County Land Banks: A Tool to Revitalize Our Communities

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Thriving Communities Institute

• Formed in 2011 to extend the Conservancy’s mission into urban areas
• Establish county land banks throughout the WRLC footprint, then through the state of Ohio
• Seek funding for demolition or rehabilitation of blighted properties
• Impact state and federal policies regarding demolition and rehabilitation of vacant and abandoned properties and revitalization of our communities
Ohio’s Challenges

- Foreclosures
- Vacancy crisis
- Population loss
- Crime
- Demolition Funding
- Loss of home equity
Land Banking in Ohio: History

- First authorized in 2008 for Cuyahoga County only
- Cuyahoga County Land Reutilization Corporation opened its doors in 2009
- Law amended in 2010 for counties with populations of at least 60,000
- Twenty-four county land banks currently incorporated in Ohio
- Effective September 29, 2015, population requirement is removed
- All counties are now eligible to form county land banks
24 county land banks, all with population over 60,000 (red)

17 counties have expressed some level of interest in forming a county land bank (blue)

45 counties just became eligible to create land banks
What is a County Land Bank?

• Private, non-profit corporation – not a county agency
• Special, community improvement corporation (R.C. 1724)
• Quasi-governmental (R.C. 5722)
• Created by government, but not government.
• Committed to public purpose
1. Take control of vacant and abandoned, tax delinquent properties
   • Land banks can immediately obtain properties from forfeited land list (did not sell at prior sheriff’s sale)
   • Can acquire properties through foreclosure (If taxes and charges > value, direct transfer to land bank)
   • Can accept deeds in lieu of foreclosure
10 Reasons You Need a Land Bank:

2. Demolish blighted buildings
   - Moving Ohio Forward funds – land banks were lead entity in many counties
   - Memorandum of Understanding with municipalities to remove blighted properties
10 Reasons You Need a Land Bank:

3. Rehabilitate structures for public or private use
   - Contract out rehab work, then sell
   - Direct sale to reputable contractor
   - Ensure that purchaser brings property up to code through deed in escrow program
10 Reasons You Need a Land Bank:

4. Transfer properties to qualified end-users
   • Establish policies regarding eligible purchasers
     ✓ Current in taxes on all properties owned within the county
     ✓ Property upkeep – no outstanding violations
     ✓ No prior tax foreclosures
     ✓ Financial ability to maintain property
     ✓ Other
10 Reasons You Need a Land Bank:

5. Put abandoned properties back on tax roll
   - Transfer to adjoining property owner
   - Permit expansion of business

Heinen’s Expansion – Warrensville Hts., Ohio
10 Reasons You Need a Land Bank:

6. Access demolition funds from Treasury
   - Demolition as valid use of Hardest Hit Funds previously limited to foreclosure prevention
   - OHFA allocated $60 million for demolition and greening – only available to land banks
   - Funding increased by another $13+ million
   - 21 of 22 land banks were awarded funds
10 Reasons You Need a Land Bank:

7. Reduce flipping of properties
10 Reasons You Need a Land Bank:

8. Assemble property
   • For local development
   • Hold harmless on EPA issues
   • City, school, library expansion
10 Reasons You Need a Land Bank:

9. Accept property donations from FNMA, HUD & banks
## 10 Reasons You Need a Land Bank:

10. Increase local property values

<table>
<thead>
<tr>
<th>Submarket</th>
<th>Return on $1 of demolition</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Functioning</td>
<td>$ 13.45</td>
</tr>
<tr>
<td>Moderately Functioning</td>
<td>$ 4.27</td>
</tr>
<tr>
<td>Weak and Extremely Weak Functioning</td>
<td>~ $ - 1*</td>
</tr>
<tr>
<td>ACROSS ALL MARKETS</td>
<td>$ 1.40</td>
</tr>
</tbody>
</table>

* Limited statistical significance on key distress variables in weaker submarkets limits predictive power related to demolition, thereby lowering robustness of findings.
Reasons **Not** to Create a Land Bank

1. Land banks require funding
   - Increase in DTAC fee (up to 5%) for land bank affects cities, schools, etc.
   - Property sales bring in limited revenue
   - Grant writing takes time and experience, limited grant funding available
Reasons **Not** to Create a Land Bank

2. Viewed as “more government” by some
   - Not a county agency, but often perceived as one
   - Fear that land banks interfere with individual property rights
Reasons Not to Create a Land Bank

3. Involves commitment of Board members
   - Success of land banks requires work – either board, staff or volunteers
   - In the initial stages, frequent meetings are required; once land bank is established quarterly meetings may suffice
4. City and/or township land banks already exist
   • Passive land banks are sufficient for city/township needs
   • These land banks can hold and maintain properties
   • Sufficient funding is available through city and township budgets to support land banks
Reasons *Not* to Create a Land Bank

5. No guarantee of additional demo funds
   - Moving Ohio Forward money (through A.G.’s office) wasn’t limited to counties with land banks.
   - Neighborhood Initiative Program funds already allocated to existing land banks.
   - Who will work to seek additional funding?
Resolution creating LRC and authorizing Treasurer to incorporate LRC

Resolution to designate LRC as agent of county and directs LRC to create an agreement & plan

Resolution to approve Agreement & Plan

Files Articles of Incorporation with Secretary of State

Organizational meeting
- Approve Code of Regulations
- Approve Agreement & Plan

LAND BANK READY TO BEGIN OPERATIONS
Structure of Land Bank Board

Board has 5, 7 or 9 members:

- Treasurer
- Two Commissioners
- One member from largest city
- One township member (if at least two townships have population >10,000)
- Others (if any) chosen by agreement of Treasurer and two Commissioners (one must have related experience)
County Land Bank Operations

- BANK REO’s
- DEED IN LIEU
- HUD
- GSE’s
- TAX FORECLOSED

PROPERTY TRIAGE

- RESPONSIBLE FOR
  - MOTHBALL
  - REHABILITATION
- RESALE TO RESPONSIBLE
  - QUALIFIED
  - BUYER/REHABBER
- PROGRAMS:
  - SIDE YARD
  - INFILL HOUSING
  - GREEN SPACE
  - URBAN GARDENS
- HOLD FOR
  - STRATEGIC
  - ASSEMBLY &
  - ECONOMIC
  - DEVELOPMENT
- DEMOLISH
Questions?