

APRIL 1, 2020

Land Banking in the Commonwealth

A Land Bank Primer for Virginia



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What is a Land Bank?



Land banks are landholding entities that obtain properties and determine the terms of their transfer.

Land banks steward properties, from acquisition to disposition.



The 1970s

Land banking was developed as a streamlined pathway to return vacant, abandoned, and tax delinquent property into productive use.

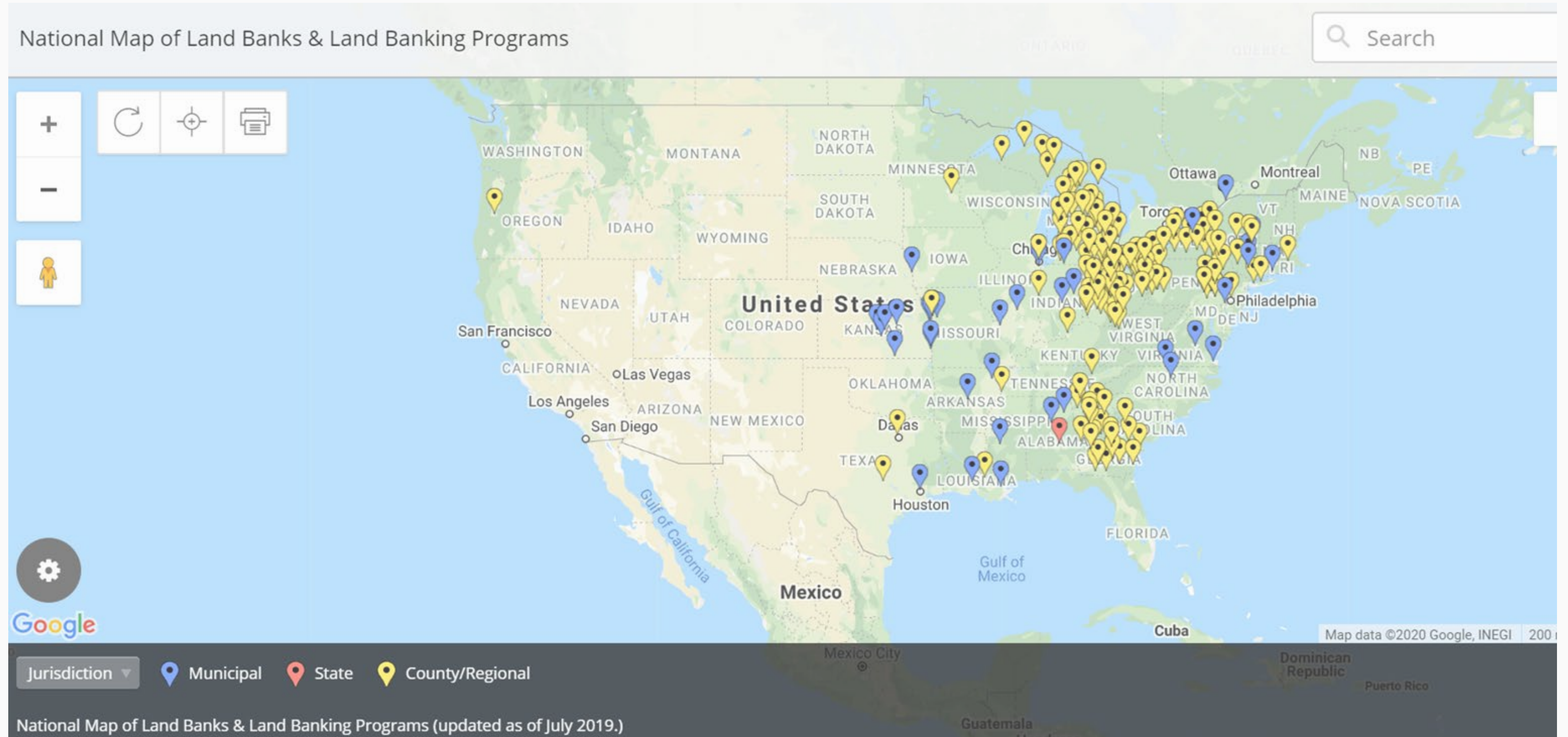


Land Reutilization Authority: St. Louis, MO 1071



Source: Center for Community Progress

Land Bank Information Headquarters



The Power of Land Banks

To help them realize their mission of returning properties to productive use, land banks have a variety of abilities, which may include:

- Holding land as tax exempt
- Low or no cost of transfer from locality
- Ability to clear title and extinguish back taxes
- Ability to set priorities for transfer to end users
- Funding through tax recapture



Why Do Localities Form Land Banks?

Land banks are flexible tools with a range of uses, such as:

- Eliminating and remediating "blighted" properties
- Responding to local goals for land use
- Stimulating reinvestment
- Returning delinquent properties to a locality's tax base
- Improving market conditions



Why Do Localities Form Land Banks?

Land banks are flexible tools with a range of uses, such as:

- Staving off speculative real estate practices
- Environmental preservation
- Preservation of affordable housing
- Land equity
- Environmental remediation (brownfields)





Source: Nantucket Land Bank



Brownfield Site Remediation



**Land banks can be a program
of a public agency or a
standalone nonprofit
corporation...**

**...as well as being either
local or regional**



Programs of existing public agencies

- Redevelopment authorities
- Municipal housing departments
- Planning departments

Single-purpose agencies

- Standalone public agency or nonprofit corporation
- Existing nonprofits can be designated
 - TAP in Covington, Roanoke
 - Maggie Walker CLT in Richmond, Chesterfield, Henrico



Local

- Inter-municipal agreements between nearby localities
 - Pennsylvania's
 - Tri-COG Land Bank in Alleghany County
 - Shared goals, streamlined property management

Regional

- Statewide/regional networks and associations
 - New York, Michigan LBAs have 20-30 individual land bank members
 - Policy, advocacy goals



How are Land Banks Funded?

Having a dependable funding stream is crucial for a land bank's success

- **Virginia:** 50/10 Tax Recapture
 - Up to 50% of taxes over 10 years
- Sale of market value/commercial property
- State or locality-wide grants
- In-kind assistance (especially for land bank authorities)

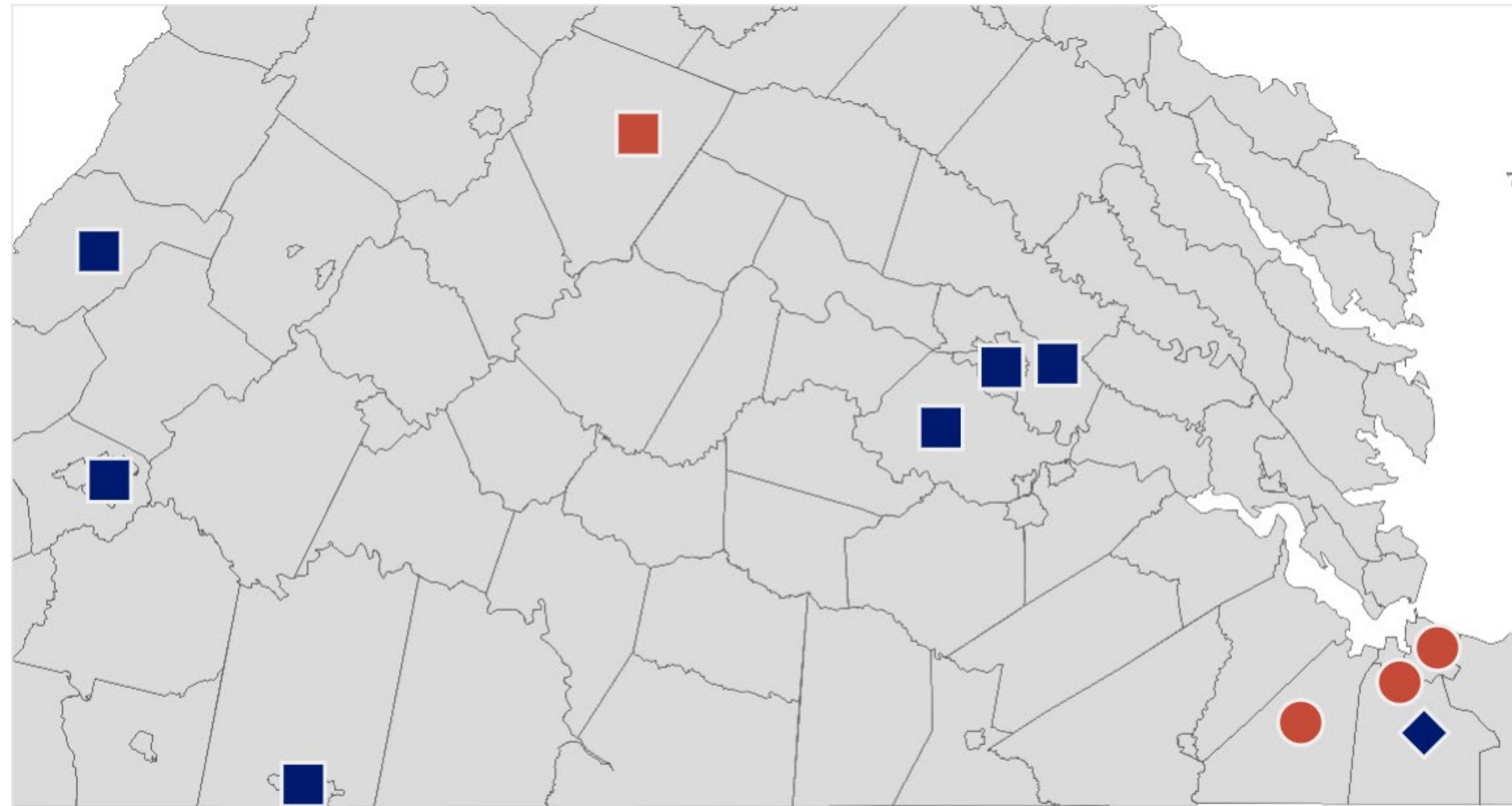


- **New York & Michigan: 50/5 Recapture**
 - Allows land banks to "capture" 50% of taxes returned to tax rolls for 5 years
- **Ohio: Delinquency Tax Assessment Collection (DTAC)**
 - 5% fees incurred on delinquent taxes
- **Martha's Vineyard & Nantucket (Mass.): 2% tax on most real estate transactions**



Land Banking in Virginia

Land Banks across Virginia



© 2020 Mapbox © OpenStreetMap

Status	In place	Under consideration	
Type	Authority	Nonprofit	TBD

Updated as of 01 April, 2020



**What you
should know
before starting
your land bank**



The Fine Print: Land Bank Entities Act Code of Virginia - Chapter 75

§ 15.2-7501: Creation of land bank entities by localities.

Under state enabling legislation,
localities may form land banks one of three ways:

By creating a land bank **authority** — a department of local government;

By creating a **corporation** — a standalone nonprofit; or


By designating **an existing nonprofit** to ~~serve as land bank~~



The Fine Print:

Land Bank Entities Act

Code of Virginia - Chapter 75

- § 15.2-7502: **Public hearing required** with weekly advertisement for 2 successive weeks
- § 15.2-7503: When a land bank is created by a locality, they must elect a governing board of **5 people minimum**
- § 15.2-7504: The board can appoint an ED, and enter into  contracts for staffing services with locality

The Fine Print: Land Bank Entities Act Code of Virginia - Chapter 75

- § 15.2-7505: **No board members and employees can acquire a financial interest in a land bank property**
 - Revised in 2020 by HB1369: Regarding contracts for materials or services, members of a land bank entity are now subject to the State and Local Government Conflict of Interests Act
 - The board may also adopt its own additional COI



The Fine Print: Land Bank Entities Act Code of Virginia - Chapter 75

- § 15.2-7506: Land bank entities can...
 - **Accept real estate** from any source (see § 58.1-3965 for tax delinquent properties)
 - **Accept donations and grants** from any source
 - Design, develop, construct, demolish, reconstruct, rehabilitate, relocate, improve real property
 - Fix, charge, and collect rents, fees, and charges for use of real property
 - **Grant or acquire** licenses, easements, leases or options
 - **Enter into partnerships** for the ownership, management, development, disposition of property



The Fine Print: Land Bank Entities Act Code of Virginia - Chapter 75



- § 15.2-7507: Can acquire property by gift, transfer, exchange, purchase, from localities, private donors, etc.
- § 15.2-7508: Disposition of property
 - Property must be maintained in a **public database**
 - The land bank can **determine priorities/policies** around disposition
 - **Localities** may also determine their own



The Fine Print: Land Bank Entities Act Code of Virginia - Chapter 75

- § 15.2-7509: Financing of operations
 - In Virginia, land banks have the ability to **recapture up to 50% of real estate taxes on** on properties they have conveyed, **for up to 10 years**



The Fine Print: Land Bank Entities Act Code of Virginia - Chapter 75

- § 15.2-7510: Land banks are **exempt from taxes or assessments**
- § 15.2-7511: Can be dissolved after 60 calendar days with 2/3 majority and written public notice, all debts and obligations having been fulfilled
- § 15.2-7512: An **existing nonprofit can be designated** as a land bank, after a public hearing has been held





Richmond, Virginia

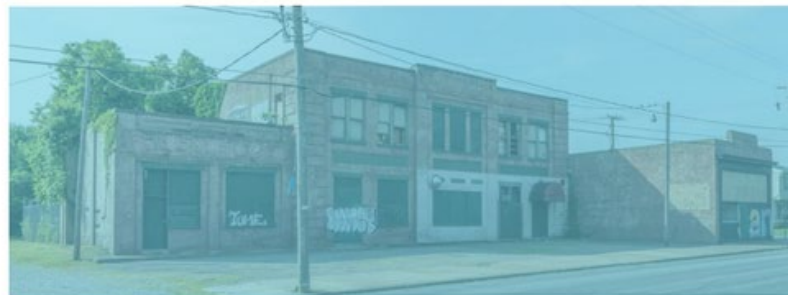
Established: 2017

A program of the Maggie Walker Community Land Trust, a 501(c)3 nonprofit organization

Nation's first combined CLT/land bank 



The Richmond Land Bank
Annual Plan July 2019 – June 2020



A core mission of The Maggie Walker Community Land Trust



- Creation of affordable and permanently affordable housing
 - Urban gardens, green space, public spaces
 - Retail/industrial commercial activities
 - Historic preservation
- Citizen's Advisory Panel
 - Land use and disposition
- Annual plan



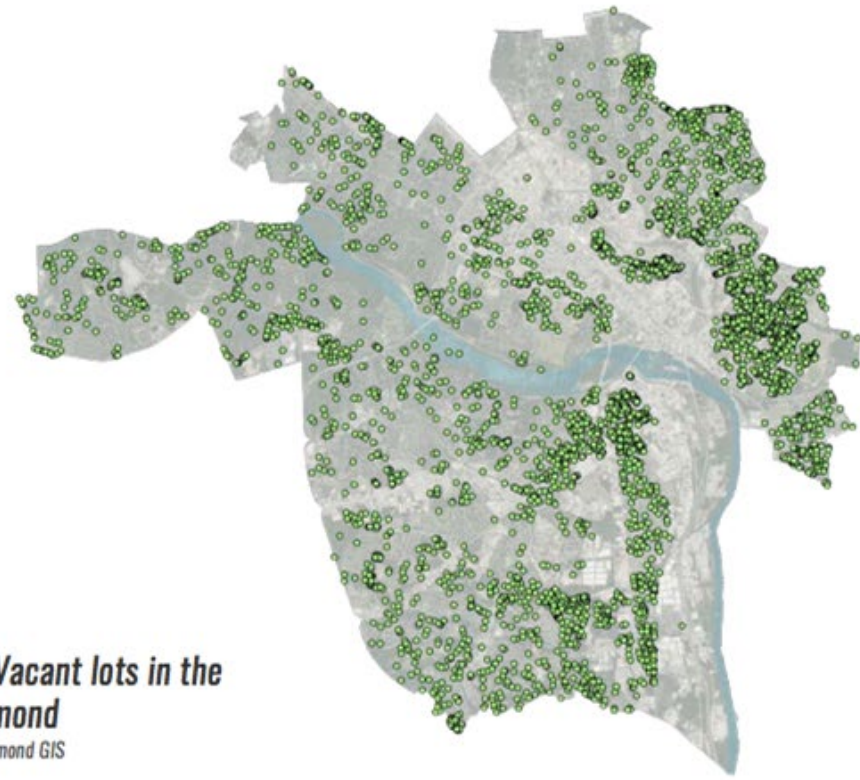


FIGURE 04: Vacant lots in the City of Richmond

SOURCE: City of Richmond GIS

There are more than **5,000** undeveloped residential lots and more than **3,100** vacant buildings in the City of Richmond.

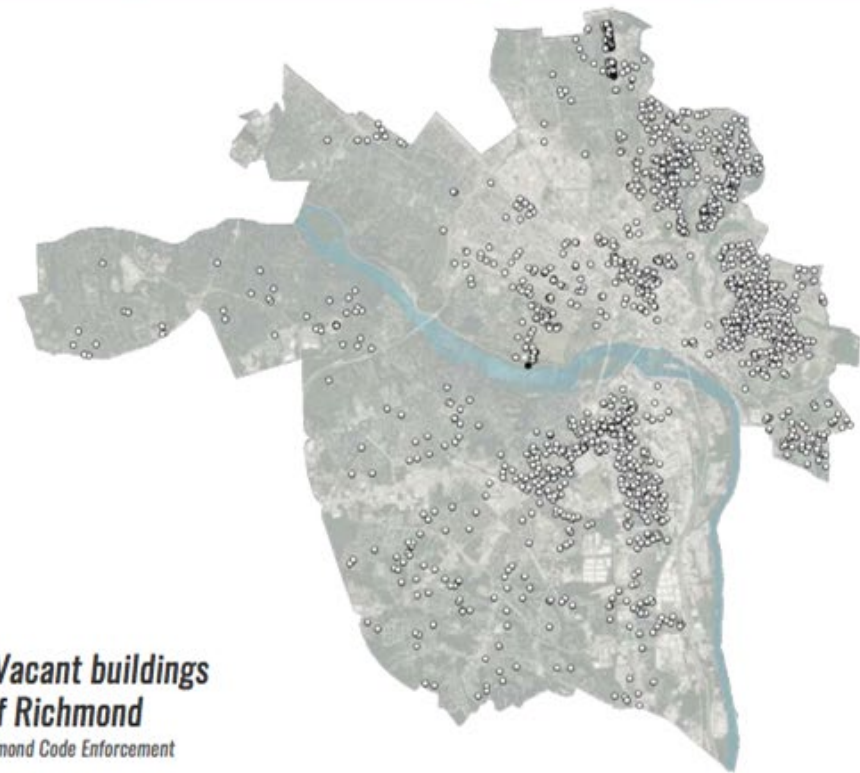


FIGURE 05: Vacant buildings in the City of Richmond

SOURCE: City of Richmond Code Enforcement

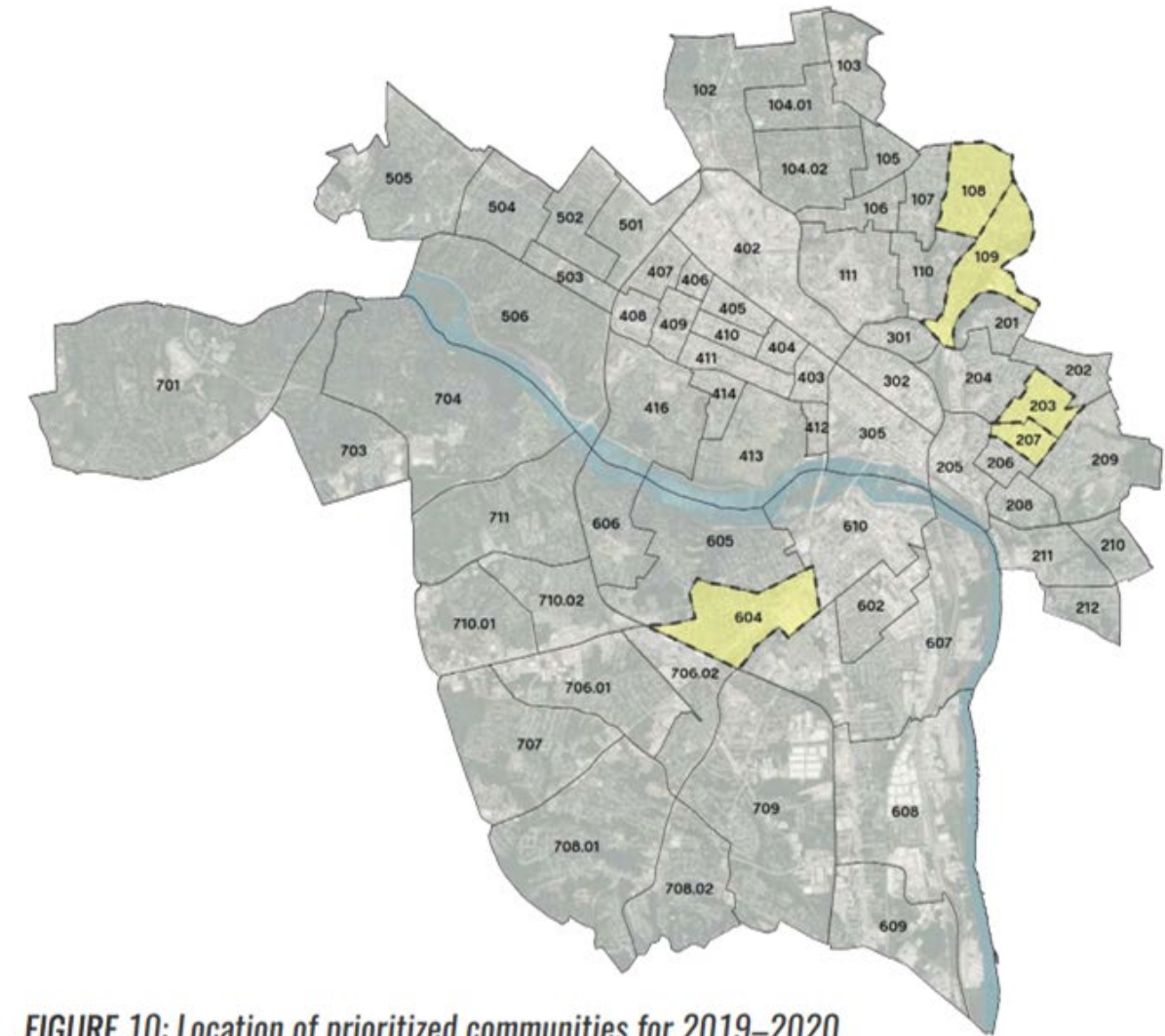
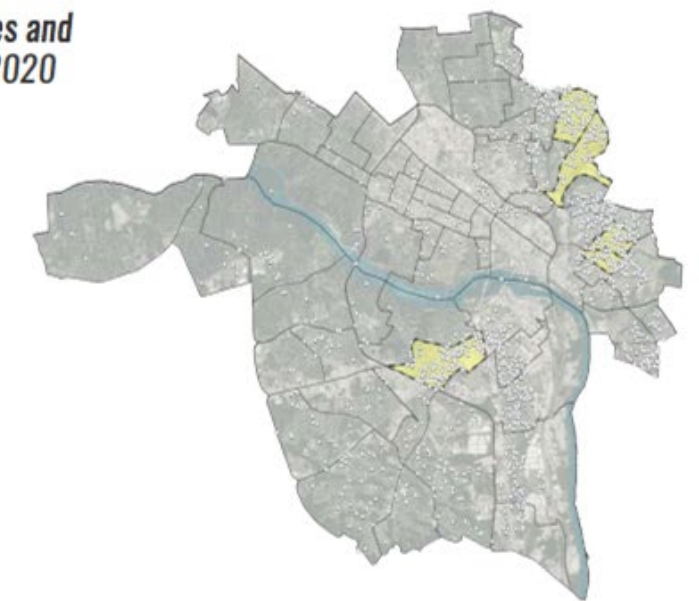


FIGURE 10: Location of prioritized communities for 2019–2020

Number labels show census tract codes

FIGURE 11: Tax delinquent properties and prioritized communities for 2019–2020

SOURCE: City of Richmond Finance Department





Stronger Together:

The Future of Land Banking in Virginia

Shared goals and values:

- + Be effective and efficient while substantially increasing the quality of properties.
 - + Catalyzing development in areas where needed
- + Improve the quality of life from the locality level all the way through neighborhoods, communities, families and individuals

Updates to legislation:

Looking forward, can we make legislative changes to widen our impact?

- + Land bank specific allocations to Virginia Housing Trust Fund
- + Joint proposal for federal level funding

Any Burning Questions?

For further research, technical assistance, best practices, and more, make sure to check out the Land Bank Information Headquarters at communityprogress.net





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