



Center for
COMMUNITY PROGRESS

Turning Vacant Spaces into Vibrant Places



Land Banking 101 A National Perspective

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Cook County, IL

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Land Banks and Land Banking



- I. What, When, Why and Where
- II. Core Land Bank Powers
- III. Property Acquisition
- IV. Property Disposition
- V. Goals and Strategies

The Costs of Vacancy



Vacancy *or* delinquent lowers values within 500 feet by 2.1%

Vacant *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%



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).

I. Definition



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

I. The focus is on:



Surplus public property

“Below water” properties

Abandoned properties

Tax delinquent properties

I. The Evolution of Land Banks



St. Louis (1971)

First Generation

└─> Cleveland (1976)

└─> Louisville (1989)

└─> Atlanta (1991)

Second Generation

└─> Genesee & Michigan (2002)

└─> Cuyahoga & Ohio (2008)

Third Generation

└─> New York (2011)

└─> Georgia (2012)

└─> Missouri (2012)



I. Triggers for Creating Land Banks



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

II. Core Land Bank Powers



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

III. Property 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
- ✓ Aggregation of tax liens and code enforcement liens in single proceeding
- ✓ Possibility of “credit bids” and “trump bids”

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

III. Property Acquisition



“Know Thine Inventory”

- ✓ Basics:
 - Address; tax parcel number; legal description
 - Lot size; legal description; occupants ?
 - Zoning; historic designation
- ✓ Characteristics:
 - Improvements: condition, quality
 - Environmental Concerns
- ✓ Disposition Options:
 - Open Market Sales
 - Side Lot Transfers
 - Targeted Priorities



IV. Property 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

V. Goals and Strategies





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