



# New Strategies: Land Banking and *Land Bank Authorities*



Dan Kildee  
President/Co-founder  
Center for Community Progress

*Seattle, Washington*

# What is Land Banking?

- *Land Banking* refers to the acquisition of land for the the purpose of holding or assembling for a future use.
- Can be private or public; strategic or speculative
- Property held is often referred to as a “land bank.”

# What is a Land Bank Authority?

- A **Land Bank Authority** is a public authority created for the purpose of acquiring, holding, improving, and disposing of foreclosed and other vacant, abandoned, or underutilized property.

# NSP and Land Banking

- **NSP 1: acquisition, rehabilitation, demolition**
- **NSP 2: all of the above purposes, also maintenance of non-productive “land banked” properties**

# Essential elements of an effective Land Bank:

- ① Connected to the tax collection and foreclosure process
- ② Scaled at the metropolitan level, or most diverse real estate market possible
- ③ Policy driven – transparent in policies and transactions
- ④ Emphasis on community engagement and participation

# 1) Tax foreclosure reform: *an essential element*

## *Michigan's former system*

- ❖ 4-7 year process
- ❖ No clear title
- ❖ Hundreds of owners
- ❖ Low-end speculation
- ❖ Indiscriminate foreclosure—  
homeowners at risk
- ❖ Contagious blight

## **PA 123 of 1999**

- ❖ 1-2 year process
- ❖ Judicial foreclosure/  
marketable title
- ❖ All liens and interested  
eliminated
- ❖ Hardship  
postponements allowed
- ❖ Strategic intervention

Liquidation vs. Investment....

2) Scaled at the metro level, or most diverse  
real estate market possible

- **Create internal subsidy** by connecting strong and weak market areas
- **Invest regional capacity** in communities with weak or compromised capacity (*lack of planning/development staff, borrowing capacity*)
- Create a **regional** economic model

### **3) Policy driven – transparent in policies and transactions**

- **Policy priorities determine use of land**
- **Policy determines priorities as to transferee**
- **Policy determines pricing and terms of transactions (land contracts, development agreements, deed restrictions, etc.)**
- **Decisions are predictable and transparent**
- **Governance and operations adhere to highest ethical standards**

## 4) Emphasis on community engagement and participation

- Engage citizens in planning process
- Engage community in oversight of Land Bank
- Invite criticism – *its coming anyway....*
- Formalize public reporting process
- Formalize community input (Citizens Advisory Council)
- Modify policies and procedures regularly based on experience and community input



## The Genesee County Land Bank

*Progress since 2003...*

- 9000 foreclosures (14% of Flint)
- 2950 foreclosure prevention cases
- Over 1000 Demolitions
- 2,300 sites maintained
- Over 900 properties in "Clean and Green" program
- 208 new units of housing built, 134 under construction
- \$66 million of redevelopment completed
- Over 4200 tons of debris removed since summer 2004

# Land Banks and Brownfield financing tools

- EPA and state assessment, loan and remediation funds
- Brownfield TIF Financing in Michigan
  - *scattered site*
  - *multi-jurisdictional*
  - *cross-collateralized*



Before

**Barbara Drive**  
*Flint*

**Tax foreclosed**  
**in 2003**

**Acquired for**  
**\$3,100**

**Rehabilitation**  
**cost: \$42,000**





After

**Sold in 2005  
to first-time  
homeowner  
for \$55,000**





## Catalytic project also serves as anchor for cross-collateralized Brownfield TIF remediation and development plan

- Durant Hotel:  
built 1920, abandoned  
1973
- Land Bank acquired  
2005 for \$200,000
  - \$30,000,000  
redevelopment  
commenced October  
2008



*Not only a land use model - rethink the economics of vacant and abandoned land...*

**It the economics (stupid..)**

- ✓ \$9.9 million in fee revenue
- ✓ \$8 million in land sale revenue
- ✓ \$13 million in tax capture financed investment
- ✓ Nearly \$31 million from “junk”

# Michigan State University Land Policy Institute

- 400 Genesee County Land Bank properties
- 2-year study of the impact of intervention on surrounding property values
- 26,000 properties affected
- \$3.5 million invested (demolition, cleanup)
- \$112 million in increased private value

<http://www.geneseeinstitute.org/reports/index.html>



**Dan Kildee**  
**Center for Community Progress**  
**dkildee@sbcglobal.net**

*[www.vacantproperties.org](http://www.vacantproperties.org)*

*[www.thelandbank.org](http://www.thelandbank.org)*

*[www.geneseeinstitute.org](http://www.geneseeinstitute.org)*