



Center for  
**COMMUNITY PROGRESS**

Turning Vacant Spaces into Vibrant Places



# *Land Banking 101: Cook County Land Bank*

**Sara Toering**

**Counsel, Center for Community Progress**

**Counsel, Project on Affordable Housing and Community Development, Emory Law School**

**Cook County Land Bank Authority  
Board Presentation**

**March 27, 2013**

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# *Costs of Vacancy and Abandonment*



- ✓ Vacancy *or* delinquency lowers values within 500 feet by 2.1%
- ✓ Vacancy *and* delinquent lowers values by 2.7%
- ✓ Foreclosed *but not* delinquent or vacant lowers values by 3.9%
- ✓ Foreclosed *and* vacant *or* delinquent lowers values by 6.1%
- ✓ Foreclosed, vacant *and* delinquent lowers 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 (Oct. 2011).

# *Costs of Vacancy and Abandonment*



- ✓ Unprotected holes or shafts
- ✓ Unstable structure
- ✓ Fall and trip hazards
- ✓ Standing water in basements
- ✓ Vermin and potentially dangerous animals
- ✓ Hazardous abandoned materials
- ✓ Unauthorized occupants
- ✓ Ongoing criminal activity



Photograph provided courtesy of Jennifer Leonard and the Center for Community Progress.

# *Cook County: Vacancy and Abandonment*



- ✓ Nearly 10% of all housing units vacant
- ✓ 85,000 foreclosures pending in the Cook County Circuit Court
- ✓ 28% increase in foreclosure rate in second half of 2012
- ✓ Significant rates of commercial vacancy and unimproved vacant land

# Land Bank 101: Cook County LBA



## **I. Land Banking Overview**

## **II. Cook County Land Bank Authority**

## **III. Initial Considerations: LBA Policy**



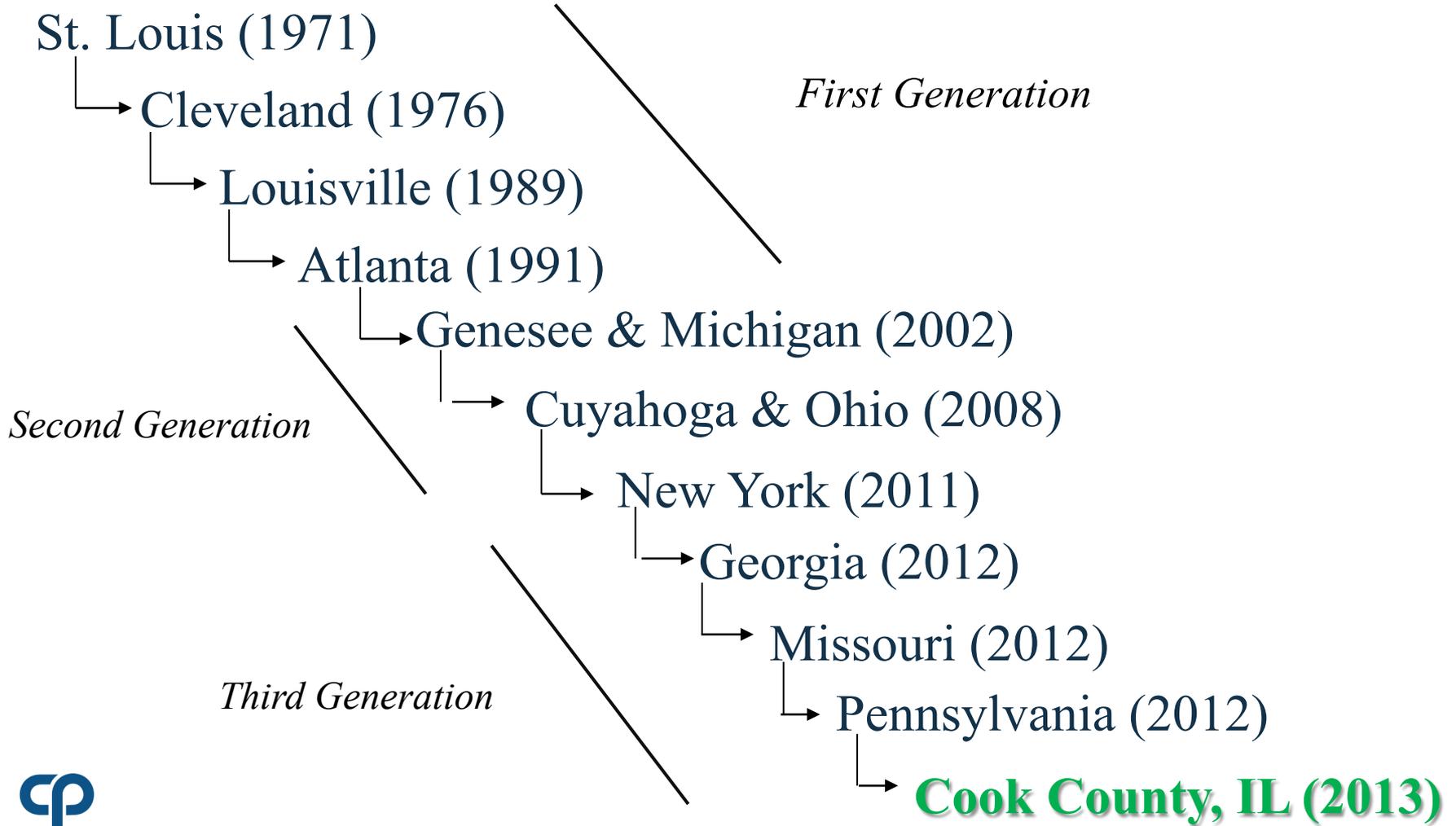
# I. Overview: Definition



**A land bank is a governmental entity that focuses on the conversion of vacant, abandoned, and tax-delinquent properties into productive use.**



# I. Overview: Land Bank Evolution



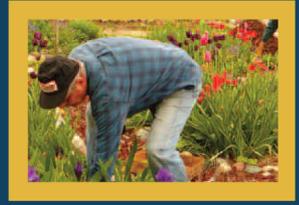
# I. Overview: Land Bank Triggers



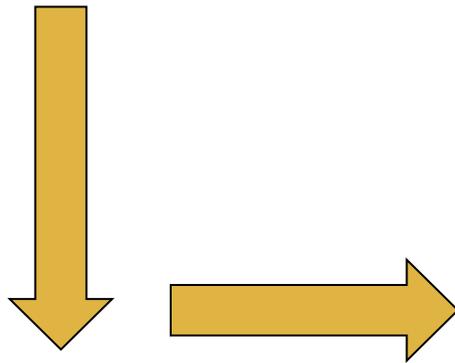
- Weak economic conditions
- Population loss
- Disconnected and antiquated systems
- Contagious blight



# I. Overview: Land Bank Triggers



- Surplus public properties
- “Below water” properties
- Tax delinquent properties



*Chronic Vacancy  
and Abandonment*

# I. Overview: Triggers



- Fragmented inventories
- Large inventories of abandoned/vacant property with little market value
- Ineffective tax foreclosure procedures
- Code violations
- Title problems
- Property disposition requirements

# I. Overview: Land Banking Elements



- Acquisition
- Maintenance
- Disposition
- Framework for strategic reuse

# I. Overview: Core Powers



- ✓ Intergovernmental and regional collaboration
- ✓ Internal financing mechanisms
- ✓ Extinguish delinquent taxes
- ✓ Insurable and marketable title
- ✓ Reliance upon key leverage points of tax delinquency and code liens
- ✓ Disposition of property in accordance with local priorities

# I. National Overview: Acquisition



- ✓ Tax delinquency is an early sign of possible abandonment
- ✓ Properly conducted tax foreclosures are the best assurance of insurable and marketable title
- ✓ Tax sale bidding advantages for land banks
- ✓ Donation
- ✓ Open Market Purchase
- ✓ Municipal Transfer

# *A Note on Foreclosures & REO*



- ✓ NSP Funding provided a key link to REO acquisition
- ✓ Lenders and servicers are increasingly sensitive to holding costs including code enforcement and vacant property registration
- ✓ Lenders and servicers are increasingly exploring donative transfers to land banks

# I. Overview: Disposition



- ✓ Disposition in accordance with local needs and priorities
- ✓ Affordable housing; market rate housing; mixed use; retail and commercial
- ✓ Green spaces, parks, urban gardens
- ✓ Long term banking of inventory

## II. Cook County LBA: Mission



*To acquire, hold, and transfer interest in real property throughout Cook County as approved by the Board of Directors for the following purposes: to promote redevelopment and reuse of vacant, abandoned and tax-delinquent properties; support targeted efforts to stabilize neighborhoods; stimulate residential, commercial and industrial development; all in ways that are consistent with goals and priorities established by this Ordinance, local government partners and other community stakeholders.*

*Ordinance Sec. 103-4.*

## II. Cook County LBA: Board



- ✓ Board appointed by Cook County President
- ✓ Members must be residents of Cook County
- ✓ Initial staggered terms; thereafter three (3) year terms
- ✓ Members may not serve more than two (2) consecutive terms
- ✓ Majority constitutes quorum; action by majority vote of quorum
- ✓ Members serve without compensation

## II. Cook County LBA: Board



Responsibilities include . . .

- ✓ Elect Chair and additional officers  
*(chair election at first board meeting)*
- ✓ Adopt by-laws  
*(w/in 120 days of first Board meeting)*
- ✓ Adopt policies and procedures  
*(w/in 120 days of first Board meeting)*
- ✓ Organize Land Bank staff
- ✓ Adopt annual budget

## II. Cook County LBA: Powers



- ✓ Acquire property through tax sales, donation, market-purchase (title remains in County)
- ✓ Contract, invest, borrow money, extend credit or make loans in conjunction with Land bank projects
- ✓ Manage, maintain, lease and hold property
- ✓ Extinguish delinquent taxes owed pursuant to agreement with taxing entities
- ✓ Dispose of property in accordance with local priorities

## II. Cook County LBA: Acquisition



- ✓ Tax sales
  - ✓ Donation
    - ✓ Purchase
      - ✓ Municipal transfer

*Upon acquisition land bank property is . . .*

- ✓ Tax exempt
  - ✓ Listed in public inventory
    - ✓ Maintained in accordance with local law

## II. Cook County LBA: Dispositions



- ✓ Dispositions subject to locally determined hierarchy of priorities and criteria determined in discretion of the Board
- ✓ Land bank may determine consideration required for conveyance
- ✓ Land bank board must set disposition policies and develop framework for strategic reuse

# II. Cook County LBA: Key Documents



## Creating Ordinance

- ✓ Mission/purpose statement
- ✓ Land Bank powers and board duties
- ✓ Ethics/sunshine laws

## By-Laws

- ✓ Board operations/voting/budget procedures

## Policies and Procedures

- ✓ Rules governing acquisition, maintenance and disposition

## II. Cook County LBA: Year 1 Best Practices



- Transparency (public meetings and records)
- Excellent leadership (board appointments and key land bank staff)
- High quality data collection to guide policy development
- Community engagement (seek extensive input to determine local priorities)
- Seek highly visible short term successes

# III. Initial Considerations: LBA Policy



- ✓ Initial discussion today
- ✓ Develop key initial policy priorities over the next several months
- ✓ In-depth discussion/brainstorming session of policies and procedures at April 2013 board meeting
- ✓ Draft and adopt initial policies and procedures

### III. Initial Considerations: LBA Policy



*Key Question for Consideration of Board*

**What is the target initial inventory?**

# III. Initial Considerations: LBA Policy



- ✓ Basics:
  - Address; tax parcel number; legal description
  - Lot size; legal description; occupants ?
  - Zoning; historic designation
  
- ✓ Characteristics:
  - Improvements: condition, quality
  - Environmental Concerns

# III. Initial Considerations: LBA Policy



## Goal

Eliminate blight

Maximize short term revenue

Maximize long term revenue

Affordable housing/commercial?

Neighborhood stabilization

## Strategy

Demolitions, rehabilitation

Sale to highest bidder

Convey for sustainable development

Convey at lowest price

Demolition, rehabilitation, side lot transfers



# III. Initial Considerations: LBA Policy



- ✓ Develop policies and procedures for properties acquired through tax sales, municipal transfer, open market purchase, donative transfers or otherwise
- ✓ Develop policies and procedures regarding property maintenance, including policies for occupied properties
- ✓ Develop disposition policies, including pricing, use priority, transferee criteria
- ✓ Develop policies and procedures regarding tax extinguishment

# III. Initial Considerations: Policy



## *Group Discussion*

Questions on governance?

What data do you have? What data do you need?

What is the character of the first group of LBA properties?



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# Center for Community Progress

**421 Garland Street • Suite A • Flint, Michigan • 48503**

P: 877-542-4842 • F: 810-233-7381

**1001 Connecticut Avenue • Suite 1235 • Washington, D.C. • 20036**

P: 877-542-4842 • F: 202-223-2120

**800 Common Street • Suite 220 #12 • New Orleans, LA • 70112**

P: 504-236-8333 • F: 504-821-7074

[www.communityprogress.net](http://www.communityprogress.net)

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