

Case Study 1:

Cuyahoga County Land Reutilization Corporation

The Cuyahoga County Land Reutilization Corporation, also known as the Cuyahoga Land Bank, is located in Cuyahoga County Ohio and was authorized in 2009 by state statute SB 343 to address a growing number of foreclosed properties and a shrinking population in the county. They often partner with the City of Cleveland and other municipalities and maintain a Memoranda of Understanding (MOU) with more than half the jurisdictions in the county. Abandoned properties are acquired from many sources including, banks, government sponsored enterprises such as Fannie Mae, federal and state agencies such as HUD, and donated properties. Most significantly, properties are acquired through an expedited tax foreclosure process. As of February 2012, there were 26,000 vacant properties located in Cuyahoga County and the City of Cleveland. Only 7,300 of these properties are bank owned.

Programs

The land bank acquires and maintains blighted properties and returns them to productive use through several strategies. It assembles smaller parcels of land together, creating larger lots that can be more easily utilized by developers or as green space. The land bank also accelerates the demolition of buildings identified as abandoned nuisance properties. During this process, it prioritizes the re-use and recycling of building materials to decrease waste and provide low-cost materials to contractors and developers. The land bank also collaborates with individuals and organizations seeking to renovate and rehab existing homes by selling available properties to responsible private rehabbers and allowing for in-house renovations. However, it only sells to homeowners, landlords, and rehabbers that are deemed responsible, meet professional standards and submit detailed rehabilitation plans. Properties that do not get demolished, rehabbed, or sold are maintained by the land bank through the employment of field service contractors who continuously work to secure the properties and perform general maintenance. The Land Bank also maintains a listing of all properties acquired by the land bank, details of which include the PIN, address, and current status of the property. The city in which the property is located has first refusal of sale, which expires 30 days after the property is posted.

Operations

The Cuyahoga Land Bank is funded by the collective penalties and interest on delinquent real estate taxes and assessments. This is further augmented by grants from partner organizations, the sale of acquired properties to rehabbers and housing developers, as well as donations and fund recoupment from banks. Its Board of Directors consists of nine members and is comprised of the Cuyahoga County Executive or designee, Cuyahoga County Treasurer or designee, County Council appointment, and two representatives from Cleveland. The four remaining members are selected by the County Executive, County Treasurer, and County Council representatives.

The Cuyahoga Land Bank is a nonprofit community improvement corporation governed under Chapter 17 of the Ohio Revised Code. In August 2009, the organization developed a six-month business plan that focused on determining criteria to create its acquisition policy and process. The initial goal for the first year was to acquire a total of 120 properties. Thirty of these properties contained structures with half slated for demolition and half for rehabilitation. Funding was initially received via the federal Neighborhood Stabilization Program (NSP) program, which provided for limited acquisition and demolition in particular municipalities. From August 2009 through March 2010, the land bank acquired 64 properties and by the end of March had 98 properties pending acquisition. This was in line with their goal to acquire 120 properties by the end of the first year. By March 2010, the 2010-2011 business plan was developed, which sought to begin scaling and stabilizing its process with an emphasis on demolition. Targets for the second year were as follows: 612 acquisitions, 33 self-funded rehabs, 22 NSP rehabs, 496 demolitions, and four to ten NSP deconstructions. It also received 41 million in NSP funding from HUD and increased staff to 18 people by the end of 2010. Independent from NSP funding, by November 2010, the land bank had achieved revenues of \$6,749,697. Of this total, \$6,128,349 was acquired from penalties and interest collected by the County Treasurer on delinquent real estate taxes and provided to the land bank to fund operations and programs. The remainder of the money came from recoupment for demolition fees from Fannie Mae property sales and other sources.

In December 2010, the land bank managed the sale of a tax exempt bond of \$9 million through private placement with a term of seven years and an interest rate of 3.75 percent to be serviced from annual collection of penalties and interest. By the end of 2010, 495 properties had been acquired, mostly from Fannie Mae, HUD and major lenders like JP Morgan Chase, through agreed upon deals with both HUD and Fannie Mae to sell bulk properties for a nominal fee. In 2010, the land bank forged an agreement with HUD to transfer the low-value, vacant, and abandoned properties the agency possessed as a result of mortgage foreclosures in 2010 to the land bank for \$100. This agreement was renewed in 2011. In addition, in 2011 the land bank struck deals with lenders such as Bank of America, Citibank, and Wells Fargo to acquire the distressed vacant properties in exchange for having the lenders pay the demolition costs. The land bank demolished 167 properties with 140 contracts outstanding. 80 properties had been transferred to cities and developers.

By summer 2011, the land bank had an inventory of 900 properties with a total of 279 properties demolished and 138 under contract. 91 properties were being redeveloped through NSP-2 program, in-house rehabilitation, or sales to qualified private investors. In March 2012, the land bank reached two important milestones, acquiring more than 1500 properties and demolishing 750 properties since it began in 2009. On average, approximately, 80 to 140 acquisitions occur monthly so the number of land bank properties is constantly changing.

Case Study 2: Genesee County Land Bank

The Michigan State Legislature streamlined its tax foreclosure process first in 1999 with the passage of [PA 123](#) and again in 2004 with [PA 258](#). These two acts created a more efficient system for returning tax-reverted properties to productive use by transferring ownership of foreclosed properties to the local County Treasurer after only two-and-a-half years. Under these acts, the Genesee County Land Reutilization Council was established in 2002. It subsequently transformed into the Genesee County Land Bank Authority. In 2011, Genesee County reported approximately 23,000 vacant houses.

Programs

The land bank's mission is to acquire, develop, and sell vacant and abandoned properties. To achieve this mission, the land bank is responsible for the demolition of homes that are abandoned and considered harmful to the neighborhood. It is also responsible for renovating and selling or renting homes at market rates. Several programs allow for the transfer of lots to individuals or community organizations. These lots are typically made available for greening and gardening projects and do not have buildings. Lots can be adopted, leased at a low rate, or purchased. The Clean and Green program provides the opportunity for community groups to maintain and green multiple properties held by the land bank. This program promotes greening activities that move beyond traditional lawn maintenance and instead emphasizes gardens, tree plantings, and pocket parks. The land bank has also partnered with the Genesee County Brownfield Redevelopment Authority to secure grants to remediate and redevelop brownfield sites. Through its planning activities, it also supports the development of strategies to revitalize natural areas and promote smart growth within the county. As part of this approach, the land bank also maintains a property development team tasked with identifying development opportunities on land bank owned parcels, as well as devising plans and strategies to complete the full development of the site. The land bank also maintains a database of properties for sale as well as a [map](#) with locations of foreclosures.

Operations

The land bank receives hundreds of vacant properties annually through the tax foreclosure process. After a tax foreclosed property is deeded to the local County Treasurer, the land bank has the option to purchase the property prior to and at property tax sale auctions. If properties are not sold at auction, they are transferred to the land bank. This process allows the land bank to acquire, rehab and sell higher value properties to cross-subsidize lower value properties and help fund their maintenance or demolition costs.

Funding for its operations is provided through the tax foreclosure process, sales, rental program, grants, loans, and bonds. In addition, the land bank utilizes a [tax recapture process](#) as a mechanism to increase its funding. Through the use of tax recapture, the land bank receives a portion of the property taxes of the formerly land banked properties returned to the tax rolls. 50% of the property taxes are returned to the land bank for the first five years following the sale of a land bank property.

The Board of Directors is comprised of representatives from the Genesee County Board of Commissioners, the City of Flint, and Flint Township. The land bank also maintains a Board of Advisors, which provides the public with a greater opportunity to provide input. The Board of Advisors is an 18-member body with one representative from each of the wards in Flint and each of the County districts.

From 2002 to 2011, 13,383 properties completed the tax foreclosure process. Of these, 10,721 were acquired by or transferred to the land bank, and the rest were purchased at auction by other buyers. Almost 3000 of the land bank’s properties have since been sold.

The 2012 inventory includes 8,200 properties with 4,600 vacant residential in abandoned areas in Flint and Beecher, 300 abandoned commercial and industrial properties that need to be demolished, and 3,300 residential structures that need to be demolished. The land bank sold 424 properties in 2010 and 645 properties in 2011.

Year	Number of Tax Foreclosures	Number of Properties Sold at Auction	Number of Properties Acquired by the Land Bank	Number of Properties Sold by the Land Bank	Net Property Gain by the Land Bank
	(1)	(2)	(3) = (1) – (2)	(4)	(5) = (3) – (4)
2002	683	0	683	0	683
2003	1048	0	1048	134	914
2004	810	286	524	145	379
2005	1015	353	662	186	476
2006	995	153	842	226	616
2007	872	371	501	367	134
2008	1211	394	817	279	538
2009	1555	329	1226	377	849
2010	2317	359	1958	424	1534
2011	2877	417	2460	645	1814
Total	13383	2662	10721	2783	7937

Case Study 3: Twin Cities Community Land Bank

The Twin Cities Community Land Bank LLC (TCC Land Bank) is a nonprofit Community Development Financial Institution (CDFI) created in 2009 by the Family Housing Fund, a nonprofit established in 1980 to produce and preserve affordable housing in Minnesota. In creating TCC Land Bank, the Family Housing Fund used the Minnesota Foreclosure Partners Council, a regional, collaborative effort to address the foreclosure crisis as a precursor to forming TCC Land Bank. TCC Land Bank includes the cities of Minneapolis and St. Paul as well as the surrounding cities and counties in the seven-county metropolitan area. The land bank is the community coordinator for the [National Community Stabilization Trust](#) (NCST), a national nonprofit organization that helps communities access solutions to rebuild strong and stable neighborhoods. It operates through providing efficient and streamlined access to vacant and abandoned properties from financial institutions and flexible financing for neighborhood stabilization activities. [Minneapolis](#) has approximately 15,000 vacant housing units according to [U.S. Census Bureau](#).

Programs

As part of its strategy to encourage neighborhood recovery, TCC Land Bank supports a property acquisition program in coordination with the NCST that facilitates the transfer of distressed properties at reduced prices to approved developers. In addition, TCC Land Bank also holds properties for both short and long periods of time for future development and provides property maintenance according to a set agreement. The land bank also is involved in community lending. As a CDFI, the land bank collaborates with other organizations to provide a variety of loan products (see below) and grants. It provides loans to finance nonprofit and for-profit developer partners in the construction of sustainable, affordable housing in low-income communities. In addition, loans are also made for the purchase and rehab of single-family and multifamily properties. TCC Land Bank also provides homebuyers with financial assistance to purchase homes. Grants are provided to community groups and nonprofit organizations for environmental assessments and remediation. The land bank also advances mixed-use development and transit-oriented development by providing loans to developers to help fund the expansion and growth of transit corridors.

Operations

Maintaining sufficient lending capital is a concern for the land bank as much of this capital is borrowed. Funding for TCC Land Bank is also provided by several revenue streams: interest and fees from loans, property acquisition fees, operating grants and contracts for service. In the future, it would like to derive funding from land banking and property management fees. The Board of Directors is comprised of representatives from nonprofit, government, and financial organizations. TCC Land Bank acquires foreclosed properties by purchasing from banks or receiving donations.

TCC Land Bank acquired and disposed of 271 single and multifamily properties on behalf of 60 developers and city and county governments by June 2011. Its loan products helped finance a variety of developments:

- Nonprofit Neighborhood Recovery Loan Program committed \$2.64 million to 3 developers with 23 properties financed.
- Foreclosure Recovery Loan Program committed \$6.7 million to five developers with 50 properties financed.
- Mini-perm Loan Program committed \$450,000 to one developer to finance five multifamily affordable rental properties
- New Construction Loan Program committed \$200,000 to one developer to finance LEED-certified single-family home.
- Interim Acquisition Loan Program committed eight interim acquisition loans and two land banking loans for six developers and one city.
- Commercial Loan Program committed \$500,000 for three projects along transit/commercial corridors in the Twin Cities
- 11 properties were land banked on behalf of three nonprofit developers, 2 for-profit developers, and one city

Case Study 4:

Atlanta/Fulton County Land Bank Case Study

In 1990, the Georgia General Assembly passed enabling legislation for local governmental land bank authorities, prompted by the growing inventory of abandoned tax-delinquent properties in inner-city Atlanta. The state legislation, modeled after similar in Kentucky, authorized execution of an interlocal cooperation agreement and creation of an independent legal corporation. Fulton County, Georgia and the city of Atlanta entered into the original Interlocal Cooperation Agreement in June of 1991. The most significant feature of the Atlanta Land Bank is that it possesses the power to extinguish all delinquent property taxes on parcels of land it acquires and conveys, a power no other land bank currently has. Initially, the power did not extend to property taxes levied by the school board, but a 1990 statutory amendment gave it the authority to waive those taxes as well with the school board's consent. Local school districts were given advisory members on the land bank board of directors following a 1994 amendment to the Interlocal Cooperation Agreement. In addition, the Atlanta Land Bank does not automatically receive title to properties that are

not successfully sold at a tax foreclosure sale. It has the option to bid at the sales, but in practice it only exercises that option when it anticipates an immediate reconveyance to a developer.

According to its website, the Fulton County/City of Atlanta Land Bank currently has an inventory of approximately 119 properties totaling some 49,000 acres with an appraised value of \$3 million and a tax assessed value of \$1.2 million.

Operations

Since 1994, the Atlanta Land Bank is a legal corporation separate from the governments of both Fulton County and the city of Atlanta. As such, it has an independent Board of Directors and its own full-time staff. Participating local governments each appoint two members to the Board. Under the Georgia structure, a land bank authority may consist of two or more municipalities in a county, together with the county in which they are located, so the size of the board is limited only by the number of parties to the interlocal agreement. The city and county school districts may appoint a representative to the board in an advisory capacity. All members of the board are required to be residents of the local jurisdictions served and to have demonstrated special interest, experience or education in urban planning, community development, finance or related areas.

General operating budget support is provided through annual appropriations of the participating local governments, which draw upon Community Development Block Grant funding for the allocations, and the land bank derives little, if any, funding from its operations. Proceeds from sales are required to be distributed back to the participating governments to cover the original tax delinquency, with any excess allocated for operational expenses. This funding structure reflects the policy decision that the land bank's activities should be focused on immediately transferring properties at nominal prices to facilitate development in the manner most consistent with the land bank's stated goals, such as the creation of affordable housing.

Property Acquisition

The Atlanta Land Bank has the authority but not the obligation to tender the minimum bid at a tax foreclosure sale (by agreeing to assume responsibility for the amount of taxes that it subsequently extinguishes), and acquires the property only if there is no higher bid. The land bank also has the authority to direct the tax commissioner to initiate tax foreclosure proceedings on specific parcels of property, as well as the authority to receive properties acquired by the local government as the result of drug law forfeitures, and any and all properties in addition to tax-foreclosed properties that the local governments may wish to convey. The land bank may receive property via donation, and it has the power to exchange property for the purpose of land assembly.

In 2007, in response to the collapse of the housing market, the Atlanta Land Bank in partnership with Atlanta's CDCs developed a depository agreement program that allowed the organizations to transfer properties from their inventories to the land bank. Due to economies of scale, property maintenance costs are better controlled by the land bank. The program proved to be a perfect vehicle to assist local governments and other non-profits as they are faced with the glut of foreclosed and other REO properties in the wake of the economic collapse. The program allowed non-profits to better utilize NSP funds to acquire and bank properties suited for future redevelopment and neighborhood stabilization.

Asset Management

The Atlanta Land Bank is required by law to inventory, appraise and classify according to potential uses all properties it holds and make such records publicly available. It is granted the authority to "manage, maintain, protect, rent, lease, repair, insure, alter, sell, trade, exchange or otherwise dispose of any property."

Property Disposition

The Atlanta Land Bank's main function, rather than holding properties to which it acquires title, is to waive delinquent property taxes if the property is acquired by an approved party to be used for a specific purpose. Any person or entity interested in acquiring a tax-delinquent piece of property from its current owner can enter into an agreement with the land bank providing that if the purchaser acquires the property subject to the outstanding taxes, it will convey the property to the land bank, which will extinguish the taxes and simultaneously reconvey the property to the purchaser. This conduit transfer structure has the advantage of allowing nonprofit CDCs and for-profit entities to identify and

acquire tax delinquent parcels at relatively low cost, knowing that the taxes will be extinguished. The land bank is able to facilitate transfers of properties without the need to own them for extended periods of time and with no costs for property maintenance. Thus, no title questions arise about the adequacy of a tax foreclosure procedure because no tax foreclosure takes place. The conduit transfer process functionally uses the existence of delinquent taxes as a subsidy to encourage private-market transfers.

The Atlanta Land Bank gives first priority to “neighborhood non-profit entities obtaining the property for the production or rehabilitation of housing for persons with low incomes,” with second priority given to all other entities seeking to use the property for low income housing. On a regular basis, the land bank establishes applicable definitions of “low income” and “moderate income” to guide its preference for affordable housing. Habitat for Humanity and its affiliates has been the primary recipient of properties processed by the land bank, and the land bank processes an average of 100 to 150 properties per year. In addition, the land bank requires comments from Neighborhood Planning Units, which are politically established planning units, on proposed dispositions of property to remain accountable to the local people.

Land Bank Best Practices

By reviewing the case studies and understanding the different models employed geographically, a set of best practices can be gleaned in order to inform future decisions in the Chicago region.

- 1) Land Banks do more than just hold land. All three land banks, Cuyahoga County, Twin Cities, and Genesee County have multiple programs in place where the land bank is involved in rehabilitating, demolishing, selling, remediating, and helping to plan for the reuse of the properties in their possession.
- 2) Establish ways to work across jurisdictions effectively. The Cuyahoga County land bank maintains MOUs with multiple jurisdictions in the county. The MOU frames the partnership between the county and city and establishes the priorities for property management, demolition, notices, etc. In addition, it allows municipalities to guide decisions on the future of its properties. If the parcel goes through foreclosure, the city has the right to buy the parcel prior to the land bank claiming ownership. It also has priority acquisition to acquire a property within 30 days after it enters the land bank through another process.
- 3) Multiple streams of funding are necessary. Government funds or other outside funds could be used for property acquisition and rehabilitation, which occurred in Cuyahoga County. Funding could also be acquired through interest and fees received on loans as in the case of the Twin Cities. Tax recapture can also be used as an innovative policy tool for funding land bank operations. In Genesee County 50% of property taxes of formerly land banked parcels are returned to the land bank for the first five years after they are sold.
- 4) Property acquisition should be permitted through many avenues. Land banks should be able to acquire properties in different ways, ranging from voluntary donations to transfers from private owners and local and federal government. Cuyahoga County, Genesee County, and the Twin Cities all allow for this to occur.
- 5) Develop public/private partnerships. In Cuyahoga County, public/private partnerships were developed as a way to acquire vacant land beyond the reformation of the Tax Sale process. Government entities such as HUD, and Fannie Mae, in addition to private lenders donated or sold properties to the land bank for a minimal fee, so that they could be demolished or rehabilitated. Public/private partnerships can also be used to fund and manage renovations, leasing, and other forms of property management.
- 6) Use technology to understand the inventory and maintain an up-to-date view of vacant properties. Cuyahoga County has a property profile system that connects to multiple databases, such as the auditor, treasurer, title companies, clerk of courts, demolition and building code departments, and city permit filings. Users can find property characteristics, land bank parcels, and construction permits.
- 7) Establish an approved list of contractors, developers, and rehabbers to maintain, rebuild, and demolish land bank properties effectively and efficiently. Twin Cities has a good model for identifying and certifying the people with which they work.
- 8) Restructure the delinquent tax sale process. Streamlined tax sale foreclosure processes in both Genesee County and Cuyahoga County reduced speculators profiting from the tax sales and helped land banks directly acquire tax-delinquent property, with both high and low market values. This allows the land bank to receive a mix of properties so that properties with high value can subsidize the low value inventory.