

Turning Vacant Spaces into Vibrant Places

Georgia Land Bank Authorities

**Georgia Initiative for Community Housing
September 12, 2012**

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Land Banks and Land Banking

I. What, When, Why and Where

II. 2012 Georgia Land Bank Act

III. The Valdosta Story

The Costs of Vacancy, Delinquency and Foreclosure

Vacancy or delinquency lowers values within 500 feet by 2.1%

Vacancy and delinquent lowers values by 2.7%

Foreclosed but not delinquent or vacant lowers values by 3.9%

Foreclosed and vacant or delinquent lowers values by 6.1%

Foreclosed, vacant and delinquent lowers values by 9.4%

Stephen Whitaker and Thomas J. Fitzpatrick IV, *The Impact of Vacant, Tax-Delinquent and Foreclosed Property on Sales Prices of Neighboring Homes*, Federal Reserve Bank of Cleveland (Oct. 2011).

I. Definition

A land bank is a governmental entity that focuses on the conversion of vacant, abandoned, tax-delinquent, and foreclosed properties into productive use.

I. The focus is on:

Surplus public property

“Below water” properties

Abandoned properties

Tax delinquent properties

I. Triggers for Creating a Land Bank

- ✓ Fragmented inventories
- ✓ Large inventories of abandoned/vacant property with little market value
- ✓ Ineffective tax foreclosure procedures
- ✓ Code violations
- ✓ Title problems
- ✓ Property disposition requirements

I. The Evolution of Land Banks

St. Louis (1971)

First Generation

→ Cleveland (1976)

→ Louisville (1989)

→ Atlanta (1991)

→ Genesee & Michigan (2002)

Second Generation

→ Cuyahoga & Ohio (2008)

→ New York (2011)

Third Generation

→ Georgia (2012)

→ Kansas City (2012)

I. *Existing Georgia Land Banks*

- ✓ Fulton County/City of Atlanta LBA
- ✓ Savannah/Chatham County LBA
- ✓ Macon/Bibb County LBA
- ✓ Valdosta/Lowndes County LBA
- ✓ Augusta/Richmond County LBA
- ✓ Columbus/Muscogee County LBA
- ✓ DeKalb Regional LBA
- ✓ Statesboro/Bulloch County LBA
- ✓ Dalton/Whitfield LBA
- ✓ Athens/Clarke County LBA
- ✓ Rome/Floyd County LBA
- ✓ LaGrange/Troup County LBA
- ✓ Thomasville/Thomas County LBA
- ✓ Griffin/Spalding LBA
- ✓ Thomson/McDuffie LBA

I. Georgia Land Bank Law 1991—July 2012

- ✓ Limited ability to collaborate regionally
- ✓ Limited financing mechanisms
- ✓ Limited flexibility

II. 2012 Georgia Land Bank Act

- ✓ Advocacy effort led by Georgia Association of Land Bank Authorities (GALBA)
- ✓ Signed by Governor Deal in May 2012
- ✓ Third generation land banking legislation
- ✓ Allows for creation of multi-county/city regional land banks
- ✓ Self-financing mechanisms, locally determined priorities

II. The Georgia Land Bank Act: Creation

Parties that may create a Georgia Land Bank.....

- ✓ 1 County + participating city located in county
- ✓ Multiple counties + participating cities in each county
- ✓ 1 Consolidated government
- ✓ Consolidated government/s + county/counties + participating city/cities

II. The Georgia Land Bank Act: Creation

Steps to create a Georgia Land Bank....

- ✓ *Passage of ordinance and IGA
(if consolidated government alone then no IGA)*
- ✓ *Appointment of board members*
- ✓ *Adoption of by-laws and policies and procedures*

II. Georgia Land Bank Act: Board

- ✓ 5-11 member board (odd number)
- ✓ Public officers eligible to serve
- ✓ Members serve without compensation
- ✓ Majority of Board is quorum for conduct of business
- ✓ Certain matters require approval of entire board such as disposition of property over 50k

II. The Georgia Land Bank Act: Powers

- ✓ Acquire property through tax sales, donation, market-purchase
- ✓ Contract, invest, borrow money
- ✓ Manage, maintain and hold property
- ✓ Extinguish delinquent taxes with school board consent
- ✓ Dispose of property in accordance with local priorities
- ✓ No eminent domain or taxing power

II. Georgia Land Bank Act: Acquisition

- ✓ Tax sales
 - ✓ Donation
 - ✓ Purchase
 - ✓ Municipal transfer

Upon acquisition land bank property is . . .

- ✓ Tax exempt
 - ✓ Listed in public inventory
 - ✓ Maintained in accordance with local law

II. Georgia Land Bank Act: Disposition

- ✓ Dispositions subject to locally determined hierarchy of priorities
- ✓ Land bank may determine consideration required for conveyance
- ✓ Land bank board must set disposition policies and develop framework for strategic reuse

II. Georgia Land Bank Act: Financing

- ✓ Revenue from land sales, rent and/or partnerships
- ✓ Grants or loans from public and private sources
- ✓ Optional five year tax recapture program
- ✓ Transfer of tax lien digest to land bank

A Note on Foreclosures & REO

- ✓ NSP Funding provided a key link to REO acquisition
- ✓ Lenders and servicers are increasingly sensitive to holding costs including code enforcement and vacant property registration
- ✓ Lenders and servicers are increasingly exploring donative transfers to land banks

III. The Valdosta Story

- ✓ Valdosta-Lowndes County Land Bank Authority was established in 1999
 - ✓ Acquisition and disposition of property to Habitat for Humanity
 - ✓ Vehicle for acquiring and disposing of vacant and/or tax delinquent properties for in-fill development.
 - ✓ \$300,000 local assistance grant for authority start-up costs.

Fellowship Place Subdivision and Community Park Project Structure

- ✓ 1999 CHIP grant used for down payment assistance
- ✓ Structured as a second mortgage in the form of a deferred payment loan (DPL)
- ✓ Acquired the property and \$30,000 price used as additional grant leverage
- ✓ Construction costs and value of volunteer hours also used as grant leverage

Fellowship Place Subdivision and Community Park Project Structure

- ✓ Properties deeded to Habitat
- ✓ Easy living designs adapted
- ✓ Total of twelve new first time homebuyers
- ✓ Local Development Fund used to construct park on adjacent abandoned railroad right-of-way
- ✓ 2001 Magnolia award winner from DCA

Fellowship Place Subdivision and Community Park



Fellowship Park



Cypress Street and Short Street Historic Districts Project Structure

- ✓ 2001 CHIP grant and 2001 SHOP grant
- ✓ Involved 13 in-fill properties with substandard structures with utilities in place
- ✓ City funded demolition and clearance of structures
- ✓ CHIP funds used again as a DPL & SHOP grant used to acquire properties

Cypress Street and Short Street Historic Districts Project Structure

- ✓ New designs and materials approved by the Historic Preservation Commission
- ✓ Habitat for Humanity constructed the homes
- ✓ Established new demolition policy for property donation to the land bank authority or non-profit that builds affordable housing

Short Street Historic District



Cypress Street (Before)



Cypress Street (After)



Jimmy Carter Work Project 2003

- ✓ Property donated by the JN Bray Company for a fifty lot subdivision
- ✓ Funding structure includes \$800,000 CDBG, \$3000.000 CHIP, \$500.000 Habitat Mortgage Buy-back, SPLOST funds, Habitat volunteer construction
- ✓ Funds utilized to construct sewer outfall, infrastructure, lot preparation, and down payment assistance

Jimmy Carter Work Project 2003

- ✓ Five lots acquired by the Land Bank Authority for road right-of-way and housing construction
- ✓ Two lots deeded to the city and three lots sold to Habitat with a 10-year repayment period
- ✓ 2004 Magnolia Award winner presented by DCA
- ✓ 2005 Terrence DuVernay Award winner presented by NCDA

2003 Jimmy Carter Work Project

June 6, 2003



2003 Jimmy Carter Work Project

June 12, 2003



*2003 Jimmy Carter Work Project
August 21, 2003*



Acquisition for Industrial Expansion



Acquisition and Disposition for Community Facilities

- ✓ Authority acquired property from the City and deeded it to the Boys and Girls Club of Valdosta
- ✓ Property disposition allowed for expansion of the existing campus in the heart of the city
- ✓ Downtown Development Authority issued \$3 million in revenue bonds for the project
- ✓ Boys and Girls Club leveraged additional funds through new market tax credits and private funding to complete the project

Additional Administrative Work

- ✓ Staff has inventoried, assessed, and classified all city property
- ✓ Properties that are appropriate for development have been deeded to the land bank authority
- ✓ Property sales have been conducted
- ✓ Staff continues to review and acquire tax delinquent properties primarily within the HUD Designated Revitalization Area

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