique Challenges

Property Acquisition is at best, difficult and fragmented
Unique Challenges:

- Disinvestment has occurred over decades
- Code enforcement can’t keep up
- Crime/drugs, etc., or. . . .
- The *image* of crime/drugs, etc.
- The erosion of the middle class
- The preponderance of renters
- The breakdown of institutions
Do Vacant Properties Affect Property Values?

- A vacant or delinquent property can lower property values within 500 feet by 2.1%

- A vacant and delinquent property can lower property values by 2.7%

- A foreclosed (not delinquent or vacant) can lower property values by 3.9%

- A foreclosed and vacant or delinquent property can lower property values by 6.1%

- A foreclosed, vacant and delinquent property can lower property values by 9.4%

(Source: Stephen Whitaker and Thomas J. Fitzpatrick, IV, The Impact of Vacant, Tax-Delinquent and Foreclosed Property on Sales Prices of Neighboring Homes, Federal Reserve Bank of Cleveland)
Properties are not always easily obtainable

- Owners cannot be found, or
- Owners can be found but do not have clear title, or
- Owners can be found and they have clear title, but they want to hold on to property
- Neighborhood redevelopment fails when we just get the properties that no one else wants
- The importance of critical mass
- Hard lessons learned the hard way
How Do Land Banks Acquire Property?

- Acquire Property through Tax Foreclosures (Judicial In Rem Tax Foreclosures)
- Acquire Property through Donations
- Acquire Property through Direct Market Purchases
- Acquire Property directly from local government transfers
Georgia Law requires a public bidding for local government property transfers

Local government can convey properties to the Land Bank as a governmental transfer without the bidding process

Land Banks allow for greater flexibility in the terms and conditions of transferring properties to new owners
Land Bank Priorities for Disposition

- Land Banks may establish a hierarchical ranking of priorities for the use of real property conveyed or the new law includes a list of priorities that will be used if not established, including:
  - Public spaces and places
  - Affordable housing
  - Retail, commercial, and industrial activities
  - Land trusts or other public entities
Pricing Flexibility

- Land Banks have full discretion in determining the sales price of a property.
- Land Banks can sell, trade or otherwise dispose of property on the terms and conditions determined in the sole discretion of the Authority at the local level.
- It is very important that there is consistency and transparency in acquisition & disposition of property.
Developers petition Land Banks for tax abatement and conveyance of a property. A petition requires:

- Developer Profile (Experience and Capacity)
- Development Proposal & Plan
- Development Cost Estimate
- Financial Ability- Funding Sources for the project
- Timeline for Development determined by the Land Bank
Developer Restrictions

- LBA enters a contract for sale and disposition of the property with the developer
- Developer is allowed a certain time to commence and complete the proposed redevelopment
- Land Bank retains a right of reentry until the redevelopment is completed
Property Acquisition for Affordable Neighborhood Revitalization

• Critical Mass is key to neighborhood revitalization—it takes more than just one or two new houses in a distressed area to:
  ○ Attract homebuyers and responsible tenants
  ○ Attract Private Developers to the area
  ○ Stabilize a neighborhood
  ○ Increase property values
  ○ Neighborhood revitalization will fail if you only take the properties no one wants
Fulton County/Atlanta LBA

- FCCALBA established in October 1991 as non-profit, 501(c)(3) tax-exempt corporation pursuant to act of General Assembly. One of 1st four in the US.
- Interlocal Cooperation Agreement executed in January 1994 between City of Atlanta and Fulton County.
  - Atlanta is located within boundaries of Fulton County.
  - In light of mutual benefit, Interlocal Cooperation Agreement established to outline governance, powers, purpose and available resources.
- Self-contained decision making authority via Board of Directors appointed by Mayor of Atlanta/City Council and Fulton County Chairman/Board of Commissioners
Programmatic Initiatives

- **Property Acquisition and Disposition**
  - Sheriff/Marshall Deed Conveyance
  - NSP
  - Land Banking Depository Program
  - Community Land Trust

- **Development**
  - Tax Abatement
  - Public/Private Development Partnerships
  - Property Assemblage

- **Alternative Property Usage**
  - Greenspace Assemblage
  - Community Gardening (Tentative)
With launch of NSP, City of Atlanta and LBA determined need for Community Coordinator function at the LBA. Represented first time that LBA moved to actively purchase property in market transactions. October 2009, hired Community Coordinator/Program Manager, to coordinate launch of NSP program. Served as central point of contact between Lenders, Servicers, Investors and qualified developers. Established a pipeline of properties based on criteria provided by qualified developers, City of Atlanta and LBA.
NSP

- Property sources include National Community Stabilization Trust, REO Lenders, Servicers, and Investors
- Represented first time that land banking distinctly appeared as allowable activity under a Federal program
- LBA facilitates complete transaction from property identification to closing
- Position funded as part of program cost
- Completed 100% obligation of $3.192M (25% of City allocation) in NSP funding for targeted acquisitions and land banking of single family and multi-family properties
LBA awarded $4.4M of $4.9M City of Atlanta grant allocation

LBA NSP3 Program Manager - Royal Randolph

Met target of expenditure of 100% of funds by 1/31/14

Completed initial acquisition phase and shifted to rehab phase.

Completed RFQ for Qualified Developers in March 2013. Six Developers were selected.
NSP

- Qualified Developer Pool
  - Atlanta Sustainable Development, LLC
  - Charis & Redbrick Homes NSP3, LLC
  - National Property Institute, LLC
  - The Macallan Group LLC
  - Real Estate Alliance Partners Group, LLC
  - Atlanta Neighborhood Development Partnership, Inc.

- Protocol established for Qualified Developer bidding on individual properties for turn key transfer (rehabilitation, marketing and sale)
Land Banking Depository Program

- Board approved Land Banking Program Policy in December 2007 in response to needs expressed by non-profit and governmental stakeholders
- Launched Land Banking Program in July 2009
- Provides “banking” of eligible residential and commercial properties for three to five years for non-profit entities and governmental entities
- This is the only known program of this kind in the Country
Land Banking Depository Program

- Limited to non-profit or governmental entities. For-profits may participate via joint venture as minority partner.
- Entities must complete application and upon staff recommendation, Board of Directors approves Land Banking relationship
- Benefits
  - Allows for aggregation of properties and site control for large areas for future strategic purposes such as affordable housing, commercial development and open spaces and greenways
  - Enables advance acquisition of potential development sites in anticipation of rapidly rising land prices
  - Reduces holding costs during development phase
  - Reduces costs of property management and insurance due to economies of scale
  - Facilitate pre-development planning, financing and structuring
  - Minimize violations of housing and building codes and public nuisances on properties to be developed for affordable housing
Land Banking Depository Program

- What constitutes banking?
  - Master Land Banking Agreement executed that details responsibilities and mechanics of arrangement
  - Title transferred to LBA
  - Insurance provided by LBA
  - Property maintenance provided by LBA
  - Holding costs for insurance, property maintenance and solid waste fees absorbed by granting entity. Payment is made to LBA on real time basis and not accrued to end of banking period
  - Property is tax-exempt during banking period
Land Banking Depository Program
Community Land Trusts

- LBA maintains standing Board seat on Atlanta Land Trust Collaborative
- LBA serves as property sourcing entity
  - Discounted property purchases
  - Donations
- LBA serves as acquisition agent on behalf of CLT
- Allows for aggregation of property prior to launch of neighborhood based CLT via Land Banking Depository Program
  - Currently holds over 30 properties targeted for new CLT
- Utilizes tax abatement for clearing title
LBA Board approved participation in spot donation program with Bank of America (BofA) on 7/26/12

- Started receiving properties
- Vetting of properties done in conjunction with City of Atlanta – DPCD - Office of Housing
- Properties have values less than $25,000
- May include contribution for rehab
- If needed, BofA will also demolish properties prior to donation of lot
- Have received 4 properties to date (3 houses, 1 lot)
Tax Abatement

- Targeted tax abatement to assist development of affordable and mixed income housing projects
  - Abatement includes Fulton County, City of Atlanta, Atlanta Public Schools, and Fulton County Schools taxes
- Removes delinquent tax “overhang” that limits incentive of developers to focus on certain properties and areas
- Distressed areas can yield properties where tax delinquency exceeds market value of property
- Tax abatement considered soft equity investment in projects
Purchased foreclosed 28 unit apartment building with ACoRA funds in Dec. 2009

- Partnering with National Church Residences to produce 48 affordable senior and lower income apartments
- Property has been demolished and property transferred to NCR
Public/Private Partnerships
ACoRA / 345 Ashwood Ave.

- Allowed City of Atlanta Fire Department to conduct training exercises prior to demolition
- Ground breaking for new project held on January 9, 2013
Public/Private Partnerships
ACoRA / 345 Ashwood Ave. – Betmar Village
Greenspace Projects – GA 400 Trail

• Parks
  ○ LBA worked with counsel to Quiet Title on property located on Loridans Drive. One acre site was a Sheriff/Marshall Deed conveyed to the LBA.
  ○ Property conveyed to City of Atlanta in May 2013
  ○ Culminated 7 years of planning and execution by the City of Atlanta – Department of Parks & Recreation and Invest Atlanta - Green Team (Ellen Wickersham) to create a new 1.0 acre park and trail head for the GA 400 Trail in Council District 7.
  ○ The GA 400 Trail will connect North Buckhead with the Peachtree Creek spur of the Atlanta BeltLine.
  ○ Overall GA 400 Trail Project done in cooperation with:
    ▷ Councilmember Shook - District 7.
    ▷ Livable Buckhead and the PATH Foundation
    ▷ Numerous attorneys and consultants involved in completing due diligence.
Greenspace Projects – GA 400 Trail
Greenspace Projects

- **Parks**
  - Assisted with clearing title for MIMS Park project prior to conveyance to City from Invest Atlanta
  - Working on 2 strategic park assemblages

- **Community Gardens**
  - 5/4/12 – Team from Urban Land Institute completed mini-TAP that explored the role for LBA with urban farming/community gardening
  - Reviewing and determining potential role of LBA in this space
Land Banking Best Practices

Augusta-Richmond Land Bank Authority
Transforming a Culturally Historic Community
Augusta’s Laney Walker/Bethlehem

GICH Conference
Valdosta, GA
September 24, 2014
Transforming a Culturally Historic Community: Augusta’s Laney Walker/Bethlehem
Transform Augusta’s urban core into a model city for the 21st Century.

Turn around decades of blight and disinvestment.

Regenerate two historic African American neighborhoods.
Existing Conditions

Laney Walker Neighborhood
- 33% of housing in poor to dilapidated condition
- Over 20% of parcels vacant

Bethlehem Neighborhood
- 70% of housing in poor to dilapidated condition
- Over 30% of parcels vacant

Area = 1,020 acres (approx.)
Parcels = 3,500 (approx.)
Population = 4,707
COMMUNITY INVOLVEMENT

❖ 16-Month Neighborhood Planning Process

❖ Summary of recommendations:
  • Eliminate blight
  • New, affordable SF housing for homeownership
  • Rental housing for seniors
  • Rehabilitate vacant houses
  • Create more green space
  • Neighborhood retail and job opportunities
  • Celebrate neighborhood's culture and African-American heritage

❖ Ongoing Dialogue – Quarterly and Annual Meetings
TARGETS AND OBJECTIVES

- Acquisition of vacant and abandoned property in key development areas
- Quality construction, infrastructure improvements, social service support, and development incentives
- Preserve historic and cultural heritage by renovating owner-occupied homes
- Develop mixed income neighborhoods and attract new home buyers
- Use public funding to attract private investment to priority developments areas
- Use redevelopment initiatives to stimulate economic development
PROPERTY ACQUISITION

- Over 1,000 property owners contacted
- Over $2M in property acquisition
- Over $1M under option to purchase or under contract
LANEY WALKER/BETHLEHEM CONTEXT MAP

A. LWB REVITALIZATION PROJECTS (BOND FINANCING)
   A-1 Heritage Pine
   A-2 Holley Street Commons
   A-3 Powell Point
   A-4 East Mill Village
   A-5 Twiggs Circle
   A-6 Foundry Place
   A-7 Penny Savings Bank
   A-8 Famous Door
   A-9 The Boulevard

B. OTHER AREA EXISTING AND PROPOSED PROJECTS (PRIVATE/GOVERNMENT)
   B-1 Armstrong Galleria
   B-2 Linden Square Senior Citizen Facility
   B-3 School of Dentistry, GUS
   B-4 United House of Prayer Housing
   B-5 Vision Village, 30901 GC
   B-6 Judge John H. Riffin Judicial Center
   B-7 The Enclave, ANIC
   B-8 Walton Way Triangle
   B-9 St. Benedict Boarding School
   B-10 Immaculate Conception

LEGEND
- Gateway/Major Development Node
- Ongoing Development
- Major Corridor
- Minor Corridor
- Minor Development Node
- Under Negotiation
- Laney Walker/Bethlehem Boundary
- Future

RESTORE. CONNECT. TRANSFORM.
- City’s flagship development
- 44+ Homes
- Mix of SF homes, homeowner and rental duplexes, and historic renovations
- $110-$210K
- Pocket Parks
- Service Lanes
- Energy Star rated, native landscaping, rain gardens

www.heritagepineaugusta.com
PINE STREET: BEFORE
HERITAGE PINE: Materials Reuse, Restoration, Blight Removal

1218 Pine: Pre-construction 1218 Pine: Demolition 1218 Pine: Rendering

1218 Pine Street: Construction 1218 Pine: Post-construction 1242 Pine: Future home restoration

East Pine Street: Pre-construction

East Pine Street: Proposed Rendering

RESTORE. CONNECT. TRANSFORM.
PINE STREET: TODAY
- 20+ Homes
- $125-$150K
- Historic character
- Urban “cul-de-sac” surrounding 100-yr old oak tree
- ENERGY STAR rated
- Developed by CHDO
- Mixed use, mixed income
- Townhomes, duplexes, single family homes – 137 units total
- Senior residences
- Historic home restorations
- Energy efficient design
- Two roundabouts
- Neighborhood parks
MARKETING AND COMMUNICATIONS

- Brand Identity
- Websites
  - heritagepineaugusta.com
  - laneywalkerbethlehem.com
- Community Headlines
- Events
- Videos
- Sales Materials
- Press
PARTNERS

- Land Bank Authority, Urban Redevelopment Agency, P&Z, other city/county agencies
- Historic Augusta, Lucy Laney Museum of Black History, Augusta Canal Authority
- CHDOs, community centers, neighborhood associations, churches and schools
- Southface Energy Institute
Macon-Bibb County Land Bank Authority

- Over 250 houses built or rehabilitated
- Sales prices in 2001 started at $58,000 now up to $200,000+ in some neighborhoods
- Increased property values as much as 35% in mixed income neighborhoods
- Support partner resource for over $12 million in inner-city revitalization
Agency Agreements

The Macon-Bibb Land Bank Authority enters into agency agreements with responsible non-profit agencies for the acquisition of properties:

- Habitat for Humanity
- Historic Macon Foundation
- Manna Ministries
- In-fill Inc.
- River Edge (Georgia Behavioral Health Services)
Prince Street-Before
Vacant and Dilapidated Houses in 2002
Prince Street Before - 2002
Prince Street Neighborhood - After
Prince Street - After
Prince Street- After
Bealls Hill Neighborhood Revitalization

- Historic Hills and Heights Corporation created by the City of Macon, Mercer University, and Macon Housing Authority to focus in Bealls Hill and other communities

- Many supporting Partners: Land Bank, Historic Macon Foundation, Active Neighborhood Association

- Community Incentives

- Private Developers
Target Vacant Land
Target Vacant Blighted Structures
Demolish Structures Beyond Repair
Construction of New Housing
Attract Private Developers
Neighborhood Garden and Tree Nursery
Oglethorpe Homes - Before
Tatnall Place- After
Tatnall Place

Built on the former Oglethorpe Homes site, this 97-unit mixed-income development opened in March, 2006. 65 units are tax-credit assisted, including 30 public housing units. 32 additional market-rate units have no income or rent restrictions of any kind. Financed with tax credit equity, HOPE VI funds and a grant from the City of Macon, Tattnall Place is the centerpiece of the City’s Beall’s Hill redevelopment program.

Families cannot earn more than 60% of the Area Median Income if the units are also tax credit assisted. For tax credit units, maximum incomes range from $23,100 - $35,640. There are no income restrictions for market-rate units. Several floor plans are available including two- and three-story plans with large front porches. Site amenities include a swimming pool and clubhouse with exercise facility, computer center, laundry facilities, and a kitchen. TDC: $11,860,231.

Awards: 2006 Magnolia Award, Superior Design Award.
River Edge has provided state-of-the-art prevention, treatment and support services for children, youth, families and adults who experience mental illness, addiction, co-occurring disorders or developmental disabilities across a widening swath of Georgia since 1950.
FIRST NEIGHBORHOOD

First Neighborhood Site

Second Neighborhood Site

Third Neighborhood Site
FIRST NEIGHBORHOOD

Award – Macon, Georgia
Second Neighborhood

HUD Section 811 Supportive Housing for Persons with Disabilities

Project Description:
- Two-Story Apartment with Ten (10) One-Bedroom/One-Bath Units
- $1.1 Million HUD Section 811 Housing Grant
- Designed for Persons with Disabilities

Current Status:
- Construction In-Progress
- Local Contractor, Amerson Construction
- Estimated Completion Date October 2012
THIRD NEIGHBORHOOD
Neighborhood Stabilization Program3 (NSP3)

Existing Conditions

672 Bowan Street  668 Bowan Street  1061 Woolfolk Street
Project Description:
- Demolish Abandoned Blighted Properties
- 12 Mixed Income Units (6 Duplex Buildings)

Total Development Cost:
- $1.5 Million City of Macon NSP3

Current Status:
- Negotiating Price with Local Minority Contractor
- Demolition Ceremony on July 24, 2012
- Estimated Construction Start August 6, 2012
Partnership & Planning is Critical

The Land Bank Authority is not the savior for your urban revitalization efforts, but it’s a great tool to have in your toolbox.

Our LBA:

- Could not be successful without the support of our City, County, Housing Authority, and many other partners
- Has Agency Agreements with 7 non-profit agencies
- Now works all over the City
- Works in specific Targeted Neighborhoods
- Complies with URA/State requirements
- Provides advice & recommendations
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