

## Forming a Land Bank Budget

### Variables for consideration:

1. **Amount of properties acquired.** How are you acquiring and for what amount? DO you have to pay any past and current taxes?
2. **Long term holding costs.** How much do you have to pay for taxes, utilities, condo fees, assessment fees?
3. **Maintenance Level.** How many properties need to be maintained and at what level?
4. **Rehabilitation Activity.** How many properties will be rehabilitated? What is the average level of rehabilitation required?
5. **Demolition Activity.** How many properties need to be demolished? What is the average cost including any environmental requirements? What are post demolition requirements (seeding, fencing, etc.)
6. **In-Kind Support.** Can you secure in-kind support for activities including maintenance, GIS mapping, greening, etc?
7. **Sales Activity.** How many sales are likely to occur and at what profit margin? How many side lots? How many high valued properties? How many sold at no-cost?
8. **Contracted Services and consultants versus staff.** Is there current capacity within the community you can purchase such as book keeping, maintenance, real estate development, rental and property management, sales/marketing properties, planning, underwriting, etc.
9. **Legal requirements.** What are the legal requirements for the organization? Are financial audits required?

**Pros and Cons of contracted services:**

- Contracted service can be cheaper, no need to pay for benefits, furniture, equipment, etc. Cost-benefit analysis must be conducted.
- Contracted services make it easier to manage a fluctuating inventory. For example, if a land banks inventory drops, you can reduce the contract on many items. Fixed costs are harder to reduce quickly.
- Contracted services helps support other organizations that are currently in operation.
- Contracting services may help you get a team of experienced workers with expertise in many areas which would be hard to hire.
- Contracted services do not allow the organization to build internal capacity that could ensure quality service.
- In order for contracting services to be successful, an organization must spend time on managing the contract.
- When contracting service, it may be difficult to manage/control the quality of the services provided.