Land Banking 101: Formation, Operation and Best Practices

Georgia Initiative for Community Housing

September 24, 2015
Tifton, GA

Presented By:
Alison Souther Goldey

Georgia Association of Land Bank Authorities
Land Bank 101

I. What is a land bank?

II. Why have a land bank?

III. What is the goal of a land bank?

IV. How do you create a land bank?

V. How do land banks acquire property?

VI. How do land banks dispose of property?

VII. How do land banks work with developers?
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.
### History of Land Banks

<table>
<thead>
<tr>
<th>City</th>
<th>Year</th>
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<tr>
<td>St. Louis</td>
<td>1971</td>
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<tr>
<td>Cleveland</td>
<td>1976</td>
</tr>
<tr>
<td>Louisville</td>
<td>1989</td>
</tr>
<tr>
<td>Atlanta</td>
<td>1991 (updated 2012)</td>
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<tr>
<td>Genessee</td>
<td>2002</td>
</tr>
<tr>
<td>Cuyahoga</td>
<td>2008</td>
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<tr>
<td>New York</td>
<td>2011</td>
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## Existing Georgia Land Banks

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>County Population</th>
<th>City Population</th>
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<tbody>
<tr>
<td>Fulton County-Atlanta</td>
<td>949,599</td>
<td>432,427</td>
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<tr>
<td><em>DeKalb County-Decatur</em></td>
<td>699,893</td>
<td>19,555</td>
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<tr>
<td>Chatham County-Savannah</td>
<td>271,544</td>
<td>139,491</td>
</tr>
<tr>
<td>Muscogee County-Columbus</td>
<td>194,107</td>
<td>194,107</td>
</tr>
<tr>
<td>Richmond County-Augusta</td>
<td>192,142</td>
<td>192,142</td>
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<tr>
<td>Bibb County-Macon</td>
<td>156,433</td>
<td>91,856</td>
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<tr>
<td>Clarke County-Athens</td>
<td>117,344</td>
<td>116,084</td>
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<tr>
<td>Lowndes County-Valdosta</td>
<td>111,885</td>
<td>56,019</td>
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<td>Whitfield County-Dalton</td>
<td>103,184</td>
<td>33,313</td>
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<tr>
<td>Floyd County-Rome</td>
<td>95,989</td>
<td>36,181</td>
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<tr>
<td>Spalding County-Griffin</td>
<td>64,033</td>
<td>23,628</td>
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<tr>
<td>Thomas County–Thomasville</td>
<td>44,702</td>
<td>18,407</td>
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</table>
Land Bank Focus

- Surplus Public Property
- Foreclosed Properties
- Abandoned Properties
- Tax delinquent Properties

Land Banks focus on properties that are underutilized.
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 Bank Act: SB 284

- Introduced Senate Bill 284 in 2012 Georgia Legislative Session for reform of existing Georgia land bank statute
- Sponsor: Senate - Sen. Tim Golden (R), Valdosta; House - Rep. Alan Powell (R), Hartwell
- Some Key Proposed Changes
  - Multi-jurisdictional land banks
  - Self financing mechanism: 5 year/ 75% tax recapture
  - Allowance for intergovernmental contracts
  - Ability to take on debt
- GALBA engaged Massey, Bowers & Hembree LLC to advocate for passage
- Law became effective on July 1, 2012
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
GA Land Bank Act: Creation and Powers

Parties that may create a Georgia Land Bank.....

• 1 County + participating city located in county

• Multiple counties + participating cities in each county

• 1 Consolidated government

• Consolidated government/s + county/counties + participating city/cities
GA Land Bank Act: Creation and Powers

- **Steps to create a Georgia Land Bank**:...
  - Passage of ordinance and IGA
    *(if consolidated government alone then no IGA)*
  - Appointment of board members
  - Adoption of by-laws and policies and procedures
Intergovernmental Agreement

- Adopted by resolution of one county and at least one city
- Outlines board responsibilities
- Lists land bank powers
- Provides dissolution process
GA Land Bank Act: Creation and Powers

- 5-11 member board (odd number)
- Public officers eligible to serve
- Members serve without compensation
- Majority of Board is quorum for conduct of business
- Certain matters require approval of entire board such as disposition of property over 50k
GA Land Bank Act: Creation and Powers

- Acquire property through tax sales, donation, market-purchase
- Contract, invest, borrow money
- Manage, maintain and hold property
- Extinguish delinquent taxes with school board consent
- Dispose of property in accordance with local priorities
- No eminent domain or taxing power
- Competitive Bidding at tax foreclosures sales
- Land Banks to effectively recapture the proceeds of its activities and value of its inventory and to become less reliant on government funding
Georgia Land Bank Resource Manual Review

- Released in June 2013—Free How To Manual for Creation of Georgia Land Banks
- Sponsored by GALBA, Habitat for Humanity, GMA, ACCG, Enterprise and Center for Community Progress
- Key Appendices
  - Template Intergovernmental Agreement
  - Template Resolution Creating Land Bank
  - Sample administrative policies
  - Sample tax extinguishment resolution
Creating a Land Bank

- Multiple counties/cities to form Land Banks
- Expand the Board to an odd number (5-11)
- Competitive Bidding at tax foreclosures sales
- Land Banks to effectively recapture the proceeds of its activities and value of its inventory and to become less reliant on government funding.
- Signed into law by the Governor on May 3, effective July 1, 2012
Land banks throughout State created Georgia Association of Land Bank Authorities, Inc. (GALBA) in August 2011

President – Christopher Norman

Purpose:

- To promote and market the concept and utility of land bank authorities to local governments, citizens and other stakeholders in the State of Georgia.
- To educate interested local governments, citizens and other stakeholders in Georgia regarding the establishment and operation of land bank authorities in their respective communities.
- To foster and promote the sharing of information amongst land bank authorities in Georgia and throughout the nation.
- To provide technical assistance to land bank authorities in Georgia
- To provide and support governmental relations to benefit and foster the mission of land bank authorities in Georgia.
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 aren’t always easily obtainable

<table>
<thead>
<tr>
<th>Owners can’t be found, or</th>
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<tr>
<td>Owners can be found but don’t have clear title, or</td>
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<tr>
<td>Owners can be found and they have clear title, but they want to hold on to property</td>
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<tr>
<td>Neighborhood redevelopment fails when we just get the properties that no one else wants</td>
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<tr>
<td>The importance of critical mass</td>
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<td>Hard lessons learned the hard way</td>
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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
Judicial (In Rem) Foreclosures

- Under state law, LBA’s can initiate Judicial In-rem Foreclosures (§48-4-75)
- Property Taxes must be at least twelve (12) months delinquent
- LBA’s can only make the Minimum Bid-(SB 284 now allows for competitive bidding)
- Automatically forecloses the right of redemption by previous owners after 60 days
- Provides Good Title- in approximately 5 to 8 months
Disposition of Property

- 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
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.
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
Developer Requirements

- Developers petition Land Banks for tax abatement and conveyance of a property. A petition requires:
  0 Developer Profile (Experience and Capacity)
  0 Development Proposal & Plan
  0 Development Cost Estimate
  0 Financial Ability- Funding Sources for the project
  0 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
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)
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
Federal Funds Trigger URA

- Uniform Relocation Assistance and Real Property Acquisition Policies Act, of 1970, as amended (URA)
- Any project using federal funds anywhere in the project is subject to URA
- Voluntary Acquisition vs. Involuntary Acquisition
- Relocation of owners and tenants
- Can be very expensive!
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
Prince Street-Before
Vacant and Dilapidated Houses in 2002
Prince Street Before - 2002
Prince Street Neighborhood - 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

07/11/2005
Attract Private Developers
Neighborhood Garden and Tree Nursery
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
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
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
Governance/Structure Overview

- **Mission Statement**
  0 The mission of the Fulton County/City of Atlanta Land Bank Authority is to facilitate the transformation of the City and County into a vibrant community by:
    - Returning non-revenue generating, non-tax producing, or blighted property to an effective utilization status in order to provide market and affordable housing, public space, new industry and jobs for the citizens of the City and County.
    - Extinguishing past due tax liens from property foreclosed upon by Fulton County and the City of Atlanta in their tax collection capacities.
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)
Atlanta Fulton Co
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?
  0 Master Land Banking Agreement executed that details responsibilities and mechanics of arrangement
  0 Title transferred to LBA
  0 Insurance provided by LBA
  0 Property maintenance provided by LBA
  0 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
  0 Property is tax-exempt during banking period
Land Banking Depository Program
Community Land Trusts

- Atlanta Fulton Co. 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
Tax Abatement

• Targeted tax abatement to assist development of affordable and mixed income housing projects
  o 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
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:
  0 Could not be successful without the support of our City, County, Housing Authority, and many other partners
  0 Has Agency Agreements with 7 non-profit agencies
  0 Now works all over the City
  0 Works in specific Targeted Neighborhoods
  0 Complies with URA/State requirements
  0 Provides advice & recommendations
# Contact

<table>
<thead>
<tr>
<th>Christopher Norman</th>
<th>Alison Souther Goldey</th>
</tr>
</thead>
<tbody>
<tr>
<td>President - GALBA</td>
<td>Vice President – GALBA</td>
</tr>
<tr>
<td>Direct 404-525-9130</td>
<td>Direct 478-741-9005</td>
</tr>
<tr>
<td><a href="mailto:cnorman@fccalandbank.org">cnorman@fccalandbank.org</a></td>
<td><a href="mailto:ASouther@maconhousing.com">ASouther@maconhousing.com</a></td>
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