

Land Assembly/Land Banks

Strategy description

Local governments and non-profits use land assembly or land banking to acquire individual plots of tax-foreclosed or vacant property and reassemble them into larger, more marketable parcels. While land banks generally are used in older urban communities with significant inventories of abandoned property, they also are useful for safeguarding healthy communities from deterioration, for protecting land from excessive gentrification, and for assembling land for significant government or private investment. Land banks can make property redevelopment feasible in downward economic cycles as a stimulus for reinvestment and can reserve land for targeted purposes in upward economic cycles.

As compared with a community land trust, land banks generally hold land only temporarily, until sufficiently large parcels can be consolidated for redevelopment.

History of the strategy

Land banks were originally created over 30 years ago in response to growing numbers of vacant and abandoned properties in cities across the country. The earliest major land bank, the St. Louis Land Reutilization Authority, was created in 1971.

Target population

Land banks benefit the community generally, as formerly vacant or unused property, often a public health risk and an eyesore, becomes part of the community's revitalization efforts. Affordable housing built on property acquired by land banks target low- and moderate-income renters and homebuyers.

How the strategy is administered

- Land banks are usually enabled by state legislation. The majority of land banks are government entities, housed in one or more city or state agency; others are separate corporations with their own board of directors.
- Every land bank is designed to adapt to each specific community's needs. Some contract out the construction, others do this themselves.

How the strategy is funded

Funding can come from a number of sources, most commonly city or state funds generated by tax and bond revenue. Loans from banks or other financial institutions are also a common source of funding for land banks.

Extent of use of the strategy

Land banks are fairly widely used throughout the country, primarily in large cities but also in smaller cities and towns.

Locations where the strategy is being used⁷

- The St. Louis Land Reutilization Authority, the nation's first major land bank, was created in 1971.
- Ohio adopted state enabling legislation in 1976 that permitted creation of the Cleveland Land Bank.
- The City of Flint and Genesee County, Michigan created a land reutilization council in 2002 (this became the Genesee County Land Bank in 2004). Through a combination of tax foreclosure reforms, the Michigan Land Bank Fast Track Act, and amendments to the Brownfield Redevelopment Financing Act, the Genesee County Land Bank has acquired broad and flexible authority to acquire, manage, clear, demolish, rehabilitate and develop tax-foreclosed land.
- The Dallas Urban Land Bank Program develops affordable, single-family homes on vacant, tax-delinquent properties in Dallas neighborhoods. The City's goal is to acquire up to 2,000 unproductive, vacant, and developable lots to be "banked" for affordable housing development.
- Other locations include Louisville, KY, Atlanta, Macon, Savannah, and Valdosta, GA; Wyandotte County, KS; Omaha, NE; and Jackson County, MO.

Strategy results

- As of June 2006, the Dallas Urban Land Bank Program had identified 1,087 properties for tax foreclosure referrals, filed 474 suits, purchased 51 parcels, and sold 42 properties to community housing development organizations for affordable housing development.
- In a period of three years, the Genesee County Land Bank acquired 3,400 parcels, cleaned thousands of empty lots, and demolished hundreds of abandoned homes. The land bank has transferred at least 130 foreclosed, tenant-occupied properties to nonprofit housing organizations for preservation as affordable housing. In addition, the land bank has assembled hundreds of empty lots for city development projects, as well as local nonprofit and community organization projects.

Pros and cons to using the strategy

Pros:

- Uses previously developed property, reducing the impact on greenfields while at the same time improving areas that otherwise might be left abandoned and potentially hazardous.
- Revitalizes communities and neighborhoods by introducing new development that may include affordable housing and community facilities in areas previously blighted by abandoned property.

- Stimulates investment and growth.
- Can help resolve disputes regarding ownership of properties.
- Can be pragmatically adapted to the particular needs of a specific city.

Cons:

- It can be difficult to obtain approval from voters whose taxes will provide funding for land banks.
- Streamlining processes involved in purchasing, rehabilitating, and selling tax-foreclosed and/or vacant property can prove challenging.
- Holding vacant land or abandoned properties can be costly.
- Predevelopment costs can be especially difficult to fund (e.g., environmental assessments).

Sources of information about the strategy

- “Combating Problems of Vacant and Abandoned Properties: Best Practices in 27 Cities,” United States Conference of Mayors. June 2006. Available at <http://content.knowledgeplex.org/kp2/cache/documents/1911/191145.pdf>
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