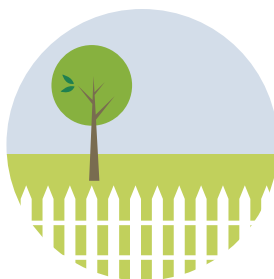


The  
**PENNSYLVANIA**  
**Land Bank**  
Resource  
Guide



by **Winifred M. Branton, Esq.** for the



**Housing Alliance  
of Pennsylvania**



Housing Alliance  
of Pennsylvania

## **The Pennsylvania Land Bank Resource Guide**

**April 2016**

**by Winifred M. Branton, Esq.  
for the Housing Alliance of Pennsylvania  
Liz Hersh, Executive Director**

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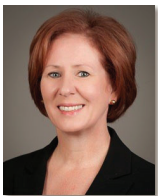
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## ABOUT THE AUTHOR

Winnie Branton is the Principal of Branton Strategies LLC, established in 2014 to help local governments, community development corporations and other non-profit organizations develop successful strategies for combatting blight and returning vacant, abandoned and tax-delinquent properties to productive use. She serves as the Program Manager and Trainer for the Housing Alliance of Pennsylvania's Land Bank Training and Technical Assistance Program. Through the program, Winnie educates local governments, non-profit organizations, and other stakeholders on Pennsylvania's Land Bank Law, and guides them in evaluating the use of land bank powers to reclaim and repurpose vacant, abandoned and tax-delinquent properties in their communities. She provides technical assistance on developing startup and operating plans, designing tax sale property acquisition strategies, and drafting formation documents. Winnie has worked with communities in Montgomery, Luzerne, Berks, Cambria, Mifflin and Delaware counties.

Prior to Branton Strategies, Winnie practiced environmental and land use law for more than 15 years, advising clients on regulatory compliance, permitting, land development, remediation, community relations, and government affairs. She started her legal career in Pennsylvania DEP's Office of Chief Counsel, and most recently served as Counsel with the boutique law firm of Land Air Water Legal Solutions LLC. She also practiced in the Environmental Groups at Ballard Spahr and Drinker Biddle & Reath. Winnie is Vice-President of the Board of Directors of the Pennsylvania Resources Council, Pennsylvania's oldest grassroots environmental non-profit organization. She received her J.D. from Temple University Law School and her M.A. in Public Administration from the Fels Institute of Government at the University of Pennsylvania.



Housing Alliance  
of Pennsylvania

## ABOUT THE HOUSING ALLIANCE OF PENNSYLVANIA

Founded in 1985, the Housing Alliance of Pennsylvania is a statewide membership and advocacy coalition that provides leadership and a common voice for policies, practices and resources to ensure that all Pennsylvanians, especially those living with low incomes, have access to safe, decent, accessible, and affordable homes.

Today seen as a leading expert on blight policy, the Housing Alliance published its first research report in 2003. *Reclaiming Abandoned Pennsylvania* became an agenda for the new blight tools that have now become law including Blighted and Abandoned Property Conservatorship, Land Banks and Property Donation. The most recent publication, *Blight to Bright* (2014), has had 70,000 page downloads since its publication. The Housing Alliance created and hosts the PA Blight Library at <http://www.pablighlibrary.com/>.



# Introduction

“Land is often our greatest legacy for future generations; land banking is a tool to preserve land as an asset that contributes to the well-being and prosperity of a community.”

Kim Graziani, Vice President and Director  
of National Technical Assistance,  
Center for Community Progress

Vacant, abandoned, and tax-delinquent properties undermine the fabric of Pennsylvania communities, impose significant costs on local governments, destabilize neighborhoods, and erode property values. Many are located in cities and towns that have suffered significant losses of people, jobs, and economic opportunities over several decades. To halt further decline and spur community reinvestment, we know that we must eliminate the blight that vacant, neglected properties cause and convert them into community assets.

Today in Pennsylvania, roughly 300,000<sup>1</sup> vacant properties are waiting to be transformed into great places. Many are abandoned, neglected, and tax delinquent. They are untapped resources that can

provide land for community-driven redevelopment, whether residential, commercial, industrial, or recreational.

Repurposing vacant, abandoned, and tax-delinquent properties and returning them to the tax rolls is not easy. Fragmented ownership, clouded titles, and tax liens create obstacles. In weak real estate markets, improving properties or even keeping them up to code is not always economically feasible. As a property deteriorates, code violations ensue and liens mount, often exceeding the value of the property and rendering it dead to the market. Tax-delinquent properties cycle through a system of sales and auctions that prioritize revenue over their highest and best use or community will.

<sup>1</sup> The 2010 U. S. Census documents 384,145 vacant non-seasonal housing *units* in Pennsylvania. There is no official count of vacant buildings. Besides these vacant homes, Pennsylvania has a significant (but uncounted) number of vacant commercial and industrial structures, as well as vacant parcels of land.

They frequently wind up in the hands of owners who have no solid plans, or ability, to carry out maintenance or rehabilitation.

Now, thousands of problem properties<sup>2</sup> sit idle. But community leaders across the state are not sitting idly by. Their vision for a better community impels them to explore new strategies and to experiment with tools that can transform vacant, abandoned, and tax-delinquent properties into great places.

Although addressing blight is a local concern, the solutions are largely enabled by state law. Over the past decade, the Pennsylvania General Assembly has, in response to demand by local communities and successful advocacy by the Housing Alliance of Pennsylvania, begun to modernize antiquated laws that impede local efforts. New laws have begun to weave a policy infrastructure to transform blighted and abandoned properties into several positive forms:

- High-quality homes that people can afford
- Gardens and farms for fresh food
- New businesses and industries that create local jobs

The most significant new law is the Pennsylvania Land Bank Act.<sup>3</sup> Enacted in 2012, the act authorizes the creation of land banks, which are public agencies whose mission is to return problem properties to productive use.

Land banks are a proven tool by which local and county governments can address problem properties. Their new availability in Pennsylvania is a game-changer. A land bank has significant powers, including the ability to extinguish liens (with the approval of the taxing bodies); clear title; hold a

property tax-exempt and do so without amassing additional liens; and sell, transfer, lease, or mortgage property for any amount or form of consideration as well as for any future use that it determines to be appropriate. The powers go far beyond what a redevelopment authority can do.

Pennsylvania land banks can help municipalities more effectively put blighted properties back into productive use by acting as start-to-finish hubs. The law creates a framework for positioning a land bank as the single entity to take charge of addressing the problem of blighted properties and to serve as a center for planning and program coordination across government departments and with other public agencies whose mission includes blight remediation and redevelopment. These include property maintenance code enforcement, housing and community development, law and revenue departments, and redevelopment authorities and other organizations that have sometimes had to respond piecemeal to blight. At the same time, a land bank can be staffed with existing resources and folded seamlessly into the operation of these other entities as long as it is legislatively established in accordance with the statute and has a separate board. In other words, it brings new powers without necessarily expanding local government.

Problem properties represent an enormous economic and community development opportunity for Pennsylvania. Forward-thinking local leaders are taking stock of such properties and imagining what their communities might look like if they could replace blight with parks and recreational amenities, new businesses and industries, and affordable and accessible housing. Land banks can help local governments capitalize on this opportunity by creating a modern, transparent, and efficient system for recycling underused properties on a community-wide scale and getting

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<sup>2</sup> The term “problem properties” was coined by the Center for Community Progress and refers, collectively, to vacant, abandoned, and tax-delinquent properties.

<sup>3</sup> The act of October 24, 2012, P.L. 1239, No. 153, codified at 68 Pa.C.S. §§ 2101–2120.

them back onto the market and into productive use. They represent an upfront investment that can spur a range of economic activity through construction, demolition, new business, and housing.

Land banks establish the use of blighted properties according to local goals, priorities, and plans. They are transparent and accountable to residents. And they can be instrumental in establishing a comprehensive approach to blight that most communities lack.

But how? Where do you start? How do you know what to do?

The purpose of this guide, developed by the Housing Alliance, is to provide community leaders, county and local government staff, and elected officials with a self-help resource to assess whether a land bank is right for you and, if so, how to proceed. It offers a comprehensive guide to (1) assess whether you need a land bank in your community and whether it is likely to be successful, (2) plan and organize a land bank, and (3) start up and operate a land bank. The guide also provides case studies of several Pennsylvania land banks and provides sample documents, such as ordinances, business plans, bylaws, budgets, audits, and more that you can adapt and use. It is organized into five sections and an Appendix:

**Section 1** provides an overview of Pennsylvania's Land Bank Act.

**Section 2** offers methods to assess whether your community might benefit from a land bank.

**Section 3** lays out a guide for planning and organizing a land bank.

**Section 4** presents strategies for starting and operating a land bank.

**Section 5** identifies lessons learned and explores three case studies.

**The Appendix** lists the resources referred to throughout the guide. The documents listed in the Appendix and an extensive collection of supplemental documents are available online at [www.pablighlibrary.com](http://www.pablighlibrary.com).

This guide is a compilation of the materials developed, information gathered, and insights gained from working with communities across Pennsylvania to explore the power and potential of land banks. It builds and expands on the Housing Alliance's 2014 publication *From Blight to Bright: A Comprehensive Toolkit for Pennsylvania*. Besides providing research, expertise, and coalition-building that was instrumental in enacting the land bank legislation, the Housing Alliance has been called on throughout the state to hold dozens of briefings, trainings, and workshops on blight and land banking. Most recently, our team of trainers has assisted with the preparation of business plans, ordinances, and policies and procedures, and offered other technical support on land banking to more than 40 Pennsylvania communities. This guide enables community leaders to benefit from our body of experience and expertise.

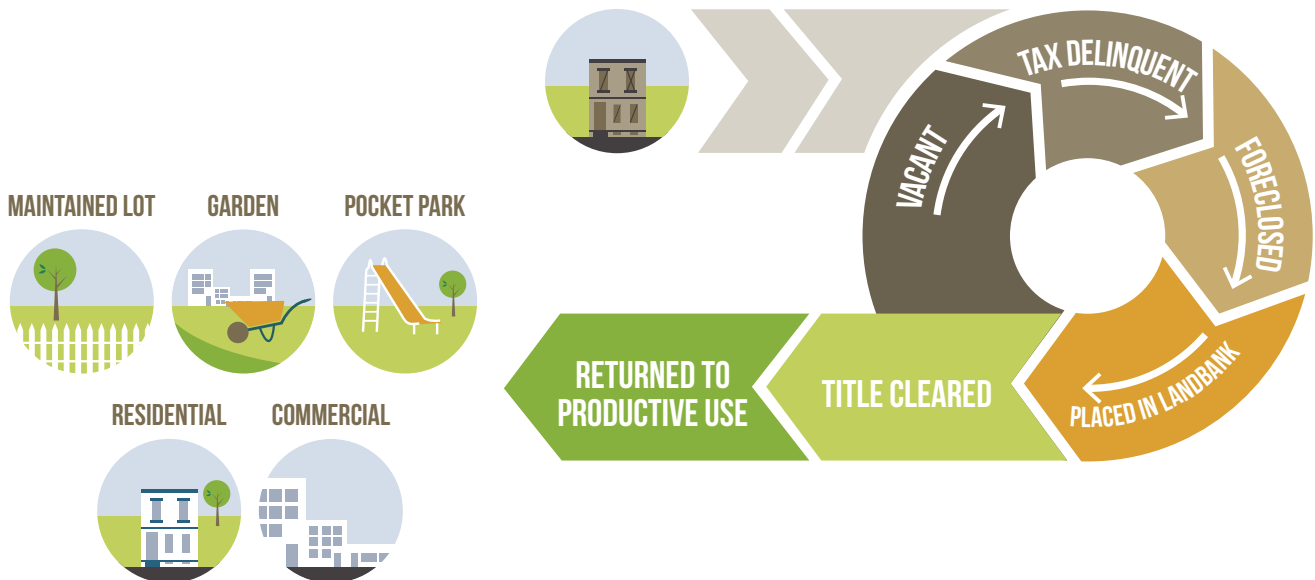
We hope the guide fosters the exchange of information and the experience of local, state, and national efforts in the fight against blight. The guide does not provide legal advice or take the place of a solicitor's opinion. Contact an attorney for advice on specific legal issues. For a collection of land bank resources and for the digital version of this guide, please visit <http://www.pablighlibrary.com/>.

# CYCLE OF VACANCY

## EXISTING CYCLE



**LAND BANK  
CLEARS TITLE  
AND  
RETURNS LAND TO USE**



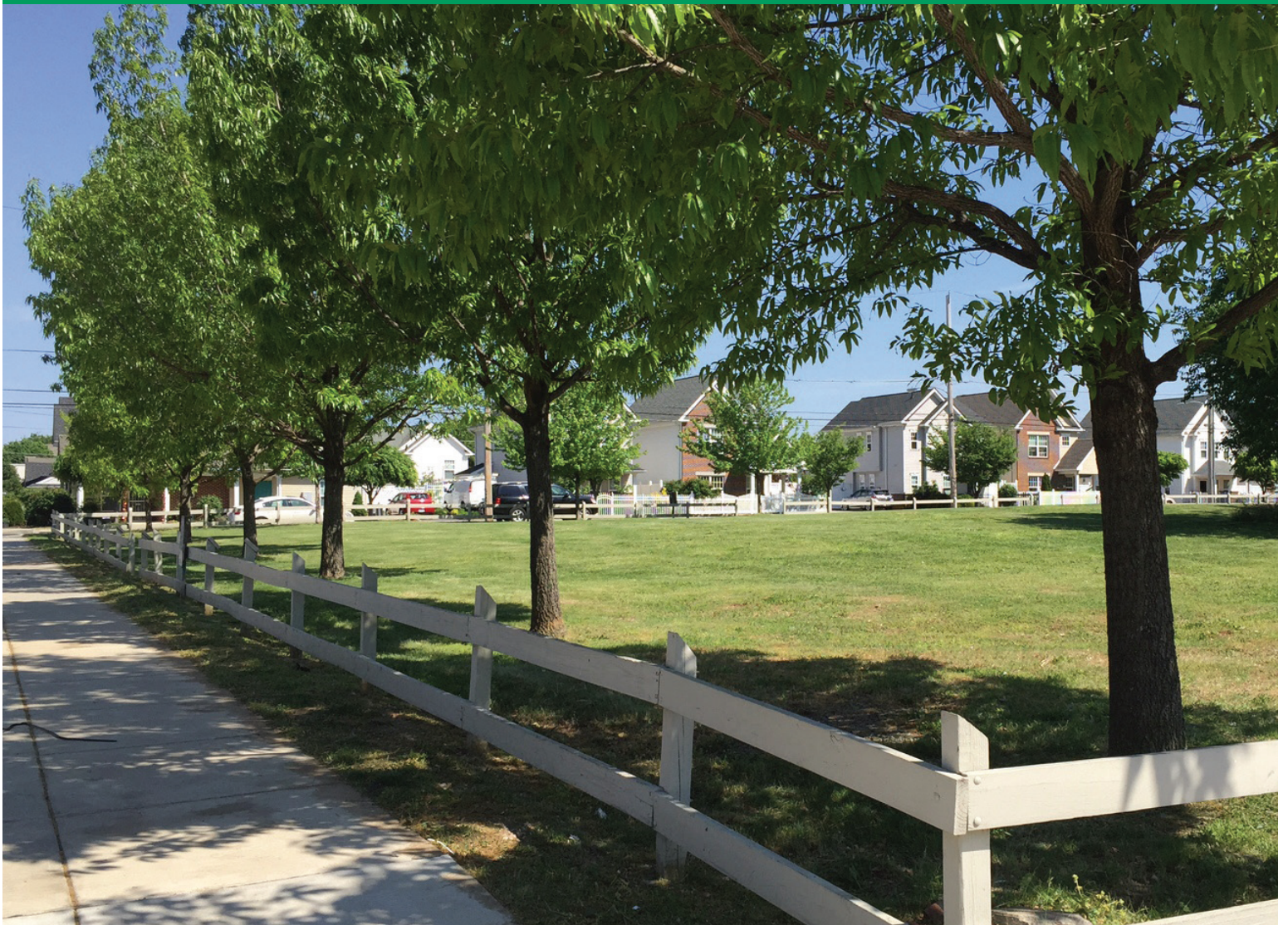
Adapted from the *Philadelphia Land Bank Strategic Plan*, Figure 13: Cycle of Vacancy in Philadelphia, at 31, <http://www.philadelphialandbank.org/about/strategic-plan/>.



# SECTION 1

## THE PENNSYLVANIA LAND BANK ACT

This section provides a brief history of the Pennsylvania Land Bank Act leading up to its passage, a section-by-section summary of the act, and an overview of land bank basics.



# CHAPTER 1 | THE PENNSYLVANIA LAND BANK ACT

## A. A Brief History

The Housing Alliance’s campaign against blight began in 2003 with the research and publication of *Reclaiming Abandoned Pennsylvania*, which included recommendations for 10 state-level reforms to make the acquisition of vacant and abandoned property cheaper, easier, and faster.<sup>4</sup> Land banking was among the 10 reforms. The Housing Alliance took small steps at first, advocating for reform bills that would simply remove barriers to remediating blight. Some of those small steps included legislation that eliminated or restricted the post-sale redemption of tax sale properties and that streamlined the donation of tax-delinquent properties. Subsequent steps included new tools for fighting blight, such as the conservatorship of blighted and abandoned properties, and permit denial for tax delinquency and serious violations of property maintenance codes.

For many communities, the problems of blight and abandonment are long standing, the result of the loss of industry and population over many years—and the lack of an effective mechanism to get the properties back onto market with clean title. To address this, the Housing Alliance turned its attention to land bank legislation and invited Dan Kildee<sup>5</sup> to Pennsylvania for a meeting with legislative leaders to talk about his work at the Genesee County Land Bank in Flint, Michigan. State Representative John Taylor of Philadelphia attended the meeting and liked the idea of a land bank. The Housing Alliance worked with Representative Taylor and a bipartisan coalition of legislators and other partners over three legislative

sessions to get enabling legislation for land banks passed in Pennsylvania. The Center for Community Progress brought technical assistance in drafting the legislation, which makes Pennsylvania’s land bank law one of the strongest in the nation. Today we can benefit from the fruits of this labor with the startup of Pennsylvania’s first land banks. As of this writing in March 2016, 11 land banks have been established in Pennsylvania.

## Pennsylvania Land Banks

in chronological order of their establishment

Dauphin County Land Bank Authority

Westmoreland County Land Bank

Philadelphia Land Bank

Pittsburgh Land Bank

North East Pennsylvania Land Bank Authority

Harrisburg Land Bank

Venango County Land Bank

Lackawanna County Land Bank

Schuylkill County Land Bank

Northumberland County Land Bank

Washington County Land Bank

<sup>4</sup> <http://www.housingalliancepa.org/resources/56>.

<sup>5</sup> Dan Kildee serves in the United States Congress, representing the fifth District of Michigan. He founded Michigan’s first land bank, the Genesee County Land Bank, in Flint, Michigan. He also co-founded and served as president of the Center for Community Progress, a national nonprofit organization, where he was a leading voice on urban land reform and revitalization. <http://dankildee.house.gov/about/>.

## B. Section-by-Section Summary

Act of Oct. 24, 2012, P.L. 1239, No. 153 (HB 1682)  
68 Pa.C.S. §§ 2101- 2120

Adapted from the *Summary of PA Land Banks Legislation*, prepared by Irene McLaughlin (Housing Alliance 2013)

<b>§ 2103</b>	<b>Defined terms</b>
	<ul style="list-style-type: none"> <li>· <b>“Land bank”</b> A public agency established in accordance with the provisions of this act.</li> <li>· <b>“Land bank jurisdiction”</b> All counties, municipalities with populations of 10,000 or more, and consortiums of smaller municipalities where the total population is 10,000 or more may create a land bank.</li> </ul>
<b>§ 2104</b>	<b>How land banks are created</b>
	<ul style="list-style-type: none"> <li>· Land banks can be created by:             <ul style="list-style-type: none"> <li>- ordinance of a land bank jurisdiction (subject to Home Rule Charter in Philadelphia)</li> <li>- intergovernmental cooperation agreement (ICA) between two or more land bank jurisdictions</li> <li>- ICA between a land bank jurisdiction and a municipality or municipalities that are not land bank jurisdictions.</li> </ul> </li> <li>· Intergovernmental cooperation agreements (ICAs) can also be used by school districts and municipalities that are not land bank jurisdictions to collaborate with land banks.</li> <li>· Establishing ordinance must include:             <ul style="list-style-type: none"> <li>- name of the land bank</li> <li>- members, terms and qualifications of the initial board of directors</li> <li>- method for community input</li> <li>- policies regarding former owner-occupants in homes acquired by the land bank.</li> </ul> </li> </ul>
<b>§ 2105</b>	<b>How a land bank is governed</b>
	<ul style="list-style-type: none"> <li>· The land bank has a board of directors of between 5 and 11 members (must be an odd number). The number may be adjusted in accordance with the bylaws.</li> <li>· Board members serve with no compensation except for reimbursement of expenses.</li> <li>· A board member may be a public officer (elected to municipal office) or a municipal employee.</li> <li>· The board must include at least one voting member who is a community resident and is a member of a civic organization but who is not a public official or municipal employee.</li> <li>· The board must adopt a regular meeting schedule; all meetings are open to the public (§ 2103).</li> </ul>
<b>§ 2106</b>	<b>How a land bank is staffed</b>
	<ul style="list-style-type: none"> <li>· The land bank may hire employees.</li> <li>· The land bank may contract for the use of municipal personnel.</li> <li>· Land banks may staff municipal functions.</li> </ul> <p>(See also § 2107 (7), (8), (9), (12) and (18) and § 2109(e) (2) for authority to enter into contracts.)</p>



## Section-by-Section Summary of PA Land Banks Legislation

<b>§ 2107</b>	<b>General powers of a land bank</b>
	<p>“All powers necessary or appropriate to carry out and effectuate its purposes and provisions”, including the power to:</p> <ul style="list-style-type: none"> <li>• adopt, amend and repeal bylaws</li> <li>• sue and be sued (including court actions related to title clearing)</li> <li>• adopt a seal</li> <li>• borrow money for the operation and work of the land bank</li> <li>• issue negotiable revenue bonds and notes (see also § 2112)</li> <li>• procure insurance or government guarantees for financing</li> <li>• make and execute contracts</li> <li>• procure insurance against property losses</li> <li>• invest money</li> <li>• enter into contracts for management of, collection of rent from, or sale of, real property of the land bank</li> <li>• design, develop, construct, demolish, reconstruct, rehabilitate, renovate, relocate and otherwise improve real property</li> <li>• charge and collect rents, fees and charges for the use of real property of the land bank; charge fees for services provided by the land bank</li> <li>• enter into a license, easement, lease, or option with respect to real property of the land bank</li> <li>• enter into partnerships, joint ventures and other collaborative relationships with municipalities and other public and private entities for the ownership, management, development and disposition of real property</li> <li>• manage the operations of the land bank</li> <li>• do all other things necessary or convenient to achieve the objectives and purposes of the land bank or other laws that relate to the purposes and responsibility of the land bank.</li> </ul>
<b>§ 2108</b>	<b>Eminent domain</b>
	<ul style="list-style-type: none"> <li>• Land banks do not have the power of eminent domain (eminent domain is explicitly excluded).</li> </ul>
<b>§ 2109</b>	<b>Acquisition and holding of property</b>
	<ul style="list-style-type: none"> <li>• Real property or interests in real property can be acquired by             <ul style="list-style-type: none"> <li>- gift            - exchange        - donation</li> <li>- devise        - foreclosure      - from municipalities</li> <li>- transfer      - purchase        - from tax claim bureaus</li> </ul> </li> <li>• A redevelopment authority (RA) may transfer properties to the land bank without a redevelopment contract if the properties were acquired by the RA prior to the effective date of the land bank law.</li> <li>• Land bank real property and income and operations are exempt from state and local taxation; except, property that is continuously leased to a for-profit third party for more than five years at market value is taxed after the fifth year.</li> <li>• Land banks shall maintain all of their real property in accordance with applicable laws and codes.</li> <li>• Land banks may only acquire property within their jurisdiction, except by ICA.</li> </ul>



## Section-by-Section Summary of PA Land Banks Legislation

<b>§ 2110</b>	<b>Disposition of property</b>
	<ul style="list-style-type: none"> <li>• The land bank must create an inventory of its real property which is available to the public for inspection.</li> <li>• A land bank may sell, transfer, lease, or mortgage any real property of the land bank. The amount and form of consideration is determined by the land bank and may include, among other things, money, secured financial obligations, and contractual commitments related to the present and future use of the property.</li> <li>• Requirements applicable to disposition of real property by municipalities shall not be applicable to disposition of real property by land banks.</li> <li>• The land bank jurisdiction may establish priorities for the reuse of real property it conveys, including but not limited to uses for: <ul style="list-style-type: none"> <li>- purely public spaces and places;</li> <li>- affordable housing;</li> <li>- retail, commercial and industrial activities;</li> <li>- conservation areas.</li> </ul> </li> <li>• The land bank must consider all duly adopted land use plans.</li> </ul>
<b>§ 2111</b>	<b>Financing land bank operations</b>
	<p>A land bank may receive funding in various forms such as:</p> <ul style="list-style-type: none"> <li>• grants and loans from the municipalities creating the land bank, from the Commonwealth, from the federal government and from other public and private sources;</li> <li>• payments for services rendered;</li> <li>• rents and leasehold payments;</li> <li>• consideration for disposition of real and personal property;</li> <li>• proceeds of insurance coverage for losses incurred;</li> <li>• income from investments;</li> <li>• tax recapture by agreement with the taxing jurisdictions for not more than 50% of real property taxes collected for five years after transfer of property. School district taxes are included only if specifically agreed to by the school district.</li> </ul>
<b>§ 2112</b>	<b>Borrowing and issuance of bonds</b>
	<ul style="list-style-type: none"> <li>• A land bank may issue tax exempt bonds in accordance with required procedures. Municipalities may, but are not required to, guarantee the bonds.</li> <li>• Land bank bonds and the income they produce are exempt from state and local taxation.</li> </ul>
<b>§ 2113 § 2115</b>	<b>Other laws that govern land banks</b>
	<ul style="list-style-type: none"> <li>• Land banks are required to keep records of proceeding and are subject to open meetings, right to know, conflict of interests, and ethical standards laws.</li> </ul>

## Section-by-Section Summary of PA Land Banks Legislation

<b>§ 2114</b>	<b>Dissolution of land bank</b>
	<ul style="list-style-type: none"> <li>• A land bank may be dissolved by the land bank jurisdiction(s) in accordance with required procedures.</li> <li>• All real property, personal property and other assets of the land bank shall become the assets of the municipality in which the property is located.</li> <li>• If there is more than one land bank jurisdiction participating in the land bank, personal property, including financial assets, will be divided among them according to population.</li> </ul>
<b>§ 2117</b>	<b>Delinquent property tax enforcement</b>
	<ul style="list-style-type: none"> <li>• Land banks may, by resolution of the land bank board, discharge tax claims and liens owed to municipal members of a land bank.</li> <li>• The governing body of a school district must approve discharge of its tax claims and liens.</li> <li>• Any taxes collected by the land bank must be paid to the appropriate taxing authority.</li> <li>• Municipalities may assign tax claims and liens to the land bank.</li> <li>• If a land bank acquires tax claims, it must adopt policies providing for repayment agreements for low-income owner-occupants.</li> <li>• Procedures for foreclosing taxing bodies and land banks relating to the Real Estate Tax Sale Law, the Municipal Claims and Tax Lien Law and Second Class City Treasurer's Sale and Collection Act are provided.</li> <li>• A foreclosing municipality and the land bank may enter an agreement for the land bank to purchase property at upset sale for the upset price if there is no higher bid. The land bank pays the costs of the sale.</li> <li>• A foreclosing municipality and the land bank may enter an agreement for the land bank to purchase property at judicial sale; payment of the sales price by the land bank may be in non-monetary promises to perform in accordance with the agreement; land bank receives free and clear title.</li> <li>• In Allegheny County, in order for a land bank to become purchaser for less than upset price or to pay the sales price by performance, there must be an agreement with a county, city, borough, incorporated town, township, school district or municipal authority whose claims comprise the upset price.</li> <li>• The land bank must receive the deed within 30 days of confirmation or sale.</li> <li>• Multiple parcels may be included in petition for a judicial sale.</li> </ul>
<b>§ 2118</b>	<b>Expedited quiet title</b>
	<ul style="list-style-type: none"> <li>• A land bank may file a court action to quiet title in an expedited procedure. Multiple parcels of real property may be joined in a single action to quiet title.</li> </ul>
<b>§ 2119</b>	<b>Annual audit and report</b>
	<ul style="list-style-type: none"> <li>• An audit of land bank income and expenses and a report on its activities will be submitted annually to the Department of Community and Economic Development and to the participating municipalities.</li> </ul>

## CHAPTER 2 | LAND BANK BASICS

### A. What Are Land Banks and Why Are They Important?

#### 1. Land banks are a tool to address long-term vacant and abandoned blighted properties by conveying them to new owners

To effectively combat blight, local governments need tools to both prevent and remediate it.<sup>6</sup> A land bank is a blight remediation tool: a governmental entity whose mission is to convert vacant, abandoned, and tax-delinquent properties to productive use. In Pennsylvania, a land bank operates much like an authority and constitutes “a public body, corporate and politic.”<sup>7</sup>

A land bank remediates blight by getting problem properties into the hands of responsible new owners. A land bank can make problem properties more attractive to new owners by removing liens and clearing back taxes, a complicated process that deters private investors and potential buyers.

Common obstacles to reclaiming vacant properties that deter potential buyers:

- Inability to find owner(s)
- Lack of clear title
- Debt that exceeds the property’s worth

Land banks are a proven tool.<sup>8</sup> According to the Center for Community Progress, there are about 120 land banks and land banking programs in the United States.<sup>9</sup> They vary widely in location, structure, governance, budget, and program activities,<sup>10</sup> but they

all share a common commitment to using land banking as a way to reduce the growing inventories of problem properties.<sup>11</sup>

In most municipalities and counties, the responsibility for dealing with problem properties is dispersed among separate government departments and agencies, such as code enforcement, tax claim bureau, and redevelopment authority. The Pennsylvania Land Bank Act gives county and local governments the power to create land banks and thereby streamline the process of acquiring, inventorying, managing, and marketing problem properties. Land banks can help municipalities put problem properties back into productive use by acting as a start-to-finish hub.

#### 2. Land banks change the market dynamics of blight

Land banks were initially conceived for properties whose tax liens exceeded the value of the properties. A property encumbered by debt greater than its value cannot be sold on the traditional real estate market. The same is true when the cost of demolition or rehabilitation exceeds the value of the property. Land banks can move these “underwater” and distressed properties to market by acquiring them, clearing title, demolishing substandard structures, publicly inventorying the properties, and marketing them for sale.

A land bank’s objective is to create a unified, predictable, and transparent process by which private individuals and organizations acquire properties that contribute to neighborhood disinvestment and turn them into community assets. Pennsylvania’s enabling legislation for land banks grants them unique powers to discharge tax liens and claims, to acquire properties through

<sup>6</sup> For more information on blight prevention and remediation tools, see *From Blight to Bright: A Comprehensive Toolkit for Pennsylvania* (Housing Alliance, 2014) (hereinafter “*Blight to Bright*”).

<sup>7</sup> 68 Pa.C.S. § 2107.

<sup>8</sup> For an in-depth look at seven successful land banks, see Payton Heins, et al, *Take it to the Bank: How Land Banks Are Strengthening America’s Neighborhoods* (Center for Community Progress, 2015).

<sup>9</sup> Center for Community Progress, <http://www.communityprogress.net/land-bank-faq-pages-449.php>.

<sup>10</sup> See Frank S. Alexander, *Land Banks and Land Banking* (Center for Community Progress, 2015), 18–27.

<sup>11</sup> *Ibid.* at 22.

the delinquent-tax enforcement process, to hold properties tax-free, and to clear title.<sup>12</sup> Through the exercise of these and other powers, Pennsylvania land banks can make it easier, faster, and cheaper to transfer problem properties, with free and clear title, to responsible new owners. The law also allows local governments to hold properties temporarily for neighborhood stabilization or for a longer-term strategic purpose without amassing additional tax liabilities.

Land banks offer a modern system for land recycling that acquires, scrubs clean, and transfers developable land that has been stuck in the system and is unavailable to responsible buyers. Land banks facilitate the transfer of properties, with clear title, to new owners who will develop them with the interests of the community and owners of surrounding properties in mind.

*Chapter 7* offers more information about the creation of land banks and their legal status.

"The purpose of this Ordinance is to create the Dauphin County Land Bank Authority that will use available resources to facilitate the return of vacant, blighted, abandoned and tax-delinquent properties to productive use thereby combating community deterioration, creating economic growth, and stabilizing the housing and job market."

Dauphin County Land Bank Authority  
Ordinance, Ordinance No. 2013-4, Section 1

### 3. Land banks address the high cost of blight

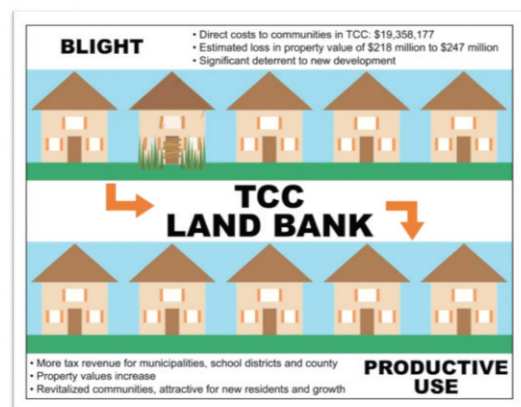
The cost of blight is staggering. Residents of every municipality in Pennsylvania suffer when blight reduces property values, tax revenues, and the quality of life. Two recent studies quantify the costs of blight and vacant properties to local communities. In 2013, the Tri-COG

Collaborative in the Mon Valley conducted a cost of blight study. At the time of the study, the Tri-COG consisted of 41 member communities within the Steel Valley COG, the Turtle Creek Valley COG, and the Twin Rivers COG.

#### The 41 communities of Tri-COG<sup>13</sup>

<b>BOROUGHES</b>	North Braddock	<b>TOWNSHIPS</b>
Braddock	Pitcairn	Forward
Braddock Hills	Plum	North Versailles
Chalfont	Port Vue	Penn Hills
Churchill	Rankin	South Versailles
Dravosburg	Swissvale	Wilkins
East McKeesport	Turtle Creek	
East Pittsburgh	Versailles	
Edgewood	Wall	<b>CITIES</b>
Elizabeth	West Elizabeth	Clairton
Forest Hills	West Homestead	Duquesne
Glassport	West Mifflin	McKeesport
Homestead	West Newton	
Liberty	Whitaker	<b>MUNICIPALITY</b>
Lincoln	White Oak	Monroeville
Munhall	Wilksburg	
	Wilmerding	

The Tri-COG Collaborative calculated that blight and vacant properties cost its municipalities \$10.7 million a year in direct costs for municipal services and \$8.6 million a year in lost tax revenue. The study further found that blight lowers the values of surrounding properties, resulting in the annual



(Source: Tri-COG Collaborative)

<sup>12</sup> Ibid.

<sup>13</sup> In 2014, West Mifflin Borough withdrew from the Steel Valley COG, leaving 40 member municipalities in the Tri-COG. In 2015, the Steel Valley COG and the Twin Rivers COG merged to become the Steel Rivers COG. <http://svcog.org/>.

<sup>14</sup> *Financial Impact of Blight in the Tri-COG Communities* (September 2013), [http://www.housingalliancepa.org/sites/default/files/resources/Financial-ImpactofBlightonTriCG\\_FullReport.pdf#overlay-context=node/1574](http://www.housingalliancepa.org/sites/default/files/resources/Financial-ImpactofBlightonTriCG_FullReport.pdf#overlay-context=node/1574).

loss of an additional \$8 to \$10 million in local tax collections. The loss associated with the lack of economic development and reinvestment was calculated at \$12 million in construction impacts (one-time) and another \$8 million annually in ongoing impacts.<sup>14</sup>

A 2010 study of Philadelphia found that the city spends \$21 million each year to maintain vacant properties and to provide police and fire protection, pest control, and waste cleanup. Vacant properties need substantially more investment of police and fire resources than occupied properties because they are often the sites of crime and arson or accidental fires. A significant number of Philadelphia's vacant properties are tax delinquent, resulting in the loss of \$2 million in uncollected property taxes each year. But the greatest financial cost is the \$3.6 billion in lost household wealth as vacant properties reduce the value of each nearby property by an average of \$8,000.<sup>15</sup>

Municipalities plagued by problem properties can't afford NOT to take action. They are spending precious resources on the properties but getting nothing in return. With a land bank, local governments can streamline the process of returning vacant and underused properties to productive use, redirect resources, and quicken the pace of neighborhood revitalization.

#### 4. Land banks harness the positive economics of blight remediation

By recycling vacant and tax-delinquent properties to new responsible owners, land banks create economic development opportunities, stabilize the housing and job markets, and promote community cohesion. A Detroit study released in July 2015 found that the demolition of blighted

homes increased the value of surrounding homes within 500 feet by an estimated 4.2 percent, or an average of \$1,106.<sup>16</sup> The study estimated an increase in home equity of \$4.27 per dollar spent on demolition in the areas surrounding demolitions.

Studies by the University of Pennsylvania give conclusive evidence that eliminating blight through greening or redevelopment increases the values of surrounding properties by up to 30 percent in certain neighborhoods,<sup>17</sup> markedly reduces gun-related violence,<sup>18</sup> and improves the health and exercise habits of residents while reducing their stress.<sup>19</sup>

Land banks can play a leadership role in a community's blight elimination efforts, thereby encouraging business investment, promoting environmental health, and revitalizing neighborhoods.

#### B. What Role Does a Land Bank Play?

A land bank works best when it is part of a comprehensive anti-blight strategy. It is not a "silver bullet," but rather one element of a comprehensive strategy that should include strategic code enforcement, delinquent-property tax enforcement, and redevelopment. At its core, a land bank is a tool for streamlining property acquisition and disposition to support locally developed land use goals. The Housing Alliance recommends a three-pronged approach to developing a comprehensive blight strategy:

- Strategic code enforcement
- Land recycling system (land bank)
- Reinvestment strategy<sup>20</sup>

15 *Vacant Land Management in Philadelphia: The Costs of the Current System and the Benefits of Reform* (November 2010), [http://may8consulting.com/pub\\_16.html](http://may8consulting.com/pub_16.html).

16 *Estimating Home Equity Impact from Rapid, Targeted Residential Demolition in Detroit* (July 2015), <http://www.demolitionimpact.org/#thereport>.

17 Susan M Wachter, Grace Wong (2008), "What Is a Tree Worth? Green City Strategies and Housing Prices", *Real Estate Economics*, 2008, 213–239; Susan Wachter, *The Determinants of Neighborhood Transformations in Philadelphia—Identification and Analysis: The New Kensington Pilot Study*, The Wharton School, University of Pennsylvania (Spring 2005). [http://www.kabaffiliates.org/uploadedFiles/KAB\\_Affiliates.org/Wharton%20Study%20NK%20final.pdf](http://www.kabaffiliates.org/uploadedFiles/KAB_Affiliates.org/Wharton%20Study%20NK%20final.pdf).

18 Branas CC, Gracia N, Rubin D, Guo W: "Vacant Properties and Violence in Neighborhoods." *ISRN Public Health* 2012: 1–23, 2012; Garvin E, Branas CC, Cannuscio CC: "Greening Vacant Lots to Reduce Violent Crime: A Randomized Controlled Trial." *Injury Prevention* 18(5): 1–6, 2012.

19 Garvin E, Branas CC, Keddem S, Sellman J, Cannuscio C: "More Than Just an Eyesore: Local Insights and Solutions on Vacant Land and Urban Health." *Journal of Urban Health* 12(7): 9782-7, 2012; Branas CC, Cheney RA, MacDonald JM, Tam VW, Jackson TD, Ten Have TR: A Difference-in-Differences Analysis of Health, Safety, and Greening Vacant Urban Space. *American Journal of Epidemiology* 174: 1–11, 2011.

20 For more on developing and implementing a comprehensive blight strategy, see *We Can Do This! A Five-Step, Fast-Track Blight Plan* (Housing Alliance, 2016).

A land bank can benefit all residents by raising property values, increasing green space, and making land more available to those who have a stake in its reuse. But it is only a tool. Like all other tools, it is only as effective as those who wield it.

### C. Who Can Create a Land Bank in Pennsylvania?

A land bank can be created by a single municipality or a group of municipalities with a population of more than 10,000. A “municipality” includes any county, city, borough, incorporated town, township, or home rule municipality.<sup>21</sup> The municipality or group of municipalities creating a land bank constitutes the land bank jurisdiction.<sup>22</sup>

Chapter 4 offers examples of how local governments are determining the correct land bank jurisdiction for their communities.

### D. How Is a Land Bank Created?

A land bank is created by the adoption of an ordinance. The ordinance must include the name of the land bank, names of the initial board of directors, methods of community input, and policies for owner-occupied properties. When two or more municipalities jointly establish a land bank, an intergovernmental cooperation agreement (ICA) between them is needed.

In Chapters 5 and 7, we review the legal requirements and necessary documents for creating a land bank. Sample Pennsylvania land bank ordinances and ICAs are available from the PA Blight Library at <http://www.pablightlibrary.com/pennsylvania-land-bank-ordinances>.

### E. What Does a Land Bank Do?

A land bank acquires, inventories, markets, holds, and transfers interests in real properties that are vacant, abandoned, and tax delinquent. The purpose is to rehabilitate or demolish the properties or get them into the hands of new owners who

will improve them in accordance with the long-term interests of the community and surrounding properties.

A land bank—

- May obtain properties by donation, transfer, foreclosure, or purchase, from municipalities, redevelopment authorities, private owners, or tax claim bureaus
- Does NOT have the power of eminent domain
- Has the authority to design, develop, construct, demolish, reconstruct, rehabilitate, renovate, relocate, and otherwise improve real property
- Must create a public inventory of its properties and maintain them to code standards
- Is able to extinguish tax liens and claims of member taxing bodies—subject to school district permission for school district liens
- May hold properties temporarily for neighborhood stabilization or for a long-term strategic purpose without amassing additional tax liabilities
- May sell, transfer, lease, or mortgage properties for any amount or form of consideration—as well as for any future use that it determines to be appropriate. Laws that restrict how municipalities may dispose of real property do not apply to Pennsylvania land banks.

The most common goals of a land bank are to—

1. Eliminate the harm caused by vacant, abandoned, and tax-delinquent properties
2. Eliminate barriers to returning properties to productive use
3. Convey properties to new owners for productive use
4. Hold properties for future use.<sup>23</sup>

<sup>21</sup> Ibid. § 2103 (definition of “municipality”).

<sup>22</sup> Ibid. § 2103 (definition of “land bank jurisdiction”).

<sup>23</sup> Frank S. Alexander, *Land Banks and Land Banking* (Center for Community Progress, 2015), 68.



## F. How Does a Land Bank Work?

To reduce liability and negative impacts on neighborhoods and local governments, a land bank acquires and maintains properties for which there is no current demand. For each property, the land bank clears title and can then transfer it to a new owner, sometimes attaching conditions on use to ensure that the property meets local priorities. The land bank can also choose to rehab the property and sell the finished product to a qualified buyer, or demolish the property and prepare the land for future development. A land bank may hold property for later use without amassing additional tax liens.

Chapters 7 through 14 explore land bank operations in further detail.

A board of directors governs a land bank. The board must have between 5 and 11 members, and the number of members must be odd. The board may include public officials and must include one member who is a resident—not a public official or employee—and is a member of a civic organization. A land bank must be established as a public agency but does not need to have its own offices or staff, because a land bank can contract for the use of current municipal employees.

In Chapter 5, you'll find a full discussion of land bank governance and examples of the compositions of Pennsylvania land bank boards.

## G. What Local Conditions Favor the Creation of a Land Bank?

Not all communities need a land bank. Municipalities that will benefit the most are those that have a large, fragmented inventory of long-term tax-delinquent or substandard properties that have housing and building code violations. According to the Center for Community Progress, common triggers for creating a land bank include—

- Large inventories of vacant and abandoned properties
- Properties with little to no market value

- Properties with delinquent taxes that exceed fair market value
- Properties with title problems
- Inflexible policies that dictate the disposition of public property, denying local governments the chance to be strategic and nimble
- The speculation and uncertainty inherent in the auction sale of tax-foreclosed properties.<sup>24</sup>

Understanding the problems your community hopes to solve is essential to determining whether a land bank is an appropriate tool.

Chapter 3 offers suggestions for identifying and understanding your inventory of problem properties and assessing whether your community might benefit from a land bank.

## H. Do We Need a Land Bank If We Already Have a Redevelopment Authority?

Pennsylvania's Urban Redevelopment Law<sup>25</sup> dates back to 1945. It was designed to allow for the wholesale clearing and redevelopment of urban "slums." Although many redevelopment authorities (RDAs) have modernized their approach, Pennsylvania's land bank legislation can be seen as an update to redevelopment law, with new thinking and enhanced powers to build on what we have learned over the past 70 years.

For example, a land bank has the power to convey properties without a redevelopment agreement, a document that many find cumbersome and costly. Needing a specific purpose to acquire a property may limit the community's ability to amass a developable parcel. A land bank avoids that limitation.

A land bank has the power to discharge and extinguish tax liens and claims and to pursue a quiet-title action through an expedited procedure (*see Chapter 11*). RDAs do not have these powers.

<sup>24</sup> <http://www.communityprogress.net/land-banking-faq-pages-449.php>.

<sup>25</sup> The act of May 24, 1945, P.L. 991, codified at 35 P.S. § 1701 et seq. (as amended).

RDAs were designed to focus on specific areas or projects and not necessarily to take a comprehensive approach to bolstering real estate markets. Land banks, on the other hand, are designed to strategically acquire properties and then systematically inventory, maintain, and sell them in a way that strengthens local markets. A land bank is uniquely positioned and authorized to hold properties so as to allow for later development in accordance with applicable community plans.

Regarding a property listed for judicial sale, a land bank has the power to enter into an agreement with the tax claim bureau or foreclosing taxing body to purchase the property at a negotiated price (*see Chapter 10*). The land bank acquires the property at the judicial sale in accordance with the negotiated agreement, and thereby avoids the need to compete with private bidders in a public auction. RDAs lack the power to acquire tax-delinquent properties without competitive bidding.

Ideally, a land bank and an RDA work together, using their complementary powers, to repurpose vacant and underused properties. In fact, most of Pennsylvania's land banks work hand in glove with RDAs, albeit with separate boards of directors.

*See Chapters 9 and 10* for a full discussion of land bank acquisition powers and strategies.

## I. What Powers Does a Land Bank Have?

Pennsylvania land banks have “all powers necessary or appropriate” to repurpose vacant, abandoned and tax-delinquent property.<sup>26</sup> A land bank can, among other things—

- Acquire real property and interests in real property
- Design, develop, construct, demolish, rehabilitate, and otherwise improve real property
- Charge and collect rents for the use of properties it owns
- Sell, grant, or otherwise convey interests in properties it owns

- Under certain conditions, acquire a property listed for judicial tax sale (“free and clear sale”) without having to bid in a public auction
- With the approval of taxing authorities, discharge or extinguish tax liens on properties it owns
- Pursue quiet-title actions through an expedited procedure

Pennsylvania land banks are empowered “to enter into partnerships, joint ventures, and other collaborative relationships with municipalities and other public and private entities for the ownership, management, development and disposition of real property.”

68 Pa.C.S. § 2107(16)

In practice, Pennsylvania land banks cannot exercise their powers unilaterally. A land bank can function only in concert with the governing bodies and taxing authorities within its jurisdiction. For example, although a land bank may clear liens of taxing bodies that are members of the land bank, it must obtain approval from the school district before it can discharge school tax liens. The county tax claim bureau and the sheriff's office are necessary partners when the land bank wants to acquire properties at tax sale.

Chapters 7 through 14 offer more information on land bank powers.

## J. How Does a Land Bank Acquire Properties?

Pennsylvania land banks may acquire properties in several ways: as gifts or donations, through direct purchase and foreclosure, and by transfer from municipalities, redevelopment authorities, and tax claim bureaus. Pennsylvania land banks explicitly lack the power of eminent domain.

As discussed more fully in *Chapter 10*, land banks have a priority right, under certain conditions, to

<sup>26</sup> 68 Pa.C.S. § 2107.



acquire tax-delinquent parcels listed for judicial sale.<sup>27</sup> Ordinarily, tax-delinquent parcels are sold to the highest bidder at a public auction. Thus, properties may end up in the hands of speculators who do nothing to improve them. Rather than having to compete with such bidders at a public auction, a land bank may purchase tax-delinquent parcels at the judicial sale through a negotiated agreement with the tax claim bureau or other foreclosing taxing body. The land bank is required to give sufficient notice before using this power. With a land bank in place, communities can avoid the speculation and uncertainty inherent in the auction sale of tax-foreclosed properties (at least for the properties that the land bank acquires).

*See Chapters 9 and 10 for a full discussion of land banks' acquisition powers and strategies.*

#### K. **What Types of Property Can a Land Bank Acquire?**

Nothing in the land bank enabling legislation restricts the types of property a land bank may acquire. Properties can be residential, commercial, industrial, or other. They may or may not have structures. Given their mission, land banks usually acquire unoccupied, foreclosed, and abandoned properties. But land banks are not limited to those properties. Land banks may acquire properties that are in good condition and properties that are occupied. If a property is owner-occupied when the land bank acquires it, the land bank must show a preference for keeping the owner-occupant in the home whenever feasible.

#### L. **Can a Land Bank Hold Properties?**

Pennsylvania land banks can hold properties for later development or reuse. Properties held by Pennsylvania land banks are exempt from state and local taxes, so the properties do not acquire additional liens. Also, a Pennsylvania land bank is required to maintain and make available for public review and inspection an inventory of the properties it holds.

#### M. **How Does a Land Bank Discharge Tax Liens?**

The law grants a land bank special powers to discharge liens and claims on the properties it acquires, subject to the consent or approval of the taxing authorities. A land bank may discharge liens for taxes owed to its member organizations. Any land bank discharge of a lien for taxes owed to the school district is subject to the approval of the school board. Similarly, the discharge of liens for taxes owed to any taxing authority that is not a member of the land bank is subject to the approval of the taxing authority.

For properties that have existing tax liens and are donated to the land bank, the land bank may, with the approval of the governing bodies and taxing authorities within its jurisdiction or by ICA, act in place of a local municipality to follow statutory procedures for clearing all tax liens.

The discharge of tax liens is important because when the liens exceed the value of a property, the property is not marketable. By discharging liens and clearing title, a land bank can return otherwise-developable land to the real estate market and make it easier to develop. A land bank discharges tax liens by resolution of its board and as otherwise provided in the enabling legislation.

#### N. **How Does a Land Bank Dispose of Properties?**

A Pennsylvania land bank may sell, transfer, lease, or mortgage properties for any amount or form of consideration—as well as for any future use that it determines to be appropriate. Laws that restrict how municipalities may dispose of real property do not apply to Pennsylvania land banks. A land bank does not have to sell its real property to the highest bidder or with no regard for the property's future use. A land bank should coordinate the disposition of property with adopted land use plans so that reactivated properties help revitalize the area.

*See Chapter 12 for more information on land banks' disposition policies and strategies.*

<sup>27</sup> Ibid. § 2117. Recently, questions have been raised about the enabling legislation's grant of this power to land banks located in municipalities that follow the Real Estate Tax Sale Law, the act of July 7, 1947 (P.L. 1368, No. 542), for tax collection and enforcement. Section 2117(c) of the land bank legislation governs procedures relating to the Real Estate Tax Sale Law. This guide provides information only and does not provide legal advice. Specific questions about land bank powers granted under the enabling legislation should be directed to your solicitor or attorney.

## O. Who Runs the Land Bank?

A Pennsylvania land bank must be established as a public agency and have its own board of directors. But it does not need to have its own offices or staff, because it can contract for the use of current municipal employees. Land banks may hire their own staff or contract with municipalities for staffing services. All of the land banks established in Pennsylvania to date are sharing staff in some manner.

For more on startup and operations, including examples of staffing at Pennsylvania land banks, see *Chapters 7 and 8*.

## P. How Do We Pay for Our Land Bank?

To support operations, most Pennsylvania land banks use a mix of funding streams. Because land banks deal with properties that no one else wants, it is rare that they are completely self-financing. Funding for a land bank can come from sales of higher-value properties, rents and leasehold payments, grants and loans from public and private sources, general operating support, and income from investments. Land banks may issue bonds. When necessary, a land bank may borrow money to cover its initial operating costs and other costs associated with its operation and work.

A land bank may be allocated a portion of real estate taxes on the properties it conveys under an agreement with the relevant municipalities or school districts. The “50%–5 year” tax recapture mechanism, explicitly permitted by the Land Bank Act, redirects a portion of the property taxes generated by land bank–owned properties to finance its operations. The portion of taxes may not exceed 50 percent of aggregate tax revenues and may continue for up to five years.

The reasoning behind tax recapture is that the properties reactivated by the land bank did not provide tax revenue to the municipality or the school district before acquisition; typically, they imposed costs. By funding its operations through targeted tax recapture, the land bank can return properties to the tax rolls and reduce public expenditures for code, fire, and police protection, while raising the values of surrounding properties

and the tax revenues those properties produce. Any tax recapture by the land bank is subject to the approval of the taxing authorities.

In *Chapter 3*, we provide an overview of funding mechanisms. In *Chapter 4*, we provide an outline for developing a business plan and startup budget.

## Q. What Role Do Community Members and Stakeholders Play in Pennsylvania Land Banks?

Pennsylvania’s land bank legislation ensures community participation in a variety of ways. Land banks are public entities governed by boards that are appointed by elected officials who have to answer to constituents. Each board must include at least one member who (1) is a local resident, (2) is not a public official or municipal employee, and (3) is a member of a recognized civic organization within the land bank jurisdiction.

Land bank board meetings are open to the public and typically provide an opportunity for public comment. They are subject to sunshine laws. In addition, a local ordinance establishing a land bank must specify a process for input from residents. The process should also be stated in the land bank’s policies. The Pennsylvania Land Bank Act fosters transparency and accountability by requiring a land bank to provide public access to its records and minutes and to prepare an annual audit and report of its activities. Successful Pennsylvania land banks have taken great steps to engage community members and stakeholders in land bank planning and operations.



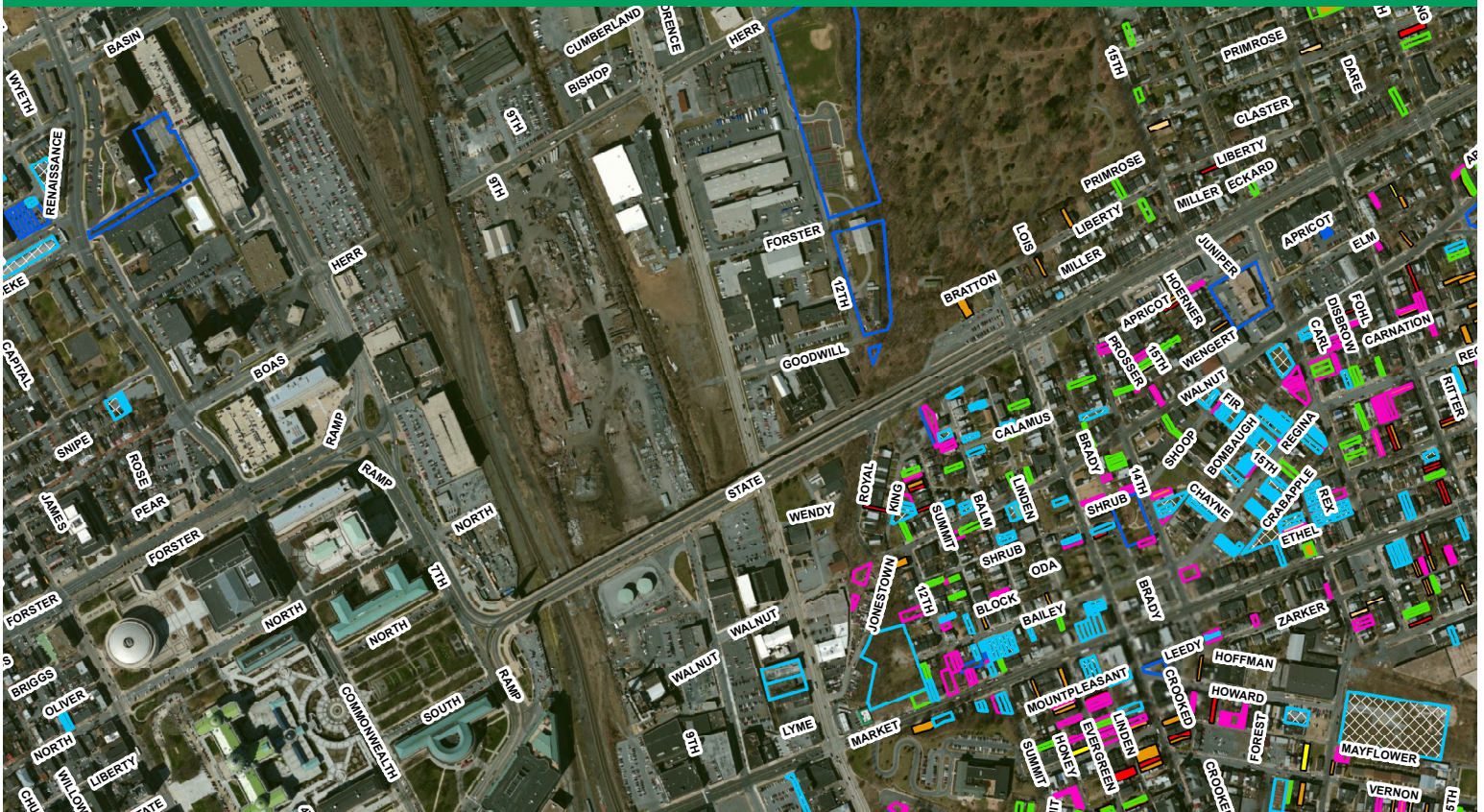
# SECTION 2

## TAKING A CLOSER LOOK

Now that you have the basics, let's take a closer look at land banking and assess whether it can help your community. As noted above, not all communities need land banks. As you dig deeper, you'll be better able to determine whether you need a land bank and whether it is likely to be successful in your community.

Some key questions need to be answered as part of your preliminary assessment:

1. What added value would a land bank provide to your community?
2. How many vacant and abandoned properties in the community are not being addressed?
3. Why have those properties been rejected by the private real estate market? Could a land bank's powers be used to return the properties to productive use?
4. Who needs to buy in to the idea of creating a land bank?
5. What financial resources are needed?



## CHAPTER 3 | Preliminary Assessment

**There is no single established process for the preliminary assessment. The Housing Alliance has helped numerous communities conduct preliminary assessments and has tailored each assessment according to community needs and priorities. Here are the steps we've found to be useful in assessing whether a community might benefit from a land bank:**

- **Create a task force or working group**
- **Educate key decision-makers and constituencies about land banks**
- **Gather and analyze relevant data and information**
- **Learn about the tax sale process, and review results**
- **Explore and understand intergovernmental and interagency dynamics**
- **Provide for substantial and meaningful public involvement**
- **Make a preliminary needs assessment and determination of feasibility**

### Key Decision-Makers, Constituencies, and Partners for Land Banks

- Local elected officials
- Municipal and county planning departments
- Municipal public safety department, including police and code enforcement
- Director of county tax claim bureau
- Sheriff
- School district and school board
- Redevelopment authority
- Housing authority
- Economic development agencies
- Community development corporations
- Residents
- Affordable-housing advocates and developers
- Land trusts and other conservation and environmental groups
- Local real estate agents association
- Local building industry association
- Private foundations

### A. Create a Task Force or Working Group

Who will coordinate and lead the preliminary assessment? In some Pennsylvania communities, the redevelopment authority or the local government's community development department has coordinated the preliminary investigation and review. In other places, a blight task force or vacant property working group has led the effort. The key to success in all these communities has been their inclusion of a wide range of representatives from the public, private, and nonprofit sectors, as well as residents, with a shared interest in reclaiming vacant and abandoned properties to support community revitalization and a growing tax base.

Regardless of who leads the preliminary assessment, your team should include key decision-makers, constituencies, and future land bank partners (*see chart to the left*). Often, the preliminary assessment has been directed by a county commissioner, a mayor, or a borough council member who sees value in creating a land bank and is leading the charge to explore how it could benefit the community. Keeping local leaders engaged in the process adds credibility to your efforts and increases the likelihood of a successful outcome.

### B. Educate Key Decision-Makers and Constituencies about Land Banks

Gaining an understanding of land banks and how they work is a crucial first step in determining whether your community might benefit from a land bank. The goal is to provide key decision-makers and constituencies with information on land bank basics (*topics covered in Chapter 2*) so that they can evaluate whether a land bank would be a useful tool. The education process can take place through sharing resource materials, telephone conversations, meetings, briefings, and larger public gatherings. Some communities have brought in land banking experts and hosted blight and land bank summits to gather interested parties together to learn about land banks and other tools for returning



vacant properties to the tax rolls.<sup>28</sup> At these events, participants learn about the Pennsylvania Land Bank Act and how it works, and they have an opportunity to share information about their work on blighted and vacant properties, difficulties they've experienced trying to acquire abandoned properties, and the impact of deteriorated properties and empty lots on their communities. Summit leaders solicit questions, concerns, and problems that participants may have regarding a land bank, and they get opinions on how land bank resources could best be used (such as to assemble sites for new construction, to clear a block of properties that are vacant and have no reuse potential, or to assist a community development corporation).

The work of a land bank is far from simple, and the Pennsylvania Land Bank Act is complicated. Multiple briefings, follow-up meetings, and telephone conversations over several months are often necessary to educate key decision-makers and constituencies on land banking. The Housing Alliance has found it useful to focus on the following key concepts in land bank trainings and briefings:

- Given the high costs and negative impacts that problem properties have on our communities, doing nothing is a costly and ineffective proposition.
- The Pennsylvania legislature has given local governments the power to create land banks as a tool to return problem properties to the tax rolls.
- Whether to create a land bank is a local decision.
- A land bank is a modern system for land recycling. It acquires problem properties, discharges liens, and clears title, making the properties ready for transfer to responsible new owners who will get them back into productive uses that generate taxes.
- A land bank can function only in concert with local taxing authorities and the agency administering tax sales (usually the county tax

claim bureau). To discharge liens, a land bank needs the approval of local and county taxing authorities and the school district. To acquire judicial-sale properties without having to bid in a public auction, a land bank needs the approval of the agency administering the tax sales.

- Pennsylvania land banks operate largely as components of existing local government agencies and departments. It is useful to regard a land bank as a new resource for acquiring and disposing of problem properties rather than as a new agency.
- A land bank works best when it is part of a comprehensive anti-blight program that includes strategic code enforcement, delinquent-property tax enforcement, and redevelopment.

### C. Gather and Analyze Relevant Data and Information

“In God we trust;  
all others bring data.”

William Edwards Deming

Understanding and evaluating the inventory of problem properties is a crucial step in assessing whether a land bank will be a useful tool.<sup>29</sup> Vacant, abandoned, and tax-delinquent properties are “potential land bank properties.” Communities that will benefit the most from a land bank’s powers are those that have a significant number of such properties. In communities with only a small number of dispersed problem properties that are not tax delinquent, more-targeted blight tools—such as conservatorship and property maintenance code enforcement—may be sufficient.<sup>30</sup> For non-blighted tax-delinquent properties, the tax sale system may work well.

<sup>28</sup> A link to a sample agenda for a land bank and blight summit is included in the Appendix for this chapter.

<sup>29</sup> Frank S. Alexander, *Land Banks and Land Banking* (Center for Community Progress, 2015), 34–35.

<sup>30</sup> See *From Blight to Bright: A Comprehensive Toolkit for Pennsylvania* (Housing Alliance, 2014). <http://www.nxtbook.com/nxtbooks/swell/fromblight-tobright/>.

Some local governments have created state-of-the-art databases containing parcel-based information on tax delinquencies, building conditions, code violations, vacancies, foreclosures, and other categories.<sup>31</sup> For most Pennsylvania communities, though, sophisticated databases are not available. Still, many online resources and other data sources can be accessed fairly easily to gather the information needed to gain a better understanding of your property inventory for the preliminary assessment.

“What is necessary is simply the development of aggregate databases that identify properties according to key indicators of abandonment. The two most common indicators are (i) tax delinquencies and (ii) housing and building code complaints.”<sup>32</sup> Other indicators include—

- Delinquent water and sewer bills
- Municipal liens
- Mortgage foreclosures
- Condemnation or certification as “blighted.”<sup>33</sup>

For tax-delinquent properties, the inventory should include properties on the county repository list of unsold properties and those listed for upset sale or judicial sale. It is helpful to look at how often properties have cycled through tax sales and to identify any differences between the prices of tax sale properties and their assessed values. The information may open a window into where the tax sale process is falling short of capitalizing on market potential that a land bank could harness. Given that surplus publicly owned properties may be transferred to the land bank, the inventory should also include vacant properties owned by the county, municipalities, and authorities.

Once you’ve gathered property addresses, mapping them with a geographic information system (GIS) program or Google maps will provide a visual

Property Information	
Data	Source/Custodian
Tax delinquency	Tax claim bureau/Taxing authorities
Housing and building code complaints	Local government
Delinquent water and sewer bills	Public utility service providers
Municipal liens	Prothonotary, county courthouse
Mortgage foreclosures	HUD, Fannie Mae, Freddie Mac, RealtyTrac <sup>34</sup>
Condemned or “blighted”	Blighted property review committee/RDA

representation of the number and location of problem properties in your community. The map will show areas that have a concentration of problem properties. In Venango County, land bank leaders gathered and mapped the addresses of repository list properties, properties that were “blighted” or condemned, and vacant publicly owned properties.<sup>35</sup> They analyzed the map to see whether problem properties were concentrated in any areas or were strategically located along corridors or gateways. They used the map to see where a land bank’s powers could be used to acquire properties to be repurposed for the benefit of communities in the county. The Properties of Interest Map created by the Harrisburg Planning Bureau (*on page 23*) is an excellent example of this type of mapping. Interns and local universities may be a source of expertise on GIS and mapping for municipalities that do not have that ability in house.

We urge you not to let a lack of sophisticated software be a barrier. An old-fashioned paper inventory or an Excel spreadsheet is just as good a starting place to see what and where the need for a land bank may be.

31 See, for example, PGHSNAP created by the Pittsburgh City Planning Department, <http://www.pittsburghpa.gov/dcp/snap/>.

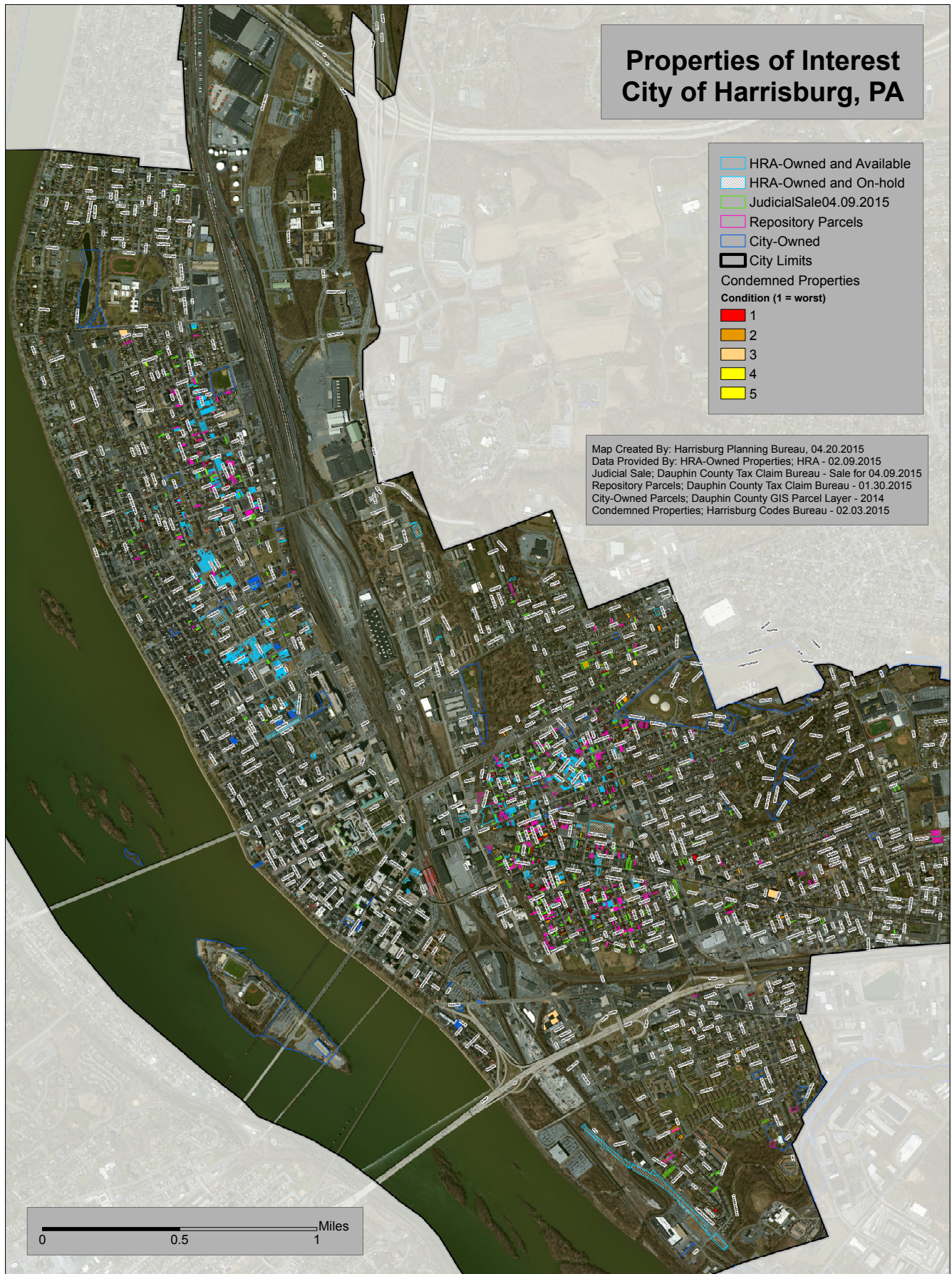
32 Frank S. Alexander, *Land Banks and Land Banking* (Center for Community Progress, 2015), 34.

33 Pursuant to the Urban Redevelopment Law, some local governments have appointed a blighted property review committee (BPRC) to evaluate and certify properties as “blighted,” making them eligible for acquisition by the redevelopment authority through eminent domain. Under 35 P.S. § 1712.1(c), a “blighted” property in Pennsylvania must meet at least 1 of 11 criteria set forth in the statute, including public nuisance, unfit for human habitation, and fire hazard.

34 Websites for these organizations contain information on government-insured and private mortgage foreclosures. For HUD (FHA), see [www.hud-houses.com](http://www.hud-houses.com), Fannie Mae [www.homepath.com](http://www.homepath.com), Freddie Mac [www.homesteps.com](http://www.homesteps.com), RealtyTrac [www.realtytrac.com](http://www.realtytrac.com).

35 Presentation by Karen Wenner, executive director of the Venango County Housing Authority, at the Pennsylvania Association of Housing and Redevelopment Authorities Annual Conference, *Land Bank Roundtable*, June 9, 2015.







#### D. Learn about the Tax Sale Process and Review Results

Under certain conditions and with the approval of taxing authorities, Pennsylvania land banks have the power to acquire tax-delinquent properties at a judicial sale (“free and clear sale”), without having to bid at a public auction. This unique power presents new opportunities for local governments to acquire property where they simply cannot take a chance on having it get into the wrong hands, or where the property presents a crucial growth opportunity for the community. Learning how tax sales work in your city or county will help you assess the value of a land bank and its ability to acquire properties through this process. The tax collector is an important ally in assessing a land bank’s role.

In most counties, the tax claim bureau administers and manages tax sales.<sup>36</sup> Tax claim bureau staff members can teach you how the tax sale process works and provide feedback on how a land bank might be implemented in your county.

The websites of many tax claim bureaus provide detailed information on the tax sale process, maintain lists of properties to be sold at upset and judicial sales, and report the results of sales.<sup>37</sup> Some communities have found it useful to analyze the results of judicial sales to see how a land bank could acquire properties and convey them to developers supported by local and county government. In contrast to the tax claim bureau, which must ordinarily sell tax-delinquent properties to the highest bidder, a land bank can select a buyer based on considerations other than purchase price. Among the considerations are the buyer’s development experience and qualifications and the extent to which the buyer’s investment and development plans for a property are consistent with county and city priorities and neighborhood development plans. Tax sale analyses are useful in discerning trends, understanding market conditions, and identifying opportunities for land banks.

#### E. Investigate Funding Sources

Many local governments struggle to fund the rehabilitation and demolition of blighted properties. When presented with land banking, local officials are quick to ask, “How do we pay for it?” One simple answer: the money you are already spending on blighted properties, which brings NO return on investment. The cost-of-blight studies cited above demonstrate the staggering amounts of money spent (and lost) by local governments because of distressed properties. Calculating the costs of blight already being incurred by a local government gives local leaders a sound basis to support the investment of creating a land bank.

Support from the land bank jurisdiction will be necessary to fund the land bank, at least initially, because the Pennsylvania Land Bank Act does not allocate any funding. Rather, its legislation authorizes land banks to finance their operations and program activities with proceeds from operations, allocated real estate taxes, bond revenue, and grants and loans. For startup and initial operations, a land bank will need to rely primarily on grants and loans from public and private sources and municipal membership fees (for county and multi-municipal land banks). The lack of a dedicated funding source for Pennsylvania land banks has discouraged their creation.

##### 1. 5/50 Tax Recapture

Taxing authorities may share a portion of the taxes on properties that the land bank returns to the tax rolls. Specifically, a land bank may recapture up to 50 percent of the taxes on properties returned to the tax rolls for up to 5 years, but only if the taxing authorities agree.

##### 2. Grants and Loans

Land banks need financial support through grants and loans to finance, at minimum, startup and initial operations. A land bank may receive grants and loans from the federal

<sup>36</sup> Pennsylvania has several statutes governing tax collection and enforcement. Most of Pennsylvania is governed by the Real Estate Tax Sale Law, 72 P.S. §§ 5860.101–.803. Philadelphia, Allegheny County, and the municipalities and school districts of Allegheny County are governed by the Municipal Claim and Tax Lien Law, 53 P.S. §§ 7101–7283a. For a more thorough discussion of Pennsylvania’s tax enforcement statutes, see Chapter 10.

<sup>37</sup> See, for example, the Berks County Tax Claim Bureau website, <http://www.co.berks.pa.us/Dept/TaxClaim>.



government, the commonwealth, county and local governments, the land bank jurisdiction, and private sources. Pennsylvania land banks are relying on traditional public funding sources, such as the Keystone Communities program, the Community Development Block Grant (CDBG) program, the HOME Investment Partnerships (HOME) program, and others shown in the table below. Grants from Gaming Local Share Accounts (Act 71) and Marcellus Shale Impact Fees (Act 13) are also available in limited areas of the commonwealth. Local foundations and corporations are potential private funding sources. State tax credits may be available to leverage private funding from local businesses.

## Public Grants and Loans

Keystone Communities program

Neighborhood Assistance program

CDBG program

HOME program

Act 137 County Housing Trust funds

Act 71 Gaming Local Share Accounts<sup>38</sup>

Act 13 Marcellus Shale Impact Fees<sup>39</sup>

### 3. Proceeds

Once a land bank is operational, the expectation is that it will generate revenues from sales and leases of properties and from other land bank activities. A land bank may retain those proceeds to finance its operations and programs.

Typically, a small number of higher-value properties at each judicial sale attract higher bids, based on location and property condition. A land bank could negotiate agreements with the tax claim bureau to purchase some higher-value properties for a sum

equal to the taxes owed plus the costs of the sale. (Those costs usually include pro rata costs of the notice, advertising, and posting of the upset and judicial sales as well as the title search fee.) The land bank could then resell the properties and use the proceeds to fund its operations.

## Worth Considering...

### Ohio's Dedicated Funding for Land Banks—Delinquent Tax and Assessment Collection (DTAC) Fund

Under Ohio law, the DTAC Fund is composed of 5% of all delinquent taxes collected, with moneys split evenly between the county treasurer and the county prosecutor to fund their tax collection efforts. The treasurer and the prosecutor are authorized to allocate surplus DTAC funds to the county land bank. In addition, the county commissioners, on the request of the treasurer, may direct up to an additional 5% of all delinquent taxes collected to the county land bank. This is a major source of funding for Ohio land banks.

For more information, see *The Land Bank Playbook* (Thriving Communities Institute of Western Reserve Land Conservancy, 2015), 8.

[http://www.wrlandconservancy.org/county-land-banks/playbook\\_home/](http://www.wrlandconservancy.org/county-land-banks/playbook_home/)

### 4. Contributions from Municipalities

A land bank can receive funding directly from a municipality. Westmoreland County Land Bank requires a buy-in of \$5,000 from each municipality that wants to participate in it.<sup>40</sup> Pennsylvania land banks have received general-fund appropriations from local and county governments and in-kind assistance such as staffing and other services. Besides money, a land bank may receive contributions of land from a municipality or a redevelopment authority located within its jurisdiction.

<sup>38</sup> Allegheny, Bucks, Delaware, Dauphin, Erie, Fayette, Lehigh, Luzerne, Monroe, Montgomery, Northampton, Philadelphia, and Washington. Source: *Pennsylvania Gaming Control Board, 2014–2015 Annual Report*, [http://gamingcontrolboard.pa.gov/files/communications/2014-2015\\_PGCB\\_Annual\\_Report\\_min.pdf](http://gamingcontrolboard.pa.gov/files/communications/2014-2015_PGCB_Annual_Report_min.pdf).

<sup>39</sup> Allegheny, Armstrong, Beaver, Blair, Bradford, Butler, Cambria, Cameron, Centre, Clarion, Clearfield, Clinton, Crawford, Elk, Fayette, Forest, Greene, Huntingdon, Indiana, Jefferson, Lawrence, Lycoming, McKean, Mercer, Potter, Somerset, Sullivan, Susquehanna, Tioga, Venango, Warren, Washington, Westmoreland, Wyoming. Source: *Pennsylvania Public Utility Commission*, <https://www.act13-reporting.puc.pa.gov/Modules/Reports/ReportViewer.aspx?rptPath=/Act%2013/CountyMunicipalityDisbursement>.

<sup>40</sup> See Form, Westmoreland County Land Bank Intergovernmental Cooperation Agreement and Memorandum of Understanding, [http://www.pablighlibrary.com/Westmoreland\\_Intergovernmental\\_Cooperation\\_Agreement-xal8.pdf](http://www.pablighlibrary.com/Westmoreland_Intergovernmental_Cooperation_Agreement-xal8.pdf).

## F. Explore and Understand Interagency and Intergovernmental Dynamics

Establishing and operating a successful land bank needs cooperation between local and county governments. Decisions about staffing, funding, programming, and policymaking will involve local and county representatives, regardless of whether the land bank jurisdiction is a county or a municipality. Through your task force or working group, you can explore issues such as who has the capacity to administer the land bank, who has experience cleaning and greening vacant lots, and how a land bank might be used to advance local and county development and community-based plans. Knowing which intergovernmental and interagency relationships are healthy and which ones are strained should aid your land bank assessment and planning decisions.

## G. Provide for Substantial and Meaningful Public Involvement

Neighborhood residents know the problem properties in their communities and can identify the ones causing the most significant harm. Community groups and neighborhood organizations know the community's history and concerns about blighted properties and development. These groups often have visions and neighborhood plans for how vacant properties should be redeveloped and used in the future. This "on the ground" information is invaluable to land bank assessment and planning.

The preliminary assessment team should include residents, neighborhood organizations, and community development corporations (CDCs) from communities most affected by vacant and abandoned properties. The team should hold public information sessions where residents can ask questions, provide input, and share their hopes and concerns about how a land bank might affect their neighborhoods. By involving the public in the preliminary assessment, you will be laying the groundwork for robust community and resident engagement if you move ahead with the creation and operation of a land bank.

## H. Make a Preliminary Needs Assessment and Determination of Feasibility

With the homework and outreach you've done, you should be able to make a preliminary determination of whether your community would benefit from a land bank. Could a land bank's powers help return problem properties to productive use in the short or long term? Could a land bank's powers be used to advance the implementation of previously approved development or community-based plans?

If you answered "yes," your next step should be to consider whether a land bank is feasible. At this early stage, you should be looking only for insurmountable obstacles to the creation of a land bank. For example, have any key political leaders voiced such strong opposition to a land bank that their opposition would be difficult to overcome? Is the administrative capacity to operate a land bank lacking and otherwise unobtainable? Are financial resources unlikely to be available or attainable for a land bank startup? Without the political will and the necessary human and financial resources, a land bank may not be feasible.

"At its core, land banking is a tremendously fun and creative enterprise. It is tough, challenging diagnostic work at the front end; it is creative problem-solving in the middle; it is rewarding and rejuvenating at the end, when new blossoms emerge from devastation. It is an opportunity to renew and rethink our relationships one to another, and to the places and spaces in which our relationships occur."

Frank Alexander  
(p. 113 of *Land Banks and Land Banking*)

# SECTION 3

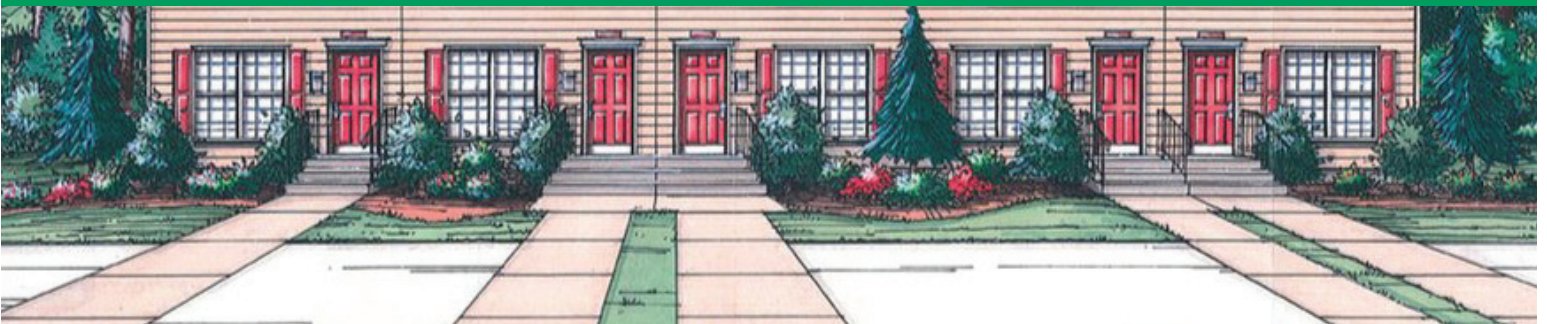
## PLANNING AND ORGANIZING A LAND BANK

The Pennsylvania Land Bank Act provides a flexible framework for planning and organizing a land bank. The land bank's form and structure should serve the needs of the community. The goal is to design a land bank that has the powers and functions necessary to acquire and repurpose the community's problem properties. The planning team needs to make choices about land bank jurisdiction, administration, guiding principles, and scope of activities. Procedures need to be developed for property acquisition and disposition, and agreements with key partners need to be negotiated. All of this takes time, patience, and commitment from those engaged in the process.

As with the preliminary assessment, the planning team should include the key partners and stakeholders who have interests related to the land bank: school districts, tax collectors, residents, code enforcement officials, developers, and others. The planning team members will be instrumental to the land bank's success. The more people who are involved in the land bank planning process, the more likely it is that the resulting land bank will have broad public support and be designed to meet community needs. Community buy-in is essential to a land bank's long-term success.

As you get started, consider these initial questions:

1. Will the land bank jurisdiction be a county, a municipality, or a group of municipalities?
2. Who will administer the land bank?
3. What are the public policy goals for the land bank?
4. What functions and activities will the land bank perform?
5. What are the available and potential sources of funding?
6. What will be the role of the private sector?
7. How will we engage the public?
8. What policies and procedures are needed?



## CHAPTER 4 | LAND BANK PROGRAMMING AND PLANNING

### A. Select the Land Bank Jurisdiction

The Pennsylvania Land Bank Act allows counties and municipalities with at least 10,000 residents to create their own land bank by local ordinance or to create a joint land bank with other communities through an intergovernmental cooperation agreement (ICA).<sup>41</sup> A municipality may opt to create its own land bank even if a county land bank is established.<sup>42</sup>

Often the choice is between a county and a municipal land bank jurisdiction. The selection of a jurisdiction can depend on a variety of factors—among them local leadership, political will, human and financial resources, and historical relationships.

A county-based jurisdiction offers some advantages over municipal. A county may have greater capacity and resources to commit to a land bank. Blighted properties may be concentrated in a handful of fiscally challenged municipalities in an otherwise affluent county. It may be easier for a county land bank to coordinate with the county tax claim bureau for the acquisition of tax-foreclosed properties. Also, because a land bank may acquire property only within its jurisdiction,<sup>43</sup> a county land bank will have a wider geographic range of properties to select from and therefore a greater opportunity to acquire a mix of high- and low-value properties. Thus the land bank can generate revenues by selling the higher-value properties. Counties also have other county-based agencies—redevelopment authorities, industrial development authorities, and economic development agencies—that can work in concert with the land bank to return residential, commercial, and industrial properties to the tax rolls.

Boroughs, townships, and cities, however, may prefer to retain local control and create their own land banks. More than county governments, local governments deal directly with blighted properties. They clean and seal abandoned and dilapidated buildings, cite properties for code violations, demolish unsafe structures, and respond to fires and crimes occurring on neglected, eyesore properties. Local governments that create their own land banks have the power to appoint land bank board members, to dictate priorities for property acquisition and disposition, and to provide direct oversight of land bank operations. With a county land bank, the participating local governments have less power to affect land bank priorities and operations.

Another option is a multi-municipal land bank jurisdiction. Pennsylvania has two established multi-municipal land banks: the North East Pennsylvania Land Bank Authority and the Schuylkill County Land Bank. The North East Pennsylvania Land Bank Authority was initially formed by four member municipalities in Luzerne County: the City of Pittston, Duryea Borough, Jenkins Township, and West Pittston Borough. The Schuylkill County Land Bank was organized by the Northern Schuylkill County Council of Governments (COG) and has four member municipalities: Minersville Borough, Mahanoy City, Delano Township, and Shenandoah Borough. In the Mon Valley and eastern suburbs of Allegheny County, a group of 40 municipalities has chosen to undertake a regional approach to land banking and has proposed a multi-municipal land bank to be operated through the Tri-COG Collaborative (TCC).<sup>44</sup> In selecting a regional approach, the TCC noted the “many benefits to scaling the land bank to include multiple municipalities including diversification of the real

<sup>41</sup> 68 Pa.C.S. § 2104.

<sup>42</sup> *Ibid.* § 2104(d).

<sup>43</sup> 68 Pa.C.S. § 2109(f).

<sup>44</sup> The Tri-COG Collaborative includes the Steel Rivers COG and the Turtle Creek Valley COG. (The Steel Rivers COG is the result of a merger in 2015 between the Steel Valley COG and the Twin Rivers COG.) See the *TCC Land Bank Business Plan* (July 2014). <http://svcog.org/wp-content/uploads/2014/08/LandBankBusinessPlan.pdf>.

estate portfolio, sharing risks of investment in troubled properties and replicating success.”<sup>45</sup>

To date, six of the eleven land banks created in Pennsylvania are county based:

- Dauphin County Land Bank Authority
- Westmoreland County Land Bank
- Venango County Land Bank
- Lackawanna County Land Bank
- Northumberland County Land Bank
- Washington County Land Bank

### B. Establish the Land Bank’s Mission and Goals

The mission of a land bank should reflect its core purpose. Here are some examples of Pennsylvania land bank mission statements:

“To deter blight and to return vacant property to productive status using a unified, predictable, and transparent process, thereby revitalizing neighborhoods and strengthening the County’s tax base.”

Westmoreland County Land Bank mission <sup>46</sup>

“To promote local and regional growth and improvement by returning vacant, blighted, and/or tax-delinquent properties to the mainstream real estate market in a manner consistent with municipal and county policies and with downtown and neighborhood reinvestment strategies.”

Mission of Proposed Erie Land Bank <sup>47</sup>

The land bank planning team should discuss short-term and overall goals. Short-term goals might include funding a first-year budget and developing the policies and procedures necessary to create a unified, transparent, and predictable system for property acquisition and disposition. Overall goals should be consistent with the state enabling legislation and reflect the outcomes you hope to achieve through the land bank. They might include one or more of these four common goals:

1. Eliminate the harm caused by vacant, abandoned, and tax-delinquent properties
2. Eliminate barriers to returning properties to productive use
3. Convey properties to new owners for productive use
4. Hold properties for future use.<sup>48</sup>

Stakeholders who attended a land bank planning session in Westmoreland County were asked to respond to the following question: Looking ahead 10 years to the year 2023, what would success look like for the Westmoreland County land bank? The following responses were generated, and they became the land bank’s goals:

- Significant strides should be made in reducing the total number of blighted properties
- In the early years, the land bank will need to point to some quick successes
- Over a period of time, the tax base should increase as vacant properties are redeveloped and as the impact of blight on surrounding properties is mitigated
- Plans are in place for the redevelopment of specific, high-impact projects

<sup>45</sup> Ibid. at 12–13.

<sup>46</sup> Westmoreland County Ordinance No. 10-123.

<sup>47</sup> *Proposed Business Plan for Erie Land Bank* (Housing Alliance, 2015), 9. <http://www.pablightlibrary.com/s/Proposed-Business-Plan-for-Erie-Land-Bank.pdf>.

<sup>48</sup> Frank S. Alexander, *Land Banks and Land Banking* (Center for Community Progress, 2015), 68.



- The land bank is a proactive, functioning, fully funded organization
- The overall quality of life will be improved for all Westmoreland County residents.<sup>49</sup>

### C. Determine How the Land Bank Will Be Administered

In many instances, it will make sense operationally and financially for the land bank to be administered by an existing government department or public agency such as a redevelopment authority. For example, the Dauphin County Land Bank Authority is administered by the Dauphin County Office of Community and Economic Development, which has experience in real estate transactions, blight mitigation, property development, and related areas of activity. In many communities, existing agencies or government departments have the capacity to operate a land bank. A land bank could operate as a component of one of those agencies or departments.

### D. Determine the Scope of Program Activities

Pennsylvania land banks have the ability to engage in many real estate-related activities. It is helpful to create a description of activities that the land bank will and will not undertake. Here are activities to consider (ranked by the level of land bank staff and funding resource commitment needed, from lowest to highest):

1. **Facilitator:** Land bank acquires tax sale property and sells to qualified developer or other buyer
2. **Redeveloper:** Land bank acquires blighted property, rehabilitates (i.e., is the developer), and sells
3. **Landlord and Property Manager:** Land bank acquires blighted property, rehabilitates (i.e., is the developer), retains ownership, and rents out

4. **Banker:** Land bank acquires and maintains surplus property for which no end user has been identified
5. **Stabilizer:** Land bank cleans, stabilizes, or demolishes blighted properties

Land bank programs may include property acquisition, demolition, rehabilitation, stabilization, maintenance, and sales and rentals. Most land banks will operate a side lot disposition program to facilitate the transfer of vacant lots to owners of adjacent properties.<sup>50</sup>

Take some time to determine the program scope that is realistic for your land bank. Funding and capacity should be central factors in your determination.

### E. Coordinate with Local Planning and Development Agencies

Ideally, representatives from the local planning agency and redevelopment authority are part of the land bank planning team. A land bank is not a planning agency or a redevelopment authority. Rather, it can help implement recommendations from previously approved land use and development plans. Planning that has already been done by local planning and development agencies should serve as the context for land bank activities. In fact, the Pennsylvania Land Bank Act directs land banks to consider all duly adopted land use plans and to make reasonable efforts to coordinate the disposition of land bank property with those plans.<sup>51</sup> Any new planning associated with a land bank should be consistent with existing municipal and county land use and investment plans and policies, and it should be coordinated with the planning and development agencies operating within the jurisdiction. This is important not only for efficiency and consistency but also for funding. Eligibility for federal and state funding sources may depend on the land bank's operating in the context of an overall planning effort. When the Redevelopment Authority of the County of Westmoreland (RACW) was leading the land bank planning effort there, it

<sup>49</sup> *Westmoreland County Land Bank Operations Plan, Phase I Report: Strategic Directions* (October 2013), 4–5. <http://www.pablighlibrary.com/s/Westmoreland-County-Land-Bank-Operating-Plan-Phase-I-Report.pdf>.

<sup>50</sup> See, for example, *Westmoreland County Land Bank Policies and Procedures*, Section 6 Side Lot Disposition Program, <http://www.co.westmoreland.pa.us/DocumentCenter/View/3478>,

<sup>51</sup> 68 Pa.C.S. § 2110(f).

worked with the county planning department to ensure that the objectives of the land bank were incorporated into the revised comprehensive plan.<sup>52</sup>

## F. Draft a Strategic Plan

A strategic plan is intended to guide land bank activities. Drafting a strategic plan may seem daunting, but it needn't be. Staff members of the local planning and development agencies may have the capacity and the availability to assist with drafting the plan. Enlisting outside expertise to help prepare the plan is another option. You should give the members of your planning team (such as political and community leaders, school district managers, tax collectors, residents, code enforcement officials, community gardeners, developers, and real estate brokers) and other interested stakeholders plenty of opportunities to discuss the strategic plan and offer input as it is being developed.

Existing plans for land use and development may include data, information, and recommendations that can be incorporated into the strategic plan and may be used to inform land bank acquisition and disposition activities. Local real estate brokers are good sources of information about market conditions.

The strategic plan should—

1. Outline a general framework to guide land bank activity
2. Include data on vacant properties (gathered during the preliminary assessment) and other relevant information about market conditions (median home prices, MLS data, affordable housing reports)
3. Include details about the type, number, location, and anticipated outcomes associated with real estate transactions conducted during initial years of operation

4. Identify priorities for acquisition
5. Make recommendations for uses

In their first year of operation, most Pennsylvania land banks are likely to acquire only a handful of properties. Starting small and scaling up allows a land bank to test and fine tune its policies and procedures, build a track record of success, and earn the public's trust. Targeting land bank activities in a defined area is another strategy for quickly demonstrating a land bank's impact.

“As envisioned by City Council, the Strategic Plan is intended to help set the ground rules for Land Bank activities. It is grounded in a data-driven process to help identify areas across the City where the Land Bank can have a meaningful impact.”

Philadelphia Land Bank Strategic Plan  
<http://www.philadelphialandbank.org/about/strategic-plan/>

The most detailed and comprehensive land bank strategic plan has been completed in Philadelphia as required by city council.<sup>53,54</sup> The strategic plan is data driven. To understand vacancies and identify opportunities for reuse, the strategic plan analyzed and mapped data sets from public, private, and nonprofit sources on vacancies, tax delinquencies, zoning, flood plains, property assessments, home sale prices, code violations, and community gardens and green space. The Philadelphia Land Bank coupled the data analysis with community input, meeting with more than 100 stakeholders representing more than 80 organizations.<sup>55</sup> The strategic plan established clear goals, identified priority areas, and set targets for property acquisition and disposition for its first five years. It was approved by City Council and has enjoyed widespread public support.<sup>56</sup>

<sup>52</sup> *Westmoreland County Land Bank Operations Plan, Phase I Report: Strategic Directions* (October 2013). <http://www.pablightlibrary.com/s/Westmoreland-County-Land-Bank-Operating-Plan-Phase-I-Report.pdf>.

<sup>53</sup> Philadelphia Code § 16-709(3).

<sup>54</sup> <http://www.philadelphialandbank.org/about/strategic-plan/>.

<sup>55</sup> *Philadelphia Land Bank 2015 Progress Report & Strategic Plan Update* (October 2015) at 2. <http://www.philadelphialandbank.org/wordpress/wp-content/uploads/2015/11/Land-Bank-Progress-Report-2015.pdf>.

<sup>56</sup> *Ibid.*

In Westmoreland County, the redevelopment authority convened a task force of stakeholders to help it craft strategic directions for a proposed land bank. The stakeholders represented the county, municipalities, nonprofit housing agencies, foundations, conservation organizations, and economic development organizations. During Phase I of the planning process, the stakeholder group identified the following three land bank purposes (or strategic directions) and developed action steps and a timeline for accomplishing them:

- **Provide leadership and coordination** in working with various partners to address vacant and abandoned properties
- **Raise and leverage funds** from the public and private sectors that are available to address vacant and abandoned properties
- **Develop an effective communication and education program** that keeps key partners engaged in addressing the problem of vacant and abandoned properties<sup>57</sup>

## G. Draft a Business Plan with a Budget

Simply put, a business plan is a document that describes what you plan to do and how you plan to do it.<sup>58</sup>

The very process of creating a business plan will help you better understand how the land bank should be managed and operated to achieve the outcomes set forth in your strategic plan. In addition, the business plan demonstrates to policymakers, stakeholders, and the public how the land bank will achieve its mission.

The business plan—

1. Describes how the land bank will be organized and managed
2. Details the process through which properties can be repurposed

3. Includes a budget that shows sources and uses of funds as well as income and expense projections for the land bank's startup and initial years of operation
4. Includes a plan for initial organization and startup and a plan for initial operations
5. Outlines procedures for proposed interactions between the land bank and the tax claim bureau or other tax foreclosing body

The size and the complexity of the land bank budget will be based on the scope and nature of land bank activities and the number of properties to be acquired, managed, and sold. If your land bank will be staffed by an existing agency and will confine its activities to facilitating real estate transactions—i.e., acquire properties and subsequently convey them to others as quickly as possible—the operating budget will be relatively modest.

A budget template for a land bank's initial year is included in the Appendix, along with business plans for several proposed and existing Pennsylvania land banks.

## H. Draft Acquisition and Disposition Policies and Procedures

Acquisition and disposition policies and procedures set forth the principles that will guide how the land bank takes in properties and what it does with them once they have clear title and liens. The policies should be consistent with the land bank's mission, goals, and strategic plan. They should set forth a predictable, timely, and transparent process for the land bank to acquire and convey properties.

The focus for some land banks may be on acquiring tax-delinquent properties at judicial sale. Others may concentrate on acquiring surplus publicly owned properties. A land bank has wide discretion in choosing which properties to acquire. This is especially true for municipal transfers, property donations, and market purchases. The acquisition policies and procedures should state how the land

<sup>57</sup> *Westmoreland County Land Bank Operations Plan, Phase I Report: Strategic Directions*, 5 (October 2013), <http://www.pablightlibrary.com/s/Westmoreland-County-Land-Bank-Operating-Plan-Phase-I-Report.pdf>.

<sup>58</sup> <http://www.entrepreneur.com/article/38290>



bank intends to acquire properties, such as by donation, municipal transfer, or judicial sale.

The acquisition policy and procedures should state the factors or characteristics of a property that will influence a land bank's decision to acquire it. For instance, some land banks will acquire only property that is unoccupied. Other examples of factors that a land bank might consider in its property acquisition policies are—

- Strategically located on a gateway street
- Suitable for a side-lot disposition
- Identified by local government as imminently dangerous and demolition is requested
- Proposed for acquisition and redevelopment by qualified developer

The acquisition policy and procedures should set forth the review, underwriting, and due diligence to be done by land bank staff for each proposed acquisition to ensure that the acquisition would be consistent with the policies and procedures.

The disposition policies and procedures should address land use priorities, pricing, buyer qualifications, and the sales process. Under the Pennsylvania Land Bank Act, the local government creating the land bank may establish a hierarchy of land use priorities to govern the land bank's disposition of properties. There may be different priorities for different properties or neighborhoods within the land bank jurisdiction. Land use priorities should be stated in the disposition policies and procedures.

The Dauphin County Land Bank has established the following ranking of land use priorities:

1. Return to non-tax exempt residential use or non-tax exempt commercial use at market value
2. Return to non-tax exempt residential use or non-tax exempt commercial use at less than market value

3. Division of adjoining properties to neighboring owners or sale of entire parcels with no structure thereon to adjoining owners
4. Tax-exempt affordable housing
5. Purely public spaces and places
6. Conveyance to municipal, public school, or other public purpose
7. Rental property.<sup>59</sup>

Pennsylvania land banks may sell properties for nominal consideration or at discounted pricing.<sup>60</sup> Discounted pricing is frequently offered for side-lot dispositions and developments that benefit the public good, such as affordable housing. Discounted pricing may also be offered in communities experiencing the complete loss of market demand and to give incentives for high-impact catalytic developments. Pricing policies should be clearly stated in the disposition policies and procedures.<sup>61</sup>

Pennsylvania land banks may impose minimum requirements on buyers and may require buyers to sign affidavits certifying that they do not owe back taxes or own properties with serious, uncorrected code violations, or lack the experience and capacity to rehabilitate the property. The disposition policies and procedures should state all buyer qualifications and specify the process by which an interested buyer can acquire a land bank property.

<sup>59</sup> *Dauphin County Land Bank Policies and Procedures*, <http://www.dauphincounty.org/government/Community-Economic-Development/Land-Bank-Authority/Documents/Exhibit%20A.pdf>.

<sup>60</sup> 68 Pa.C.S. § 2110(c).

<sup>61</sup> *Ibid.* § 2110(d)(1).

## CHAPTER 5 | ORGANIZATION – FORMING A LAND BANK

**Creating a land bank requires an ordinance and, in some instances, an intergovernmental cooperation agreement (ICA). The Pennsylvania Land Bank Act specifies some of the content of the authorizing ordinance, but much is left to the discretion of the county or municipality. In this chapter, we set forth guidance on drafting a land bank ordinance and an ICA. The guidance is not intended as legal advice, and you should consult with the solicitor or other attorney representing the jurisdiction creating the land bank about the necessary and appropriate legal documents.**

### A. Draft an Ordinance Authorizing a Land Bank

A local government creates a land bank by passing an ordinance.<sup>62</sup> At a minimum, the ordinance must specify—

1. Name of the land bank
2. Number of members of the board of directors
3. Names of the initial members of the board and their terms
4. Board selection criteria, qualifications, and terms of office
5. The manner by which residents will have input into land bank decision-making
6. Policies that show a preference for keeping owner-occupants in their homes, whenever feasible, when their homes are acquired by the land bank.<sup>63</sup>

The ordinance may include any additional terms and conditions deemed reasonable and necessary for the land bank's operation.<sup>64</sup>

### 1. Board of Directors—How Many and Who?

A volunteer board of directors governs a land bank's operations.<sup>65</sup> How many members do you want on the board? You must choose an odd number between 5 and 11.<sup>66</sup> At least six of the eleven Pennsylvania land banks are governed by boards with seven members.

**Who should serve on the board?** The ordinance must name initial board members. Given the work of a land bank, it makes sense to select board members who have expertise in planning, community and economic development, real estate development, and housing. The board must also have at least one civic association representative.<sup>67</sup> Where a sister agency such as the redevelopment authority or housing authority will administer the land bank, local governments have named members of those boards to serve on the land bank board. The Harrisburg Land Bank Board consists of seven members, five of whom are members of the board of directors of the Redevelopment Authority of the City of Harrisburg (RACH).<sup>68</sup>

Given the role of the county tax claim bureau in the land bank's acquisition of properties, the county treasurer or the director of the tax claim bureau is an ideal candidate for the land bank board. The Venango County Land Bank board includes the director of the county tax claim bureau and the assessment director.<sup>69</sup>

Along with naming the initial board members, the ordinance must specify how permanent board members will be appointed and how long they will serve. Board appointments are typically made by the local government and, in some jurisdictions, are

<sup>62</sup> Ibid. § 2104(a).

<sup>63</sup> Ibid. § 2104(a).

<sup>64</sup> Ibid.

<sup>65</sup> Ibid. § 2105(f).

<sup>66</sup> Ibid. § 2105(a).

<sup>67</sup> Ibid. § 2104(a)(5).

<sup>68</sup> Harrisburg Code § 2-511.21.

<sup>69</sup> Venango County Ordinance No. 2014-03, § 3.3.

split between the mayor and council.<sup>70</sup> Terms for board members must be stated in the ordinance and are typically expressed in number of years—for example, three-year terms for Venango County Land Bank board members.<sup>71</sup> In Philadelphia, board members' terms run concurrently with those of their appointing authorities (the mayor or city council).<sup>72</sup>

## 2. Opportunities for Residents' Input

The ordinance must also specify the manner by which residents will be given opportunities to have input into the land bank's decisions. Some Pennsylvania land bank jurisdictions are satisfying this requirement by including ordinance provisions that allow residents to recommend appointees to the land bank board, offer public comment at board meetings, and recommend properties for the land bank to acquire.<sup>73</sup>

## 3. Owner-Occupant Policies

The land bank ordinance must include policies that favor keeping owner-occupants in homes acquired by the land bank whenever feasible. The requirement is satisfied by including the following language in your ordinance:

**"Acquiring Occupied Homes:** When the Land Bank acquires residential properties that are occupied by the owners at the time of acquisition, it shall be the policy of the Land Bank to show a preference for keeping the owner-occupants in their homes, whenever feasible."<sup>74</sup>

## 4. What Else Should Be Included in the Ordinance?

In the ordinance, the governing body should authorize the remittance of 50 percent of the real estate taxes collected on behalf of the governing body for the first five years after real property is conveyed by the land bank.<sup>75</sup> Other funding mechanisms should also be included.

The land bank's powers should be enumerated in the ordinance, along with a catch-all provision granting all powers authorized under the state statute. The land bank's duties under the statute should also be included—such as developing policies and procedures, maintaining a publicly available inventory of properties, considering locally approved plans when making decisions about property disposition, and preparing annual reports and audits. The governing body may also impose additional obligations on the land bank. For example, the ordinances creating the Philadelphia and the Pittsburgh land banks require the preparation of an annual strategic plan.<sup>76</sup>

To be clear, this guidance is not intended as legal advice, and you should consult with the solicitor or other attorney representing the jurisdiction creating the land bank regarding the drafting and content of a land bank ordinance.

<sup>70</sup> See, e.g., Pittsburgh Code § 174A.05(a).

<sup>71</sup> Venango County Ordinance No. 2014-03, § 3.5.

<sup>72</sup> Philadelphia Code § 16-704.

<sup>73</sup> See, e.g., Westmoreland County Ordinance No. 10-123, §§ 3.11, 11.2.

<sup>74</sup> Lackawanna County Ordinance No. 239, § 6.2.

<sup>75</sup> See, e.g., Harrisburg Code § 2-511.35(10).

<sup>76</sup> Philadelphia Code § 16-709(3); Pittsburgh Code § 174A.13(e).

## B. Draft Any Necessary Intergovernmental Cooperation Agreements

If you are creating a multi-municipal land bank, you will need an intergovernmental cooperation agreement (ICA) among the participating municipalities.<sup>77</sup> The ICA dictates how the land bank will be governed and operated, and it includes the minimum requirements for the land bank ordinance, as discussed above.<sup>78</sup> To participate in the land bank, each municipality must pass an ordinance approving the ICA. Sample documents from the formation of the North East Pennsylvania Land Bank Authority are included in the Appendix.<sup>79</sup>

An ICA is also needed so that taxing authorities can authorize a land bank to discharge liens on land bank properties and to share tax revenues with the taxing authorities on real property conveyed by the land bank (up to 50 percent for up to 5 years). The ICA may also specify any other agreements between the parties. For example, in the ICA between the Westmoreland County Land Bank and its member municipalities, the municipalities agree to make a \$5,000 contribution to the land bank and to maintain any property the land bank acquires that is located within their boundaries.<sup>80</sup>

<sup>77</sup> 68 Pa.C.S. § 2104(c).

<sup>78</sup> Ibid.

<sup>79</sup> *North East Pennsylvania Land Bank Authority Intergovernmental Cooperation Agreement and Memorandum of Understanding*, and related formation documents can be found at <http://www.pablightlibrary.com/s/North-East-PA-Land-Bank-Filing-with-State-Dept.pdf>.

<sup>80</sup> See Form, *Westmoreland County Land Bank Intergovernmental Cooperation Agreement*, [http://www.pablightlibrary.com/s/Westmoreland\\_Intergovernmental\\_Cooperation\\_Agreement-xal8.pdf](http://www.pablightlibrary.com/s/Westmoreland_Intergovernmental_Cooperation_Agreement-xal8.pdf).

## CHAPTER 6 | BUILDING SUPPORT FOR A LAND BANK

You've completed all the necessary planning and drafted the land bank ordinance and intergovernmental cooperation agreements. The next step is getting the ordinance adopted and the agreements executed. By including diverse stakeholder groups and constituencies in the land bank planning process, you've created a coalition of land bank advocates who can help rally and galvanize the necessary political and community support for a land bank.

A sustained education campaign is essential to building support for a land bank. Pennsylvania land bank pioneers have had success using the following strategies to build support for creating a land bank in their communities.

### A. Clearly Define the Problem and Show How a Land Bank Can Help

In Westmoreland County, the redevelopment authority used the number of properties eligible for purchase at judicial sale (more than 500) as an indication that the county had a serious tax delinquency problem. In building its case for a land bank, the redevelopment authority demonstrated how a land bank's powers could be used to acquire tax-delinquent properties to stabilize neighborhoods and clear the path for private investment.<sup>81</sup>

### B. Focus on the Costs of Doing Nothing

One of the most effective ways to gain support for a land bank is to focus on the costs of doing nothing.

DIRECT COSTS	
<b>Impact on Municipal Services:</b>	
Code Enforcement	\$595,350
Police	\$6,400,296
Fire	\$2,378,525
Public Works	\$727,195
Demolition	\$618,936
<b>Total Municipal Services</b>	<b>\$10,720,302</b>
<b>Loss Of Tax Revenue:</b>	
RE Taxes - Due to Blight	\$2,758,137
RE Taxes - Due to Vacant Lots	\$2,256,222
EIT- Due to Vacant Structures	\$2,552,475
EIT - Due to Vacant Lots	\$820,323
Tax Collection	\$250,718
<b>Total Loss of Tax Revenues</b>	<b>\$8,637,875</b>
<b>TOTAL ANNUAL DIRECT COSTS</b>	<b>\$19,358,177</b>
INDIRECT COSTS	
<b>Impact on Property Values:</b>	
Loss of Property Value at 15%	\$218,556,773
Loss of Real Estate Tax Due to Loss of Property Value	\$8,574,719
<b>TOTAL ANNUAL INDIRECT COSTS</b>	<b>\$227,131,492</b>
<b>Loss of Economic Benefit</b>	
<b>Annual</b>	
Real Estate Tax	\$8,117,602
New Resident EIT	\$166,692
<b>TOTAL LOSS OF ECONOMIC BENEFIT</b>	<b>\$8,284,294</b>
<b>TOTAL DIRECT AND INDIRECT IMPACTS</b>	<b>\$254,773,963</b>

Table 1 from Executive Summary of Tri-COG Blight Study, Page 9

<http://steelriverscog.org/wp-content/uploads/2014/08/BlightImpactExecutiveSummary.pdf>

<sup>81</sup> Westmoreland County Land Bank Operations Plan, Phase I Report: Strategic Directions (October 2013), 2–3, <http://www.pablightlibrary.com/Westmoreland-County-Land-Bank-Operating-Plan-Phase-I-Report.pdf>.

Several Pennsylvania communities have undertaken studies to demonstrate the true costs of blight to homeowners and taxing authorities: the costs of additional municipal services, loss of tax revenues, and decreased property values. Data such as that shown in Table 1 (*previous page*) demonstrates the magnitude of the impact of blight and supports the development of new tools, such as a land bank, to combat it.

### C. Highlight the Land Bank’s Partnership with Taxing Authorities

The land bank’s mission is to return vacant properties to the tax rolls. By repurposing problem properties, land banks help taxing authorities generate and collect more revenues while reducing public expenditures for code, fire and police protection. Taxing authorities are asked to share a portion of their taxes with land banks in the short term (up to 50 percent, up to 5 years) to gain long-term benefits (increased tax revenue and property values, lower costs of municipal services, improved quality of life for residents). After only five years, the taxing jurisdictions receive the full amount of real estate taxes on the reassessed values of the improved properties that the land bank conveys to new owners. New homeowners can also mean increased earned income taxes. Pennsylvania

land bank advocates have demonstrated this most effectively by using data for actual parcels in their communities—taxes collected without a land bank, projected taxes collected in years one through five after land bank conveyance, and projected taxes collected in year six and after.

### D. Share Success Stories from Established Land Banks

Results sell. Land bank advocates can share the experiences and successes of land banks in Pennsylvania and elsewhere to demonstrate how a land bank can benefit their communities. Case studies of several Pennsylvania land banks are included in Chapter 16.

The United States has many examples of successful land banks. Among them: Cuyahoga Land Bank in Ohio, Greater Syracuse Land Bank in New York, and Genesee County Land Bank in Michigan.<sup>82</sup> Before-and-after photos, charts, and data quantifying the impacts of those land banks can be found on their websites. The Center for Community Progress, a national nonprofit organization, is a leading authority on land banks and land banking, and provides many related resources on its website.<sup>83</sup>

<sup>82</sup> For an in-depth look at these successful land banks and four others outside of Pennsylvania, see Payton Heins, et al, *Take it to the Bank: How Land Banks Are Strengthening America’s Neighborhoods* (Center for Community Progress, 2015).

<sup>83</sup> <http://www.communityprogress.net/land-bank-headquarters-pages-446.php>.



# SECTION 4

## SETUP, STARTUP, AND OPERATIONS

Congratulations! Your land bank ordinance has passed, and all necessary ICAs have been signed. Now it's time to set up the land bank and start operations.





## CHAPTER 7 | SETUP AND STARTUP

### A. Incorporate and Prepare Bylaws

To incorporate a Pennsylvania land bank, the land bank jurisdiction files a copy of the land bank ordinance with the Pennsylvania Department of State.<sup>84</sup> After receiving the ordinance, the Secretary of the Commonwealth issues a certificate of incorporation.<sup>85</sup> Some Pennsylvania land banks have filed articles of incorporation along with their local ordinances.<sup>86</sup>

Pennsylvania land banks may adopt bylaws and other rules to govern operations.<sup>87</sup> Land bank bylaws generally provide for selecting officers, the duties of officers, filling board vacancies, notices and meetings, and other routine matters governing the land bank's conduct.<sup>88</sup> The land bank solicitor or other attorney usually prepares the bylaws. The land bank board adopts them.<sup>89</sup>

### B. Organize Your Board

Board members elect board officers: chair, vice chair, secretary, and treasurer.<sup>90</sup> The bylaws describe the duties of each officer. The board chair typically runs the board meetings.

Board meetings are open to the public and are subject to the Sunshine Act.<sup>91</sup> The board must adopt a schedule for regular meetings.<sup>92</sup> Some Pennsylvania land banks meet monthly (such as the

Dauphin County Land Bank Authority); others meet quarterly (North East Pennsylvania Land Bank Authority). In determining how often your board should meet, consider the amount of land bank business to be conducted and keep in mind that board members must attend in person.<sup>93</sup>

### C. Finalize and Execute Intergovernmental Cooperation Agreements

To discharge liens on land bank properties and to share tax revenues from properties conveyed by the land bank, the land bank must execute an ICA with each taxing body in its jurisdiction that is not a member of the land bank. Most Pennsylvania land banks are negotiating ICAs with the taxing authorities that cover all properties that the land bank is to acquire. For the ICAs to be executed, the land bank board needs to review and approve them.

### D. Create and Approve Organizational Policies

Land banks need policies and procedures to guide their operations. The board reviews the policies and procedures and approves them by resolution at a board meeting. Any policies you drafted during the land bank planning stage will need board review and approval.

<sup>84</sup> A copy of the ordinance is also sent to the Department of Community and Economic Development. 68 Pa.C.S. § 2104(b).

<sup>85</sup> Ibid.

<sup>86</sup> See, for example, *Harrisburg Land Bank Articles of Incorporation*, <http://www.pablightlibrary.com/s/Harrisburg-Land-Bank-Articles-of-Incorporation.pdf>; *Dauphin County Land Bank Articles of Incorporation*, <http://www.pablightlibrary.com/s/Dauphin-County-Land-Bank-Articles-of-Incorporation-and-Bylaws.pdf>.

<sup>87</sup> 68 Pa.C.S. § 2107(1).

<sup>88</sup> See, for example, *Bylaws of Philadelphia Land Bank*, <http://www.pablightlibrary.com/s/Bylaws-Philadelphia-Land-Bank-July-17-2014.pdf>.

<sup>89</sup> 68 Pa.C.S. §§ 2105(2), 2107(1).

<sup>90</sup> Ibid. § 2105 (c).

<sup>91</sup> Ibid. § 2113(b)(1).

<sup>92</sup> Ibid. § 2105(g).

<sup>93</sup> Ibid. § 2105(g)(2).

The Philadelphia land bank has adopted several organizational policies:

- Public comment policy
- Open records/right to know policy
- Ethics policy
- Procurement process and financial assistance guidelines

<http://www.philadelphialandbank.org/>.

Requirements under the Pennsylvania Land Bank Act have led some land banks to adopt policies relating to conflicts of interest, ethics, and open records. Land bank employees and board members are subject to state laws about conflict of interest and ethical standards.<sup>94</sup> A land bank board may adopt supplemental rules and guidelines on potential conflicts of interest and ethical standards.<sup>95</sup> The City of Harrisburg's land bank ordinance directs the land bank board to adopt strict ethical guidelines for board members and land bank employees.<sup>96</sup>

Pennsylvania land banks are subject to the Sunshine Act and the Right to Know Law.<sup>97</sup> The Philadelphia Land Bank has adopted policies for public comment at open board meetings and public access to land bank records. The public comment policy allows interested parties to offer comments on items on the board's agenda for that meeting.<sup>98</sup> The policy recognizes the board's need to conduct land bank

business and generally limits those providing public comment to three minutes. The public comment period occurs at the beginning of the meeting. The Philadelphia Land Bank Open Records Policy names the person designated as the land bank's open-records officer, provides contact information, and sets forth the process for accessing the land bank's records.<sup>99</sup>

A land bank board should also consider adopting the following additional organizational policies:

1. Land acquisition and disposition policies, including property selection criteria (discussed at Chapter 4.H)
2. Policies on compensation, reimbursement, and attendance
3. Whistleblower policy
4. Investment policy
5. Travel policy
6. Defense and indemnification policy

Finally, a land bank might adopt a strategic plan. Philadelphia's land bank ordinance requires the land bank to develop a strategic plan and update it annually. The plan must address market conditions, including vacant properties, and five-year goals that support previously approved city and community plans and which encourage equitable development.<sup>100</sup>

<sup>94</sup> Ibid. § 2115.

<sup>95</sup> Ibid. § 2115(c).

<sup>96</sup> Harrisburg Code § 2-511.24.

<sup>97</sup> Ibid. § 2113(b).

<sup>98</sup> Philadelphia Land Bank Public Comment Policy (March 2015), <http://www.pablightlibrary.com/s/Philadelphia-Land-Bank-Public-Comment-Policy-March-2015.pdf>.

<sup>99</sup> Philadelphia Land Bank Open Records Policy (January 2015), <http://www.pablightlibrary.com/s/Open-Records-Policy-Philadelphia-Land-Bank-February-2015.pdf>.

<sup>100</sup> Philadelphia Code § 16-709(3).

## CHAPTER 8 | OPERATIONS

### A. **Contract for Staff and Services**

The land bank's board determines how the land bank will be staffed and reviews any employment contracts as well as contracts with local governments or agencies for land bank staffing services. Typically, an executive director runs the day-to-day operations of a land bank. In Pennsylvania, the executive director of a land bank often wears two hats, serving as the executive director of a redevelopment authority (e.g., City of Harrisburg) or a housing authority (e.g., Northumberland County). The Appendix includes a link to a sample land bank resolution regarding contracted services.

### B. **Procure Necessary Insurance and Professional Services**

A land bank needs insurance to manage the risks and liabilities associated with its operations. It also needs the professional services of lawyers, accountants, and auditors. Once a land bank has properties in its inventory, it may also need real estate marketing services. The land bank board reviews and approves contracts for services. The Appendix includes links to examples of requests for proposals for insurance brokerage, legal, and real estate marketing services.

### C. **Create an Inventory Management System**

A Pennsylvania land bank must maintain an inventory of its properties and make it publicly available.<sup>101</sup> Some Pennsylvania land banks are making property inventory information available on the Internet. For example, the Westmoreland County Land Bank's website includes parcel information and an interactive map of its property inventory.<sup>102</sup>

To maintain an inventory, a land bank needs a system or process for tracking the properties it is acquiring, holding, and conveying out. The nature and the scope of the inventory management system depend largely on the volume of properties the land bank expects to handle and any applicable local requirements. The inventory management system will meet internal operational needs, but it should also be designed as a tool for marketing land bank properties to prospective purchasers and publicizing land bank successes. For example, the Westmoreland County Land Bank publicizes its current inventory along with property sales on its website.

<sup>101</sup> 68 Pa.C.S. § 2110(a).

<sup>102</sup> <http://www.co.westmoreland.pa.us/index.aspx?NID=2149>.

## CHAPTER 9 | ACQUIRING AND HOLDING PROPERTIES

### A. Acquire Properties

Pennsylvania land banks may acquire properties in several ways, including donation, direct market purchase, and tax foreclosure.<sup>103</sup> (Chapter 10 discusses land banks' acquisition of tax sale properties in greater detail.) Land banks may acquire a property by transfer from municipalities, as long as the property is located within the geographic boundaries of the land bank jurisdiction. A redevelopment authority located within a land bank jurisdiction may transfer property to a land bank, provided that the local government consents and the redevelopment authority acquired the property before the effective date of the Pennsylvania Land Bank Act. No redevelopment agreement is needed for such transfers to a land bank.<sup>104</sup> Pennsylvania land banks may not acquire property by eminent domain.<sup>105</sup>

Once a land bank acquires property, it may maintain, demolish, or improve the property; lease the property; sell it for redevelopment; or hold it for later redevelopment. With the approval of taxing authorities, a land bank may discharge tax liens and claims on properties it owns.<sup>106</sup> The ability to extinguish tax liens is important because when the amount of the liens exceeds the value of a property, the property is not marketable. Clearing the liens can make the property attractive to private investors.

As discussed earlier, a land bank's acquisition policy will guide the land bank's decisions on how many and which properties to acquire. Most Pennsylvania

land banks have limited resources, so property acquisition is intentional and targeted.

- The Dauphin County Land Bank Authority will not acquire a property without the host municipality's consent.<sup>107</sup>
- The Westmoreland County Land Bank acquires properties identified as community priorities by the officials of the land bank's member municipalities.<sup>108</sup>
- The Proposed Business Plan for Erie Land Bank takes a conservative approach to property acquisition, initially acquiring properties only in stronger real estate markets and where a prequalified purchaser is available to take ownership soon after land bank acquisition.<sup>109</sup>

Before selecting a property for acquisition, a land bank should determine whether the transferor or grantor of the property can convey clear title and whether there are any environmental concerns.<sup>110</sup> Properties that have clouded title or environmental concerns are more difficult to sell and often require more time and investment by the land bank to remedy the problems. Often, land banks want to move properties quickly to new owners who will improve them through rehabilitation or demolition. In some instances, a land bank may want to acquire properties with title issues or environmental contamination so as to remedy those problems and then move the properties back onto the market.

<sup>103</sup> 68 Pa.C.S. § 2109(c).

<sup>104</sup> Ibid. § 2109(d)(3).

<sup>105</sup> Ibid. § 2108.

<sup>106</sup> Ibid. § 2117(a).

<sup>107</sup> Discussion with Skip Memmi, executive director of the Dauphin County Land Bank, January 12, 2016.

<sup>108</sup> Discussion with April Kopas, executive director of the Westmoreland County Land Bank, August 24, 2015.

<sup>109</sup> *Proposed Business Plan for Erie County Land Bank* (Housing Alliance, 2015), at 15, <http://www.pablightlibrary.com/s/Proposed-Business-Plan-for-Erie-Land-Bank.pdf>.

<sup>110</sup> See *Westmoreland County Land Bank Administrative Policies and Procedures*, Sections 2.3 – 2.5. <http://www.co.westmoreland.pa.us/DocumentCenter/View/3478>.

## B. Hold and Maintain Properties

A land bank may acquire property for which there is little or no demand and simply hold it for later development. With this power, a land bank can acquire and hold potential development sites in areas experiencing rising property values and gentrification, thereby preserving land in desirable neighborhoods for affordable housing and other public purposes. Land banks may hold properties in key redevelopment areas and wait for the right project to come along. Land bank-held properties are exempt from state and local taxes, which makes the land banks attractive partners for private and nonprofit developers.

While holding a property, the land bank must maintain it in accordance with the local property maintenance code and other applicable laws. In some cases, municipalities have agreed to maintain land bank-owned properties within their borders as part of an intergovernmental cooperation agreement with a land bank.<sup>111</sup> Some properties may contain structures that are dangerous and need to be demolished. In the intergovernmental cooperation agreement, land banks and municipalities should include a mechanism to determine how any necessary demolition will be managed and funded.

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<sup>111</sup> See, for example, *Intergovernmental Cooperation Agreement and Memorandum of Understanding between the North East Pennsylvania Land Bank and the City of Pittston, the Borough of Duryea, the Township of Jenkins, and the Borough of West Pittston* (August 2014), <http://www.pablightlibrary.com/s/North-East-PA-Land-Bank-Filing-with-State-Dept.pdf>.



## CHAPTER 10 | ACQUIRING TAX-DELINQUENT PROPERTIES

**Land banks may acquire properties through the tax and municipal claim enforcement process.<sup>112</sup> The Pennsylvania Land Bank Act has two options for how a land bank may intervene in enforcement proceedings. First, a land bank may acquire properties at tax sales held to collect delinquent property taxes. Second, a municipality may assign and transfer tax claims and municipal claims to a land bank, which would allow the land bank to stand in the shoes of the municipality to collect and enforce those claims.**

Land banks may acquire tax-delinquent properties by following the procedures set forth in the Land Bank Act according to the tax collection and enforcement law followed by the municipality in which the land bank is located. The act sets forth procedures under the following laws: **(1)** the Real Estate Tax Sale Law (RETSL), the act of July 7, 1947 (P.L. 1368, No. 542); **(2)** the Municipal Claim and Tax Lien Law (MCTLL), the act of May 16, 1923 (P.L. 207, No. 153); and **(3)** the Second Class City Treasurer's Sale and Collection Act, the act of October 11, 1984 (P.L. 876, No. 171). Most counties in Pennsylvania utilize the provisions of RETSL to collect delinquent real estate taxes.

### A. Acquire Properties at Tax Sales

The Pennsylvania Land Bank Act gives land banks the power to acquire properties that are foreclosed under Pennsylvania's tax and municipal claims enforcement laws.<sup>113</sup> In Pennsylvania, delinquent real estate taxes are collected by selling the property. Traditionally, the county tax claim bureau or other tax foreclosing body sells the delinquent property to the highest bidder at a public sale.

There are two types of public sales: upset sale and judicial sale. (Philadelphia, Pittsburgh, and Allegheny County municipalities may use a single sale under the Municipal Claim and Tax Lien Law [MCTLL]).<sup>114</sup>

At the upset sale, which must occur first, the property is offered for sale at a minimum bid, or "upset price," which is the amount that satisfies the tax liens and municipal claims against the property and includes the costs of the sale. The purchaser at an upset sale takes the title, free of the tax liens and claims covered in the upset price, but subject to all other liens and claims against the property that are of record at the time of the upset sale.

If no one bids the upset price, the property may be brought to a second public sale, a judicial sale. Assuming that proper notice of the sale is given to all those with an interest in the property, the purchaser at a judicial sale receives title free and clear of all tax and municipal claims, liens, mortgages, judgments, and other charges.<sup>115</sup> The minimum bid for properties at the judicial sale is the cost of collection, which is typically much lower than the upset price. Judicial-sale properties are sold to the highest bidder, with no regard for whether the buyer has any intention or capacity to develop the property. The minimum bid for judicial-sale properties is frequently under one thousand dollars, making such properties very attractive to speculators.

Neighborhoods are destabilized when speculators purchase blighted and neglected properties at judicial sales and simply sit on them, taking no steps to reverse or even halt the deterioration. Limitations in the tax foreclosure system allow speculators to milk the equity from the property for several years, before the tax foreclosure process begins anew and the property, now even more blighted, cycles through again.

<sup>112</sup> 68 Pa.C.S. § 2117.

<sup>113</sup> Ibid.

<sup>114</sup> Recent amendments to MCTLL allow a single free and clear judicial sale in Philadelphia and Allegheny counties only. (53 P.S. § 7282 and 53 P.S. § 7283).

<sup>115</sup> CAUTION: Certain liens (e.g. ground rents separately taxed and possibly federal liens) are not divested at judicial sale. Land banks considering acquiring property at judicial sale should consult an attorney or title professional to determine whether any liens or encumbrances will remain on the property after the sale.

“If you treat land as a disposable commodity, if you price and sell property as if it’s junk, then purchasers will treat the property like it’s junk. If somebody can buy an abandoned house in Flint [Michigan] for a few hundred dollars of back taxes and rent it out for a few hundred dollars a month, there’s no incentive for them to invest in any improvements to the property.”

Dan Kildee, U.S. Congressman, founder of Genesee County Land Bank, Michigan’s first land bank, and co-founder of the Center for Community Progress

source: [https://www.minneapolisfed.org/-/media/files/pubs/cd/09-2may/commdiv\\_may2009\\_2.pdf](https://www.minneapolisfed.org/-/media/files/pubs/cd/09-2may/commdiv_may2009_2.pdf). Interview with Dan Kildee

**Judicial Sales.** The Pennsylvania Land Bank Act gives land banks the power to intervene in the tax sale process, break the cycle of delinquency, and return foreclosed properties to productive use.<sup>116</sup> The act authorizes the land bank and the tax claim plaintiff (the tax claim bureau or another tax foreclosing body) to enter into an agreement so that the land bank can purchase a property at judicial sale for a negotiated sales price, usually the minimum bid or costs of the sale.<sup>117</sup> Through this process, a land bank may selectively identify properties for acquisition in advance of the judicial sale and negotiate an option-to-purchase agreement with the tax claim plaintiff. The land bank does not have to compete against third-party bidders at the auction. The property is conveyed to the land bank at the judicial sale, without auction and in accordance with the agreement. The land bank’s payment of the sales price may be in non-monetary promises to perform, such as demolition or the development of workforce housing.<sup>118</sup> The land bank as purchaser has an absolute title to the property, free and clear of all liens and encumbrances.

The Westmoreland County Land Bank has acquired several judicial-sale properties, using the powers and

procedures provided in the Pennsylvania Land Bank Act. Here is a summary of the process followed by the land bank and the tax claim bureau in Westmoreland County for those acquisitions:

1. The land bank targets the acquisition of properties identified by the municipal members of the land bank and maintains regular contact with the tax claim bureau to see whether any of those properties reach the judicial-sale list.
2. The land bank reviews the judicial-sale list and notifies the tax claim bureau of any properties it is interested in acquiring.
3. The land bank and the tax claim bureau negotiate a purchase price, and the parties enter into an option-to-purchase agreement. The agreement provides that if the land bank exercises its option to purchase at the judicial sale, the land bank will pay the purchase price.
4. The tax claim bureau includes in its “Conditions of Judicial Sale”—published on the county’s website and elsewhere—the following notice: “The Land Bank Statute was enacted by the legislature of Pennsylvania providing language that allows the Land Bank to purchase property at a price agreed by the three taxing bodies. Those Agreements were given to the Tax Claim Bureau Director and are on file in the office. If you have any questions, you may contact the Land Bank Solicitor.”
5. At the beginning of the judicial sale, the auctioneer reads the notice language from the “Conditions of Judicial Sale” and announces that, pursuant to the land bank legislation, the land bank and the tax claim bureau have entered into an agreement giving the land bank the option to purchase Property X.
6. Auctioneer asks the land bank representative who is in attendance whether the land bank wants to exercise its option to purchase Property X.

<sup>116</sup> 68 Pa.C.S. § 2117.

<sup>117</sup> This power is sometimes referred to as a land bank’s option to purchase or priority bid on a judicial sale property. Recently, as noted in footnote 47, questions have been raised about the land bank enabling legislation’s grant of this power to land banks located in municipalities that follow the Real Estate Tax Sale Law, the act of July 7, 1947 (P.L. 1368, No. 542), for tax collection and enforcement. Section 2117(c) of the Land Bank legislation governs procedures relating to the Real Estate Tax Sale Law. This guide is not intended to provide legal advice. Direct questions about land bank powers under the enabling legislation to the land bank solicitor.

<sup>118</sup> In Allegheny County only, a land bank may not purchase property for less than the upset sale price or alter the form, substance, or timing of the payment of the sales price absent an agreement with a county, city, borough, township, school district or municipal authority whose claims comprise the upset sale price. 68 Pa.C.S. § 2117(e.1)(1).

7. Land bank representative states, “Yes.”
8. Auctioneer announces that Property X is sold to the land bank in accordance with the terms of the option agreement and as authorized under the state land bank statute.<sup>119</sup>

The Appendix includes a link to the Westmoreland County Tax Claim Bureau “Conditions of Judicial Sale” publication.

Given the opportunities for land banks to intervene in tax sales and the legal obligations associated with the sales, land banks and tax claim bureaus must work together to develop mutually acceptable procedures for such transactions.

**Upset Sales.** A land bank may also acquire properties at an upset sale. The land bank and the tax claim bureau or tax foreclosing body may enter into an agreement for the land bank to purchase the property for the minimum amount if no one bids a higher amount at the upset sale. If no bid is higher than the minimum, the property is sold to the land bank for an amount equal to the costs of the sale.<sup>120</sup> If a third party bids a higher amount, the agreement is void, but the land bank may compete for the property by bidding in the auction. Like any other purchaser at an upset sale, the land bank takes title subject to all outstanding liens and mortgages. Only the delinquent taxes and municipal claims that comprise the upset sale price are divested at the upset sale.

**Repository.** The Pennsylvania Land Bank Act offers another acquisition option for land banks located in jurisdictions that collect property taxes using the provisions of the Real Estate Tax Sale Law. A tax claim bureau may transfer to a land bank parcels that remain unsold after the judicial sale and are held in the county repository for unsold properties.<sup>121</sup> All liens on repository properties are extinguished through the judicial-sale proceedings, so the land bank takes free and clear title to the real property.

**Notice.** The Land Bank Act requires that, in Real Estate Tax Sale Law (RETSL) jurisdictions, all notices and returns related to upset sales refer to a potential bid by a land bank.<sup>122</sup> As a matter of policy and to defend against challenges to the conveyance of tax-foreclosed properties to land banks, the tax claim bureau or other tax foreclosing body should include notice of potential bids by land banks in all notices given for judicial and upset sales, regardless of which state law governs delinquent-tax enforcement in the land bank’s jurisdiction.

**Risks.** Purchasing property at tax sales carries some risks. Often, the condition of a property is unknown and access to the property for inspection is limited. The property may be occupied. Most significantly, purchasers at tax sales risk litigation with former property owners and lienholders. A land bank can minimize but not eliminate those risks through pre-purchase investigation and due diligence and by “quieting” title after acquisition (*see Chapter 11*). Consult your land bank solicitor to help in identifying and managing the risks associated with tax sale purchases.

## B. Accept the Assignment of Liens and Claims

Under the Pennsylvania Land Bank Act, a municipality may assign a tax or municipal claim to a land bank on terms and conditions acceptable to both the municipality and the land bank.<sup>123</sup> If a land bank acquires tax claims, the land bank stands in the shoes of the municipality to collect and enforce those claims, and it must adopt policies that provide repayment agreements for low-income owner-occupants.

119 As witnessed at the August 24, 2015 Westmoreland County Judicial Sale; discussion with April Kopas, executive director of the Westmoreland County Land Bank, also on August 24, 2015.

120 In Allegheny County only, a land bank may not purchase property for less than the upset sale price or alter the form, substance or timing of the payment of the sales price absent an agreement with a county, city, borough, township, school district or municipal authority whose claims comprise the upset sale price. 68 Pa.C.S. § 2117(e.1)(1).

121 68 Pa.C.S. § 2109(g).

122 Ibid. § 2117(c)(4).

123 Ibid. § 2117.

## CHAPTER 11 | CLEAR TITLE

**After a land bank acquires a property, it prepares the property for conveyance to a new owner by discharging liens and clearing title. To convey property, a land bank must be able to offer clear, insurable title to potential buyers and redevelopers. Without clear title, a property is generally not marketable.**

### A. Discharge Liens and Claims

The Pennsylvania Land Bank Act authorizes land banks to discharge tax liens and claims to its properties for taxes owed to the municipal members of the land bank.<sup>124</sup> Any discharge of taxes or claims owed to a school district is subject to approval by the school district's governing body,<sup>125</sup> and to the land bank board's passing a resolution discharging the lien.

### B. Quiet Title

A land bank may file an action to quiet title to property in which the land bank has an interest.<sup>126</sup> An action to quiet title is a lawsuit filed to establish a good and marketable, or insurable, title to land by compelling anyone else with an interest in the land to assert a claim or be forever barred from asserting it. If a land bank has concerns about other claims of ownership interests in property it acquires, the land bank should consider filing an action to quiet its title to the property.

The Pennsylvania Land Bank Act expedites quiet-title proceedings initiated by land banks by directing the court to hold a hearing within 90 days of the filing of the complaint, and to issue its final judgment within 120 days of the filing. A land bank may include multiple parcels of property in a single complaint to quiet title. The serving of a land bank's quiet-title complaint may be accomplished by first-class mail rather than personal service, as may be otherwise required.

<sup>124</sup> Ibid. §§ 2117(c)(1), (d)(1), (e)(1).

<sup>125</sup> Ibid. § 2117(a)(2).

<sup>126</sup> Ibid. § 2118.

## CHAPTER 12 | DISPOSING OF PROPERTIES

**Once it has properties in inventory, the land bank is ready to convey some of those properties to new owners. Pennsylvania land banks may sell, transfer, lease, or mortgage interests in land bank property in the form and by the method determined to be in the land bank's best interests.**<sup>127</sup>

**Laws that restrict how municipalities may dispose of real property do not apply to Pennsylvania land banks.<sup>128</sup> Under the Pennsylvania Land Bank Act, land banks have greater flexibility in the disposition process, which allows them to more efficiently dispose of problem properties and to dispose of them with the long-term interests of the community and surrounding property owners in mind.**

### A. Dispose of Properties in Accordance with Local Priorities

The local government that created the land bank may establish a hierarchical ranking of priorities for the use of properties conveyed by the land bank.<sup>129</sup> Such priority uses may include, for example, public spaces, affordable housing, commercial and industrial activities, conservation areas, and green space.

The priorities may be set for the entire land bank jurisdiction or according to the needs of different neighborhoods or municipalities. The local government's priorities should be included in the land bank's disposition policies and procedures. Where the local government that created the land bank does not set priorities for use, the land bank may do so in its policies and procedures. In the City of Harrisburg Land Bank Ordinance, the city

expressly authorizes the land bank to adopt policies and procedures setting priorities for the use of properties conveyed by the land bank.<sup>130</sup>

### B. Dispose of Properties in Accordance with Other Established Criteria

#### 1. Pricing

The land bank determines the amount and form of consideration necessary to convey its property interests.<sup>131</sup> Consideration may include (among other things) cash, secured financial obligations, and contractual commitments related to the present and future use of the property. A Pennsylvania land bank can—

- Sell properties at market value or transfer them for nominal consideration
- Choose to offer discounted pricing for projects that serve a public purpose. For example, the Philadelphia Land Bank may offer discounted pricing for developments that provide affordable housing, advance the city's economic development goals, or propose significant incremental community benefits.<sup>132</sup>

A land bank must state in its disposition policies and procedures the general terms and conditions for the consideration to be received for property transfers.<sup>133</sup> The sale or lease of any property that has a value of more than \$50,000 is subject to board approval (by majority vote of the entire board membership).<sup>134</sup> Decisions about transfers of properties valued at less than \$50,000 are often left to land bank staff.

<sup>127</sup> Ibid. § 2110(b).

<sup>128</sup> Ibid. § 2110(d)(2).

<sup>129</sup> Ibid. § 2110(e).

<sup>130</sup> Harrisburg Code § 2-511.47(2).

<sup>131</sup> 68 Pa.C.S. §2110(c).

<sup>132</sup> City of Philadelphia, *Policies for the Sale and Reuse of City Owned Property* (December 2015), at 10–11, <http://www.philadelphialandbank.org/wp-content/uploads/2015/02/Final-Disposition-Policy-December-2014.pdf>.

<sup>133</sup> 68 Pa.C.S. § 2110(d)(1).

<sup>134</sup> Ibid. § 2105(h)(2)(vi).



## 2. Qualified Purchasers

Unlike local governments, a Pennsylvania land bank is not required to sell its property to the highest bidder through a request-for-proposal process, at a public auction, or by any other means. The Pennsylvania Land Bank Act authorizes land banks to consider other factors, such as the proposed future use of the property and the purchaser's demonstrated financial and operational capacity to improve and develop the property as proposed. Land banks can establish minimum developer qualifications and help responsible investors, developers, and contractors gain access to properties they are seeking to develop. The Westmoreland County Land Bank requires a prospective purchaser to submit information about experience in developing and managing properties, and an affidavit showing no delinquent taxes on other properties in which the prospective purchaser has ownership interests.<sup>135</sup>

## 3. Redevelopment Requirements

A Pennsylvania land bank may (not must) require a purchaser to sign a development agreement that specifies precise commitments about the nature of the expected investment or development and the time frame within which it must occur. To ensure that the commitments are kept, a land bank may place conditions on land it conveys. The North East Pennsylvania Land Bank Authority's policy provides that the land bank may enforce conditions of the sale through legally binding mechanisms such as deed restrictions, covenants, and mortgages.<sup>136</sup>

## C. Consider Locally Adopted Land Use Plans

Pennsylvania land banks must consider all duly adopted land use plans and must make reasonable efforts to coordinate the disposition of land bank properties with such plans.<sup>137</sup> A land bank is an implementation tool for local land use plans. The Philadelphia Land Bank is using the city's comprehensive plan and district and neighborhood plans to guide the potential acquisition and disposition of properties and to identify appropriate end uses.<sup>138</sup>

<sup>135</sup> Westmoreland County Land Bank Administrative Policies and Procedures, Section 4.4, <http://www.co.westmoreland.pa.us/DocumentCenter/View/3478>.

<sup>136</sup> Exhibit A, *North East Pennsylvania Land Bank Authority Policy*, Section 10(e), <http://www.pablightlibrary.com/s/North-East-PA-Land-Bank-Filing-with-State-Dept.pdf>.

<sup>137</sup> 68 Pa.C.S. § 2110(f).

<sup>138</sup> *Philadelphia Land Bank 2015 Strategic Plan and Disposition Policies*, at 105, <http://www.philadelphialandbank.org/about/strategic-plan/>.

## CHAPTER 13 | RECORDKEEPING

### A. **File Annual Audit and Report of Activities**

Within 120 days after the end of each fiscal year, Pennsylvania land banks must file an audit of income and expenditures, together with a report of activities, with the Department of Community and Economic Development.<sup>139</sup> The Appendix includes a link to the 2014 audit reports for the Westmoreland County Land Bank and the Philadelphia Land Bank.

### B. **Keep Minutes and Records of Proceedings**

Pennsylvania land banks must keep minutes and records of their proceedings.<sup>140</sup> The Appendix includes a link to a sample set of minutes from a meeting of the Board of the Dauphin County Land Bank Authority.

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<sup>139</sup> 68 Pa.C.S. § 2119.

<sup>140</sup> Ibid. § 2113.

## CHAPTER 14 | DISSOLUTION

### A. Dissolving a Land Bank

The Pennsylvania Land Bank Act sets forth procedures for dissolving a land bank.<sup>141</sup> Sixty calendar days' advance written notice of the board's consideration of dissolution must be—

- Given to the local government(s) that created the land bank
- Published in a local newspaper of general circulation
- Sent to the trustees of outstanding bonds of the land bank.

For a resolution requesting dissolution to go forward, two-thirds of the board must approve it.<sup>142</sup> On receipt of the resolution, the local government(s) that created the land bank may dissolve it by adopting an ordinance, a copy of which must be filed with the Department of State.

### B. Transferring Assets

On dissolution, the land bank's personal property, including its financial assets, are divided among participating land bank jurisdictions in proportion to their populations. Real property is transferred to the municipality in which the property is located.

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<sup>141</sup> Ibid. § 2114.

<sup>142</sup> Ibid. § 2105(h)(3).



# SECTION 5

## LESSONS LEARNED AND CASE STUDIES





## CHAPTER 15 | LESSONS LEARNED (SO FAR)

### A. Good Data Generates Support for a Land Bank

Data is persuasive. Land bank advocates are using data to generate support.

As discussed in Chapter 2, the Tri-COG Collaborative in the Mon Valley retained a consultant to analyze the financial impact of blight on its 41 member municipalities.<sup>143</sup> The Tri-COG Collaborative used the results of the 2013 study (cost-of-blight study) to develop consensus among various stakeholders about the magnitude of the impact of blight and to support the development of new strategies to address blight and abandonment,

including creating a regional land bank. According to An Lewis, Executive Director of the Steel Rivers Council of Governments, “Every dime spent on the cost-of-blight study has been worth it.”<sup>144</sup> As a next step, the Tri-COG Collaborative prepared the Tri-COG Collaborative Land Bank Business Plan.<sup>145</sup> The Tri-COG Collaborative leadership is using the cost-of-blight study and the land bank business plan to demonstrate the cost of doing nothing and to build support among the public, private, and civic sectors for a regional land bank that can serve as an effective tool for repurposing problem properties.



"Overall, the economic impacts of blight and vacant properties results in a total impact to the COG Communities of \$19.3 million in direct costs, with an estimated loss in property value of between \$218 and \$247 million resulting in additional tax revenue loss of at least \$8.5 million annually. Repurposed sites would generate an additional \$11.8 million in one-time construction fiscal impacts and \$8.2 million in recurring financial impacts."

Cover from executive summary and excerpt from page 47 of the full report.

143 *Financial Impact of Blight on the Tri-COG Communities* (September 2013), [http://www.housingalliancepa.org/sites/default/files/resources/Financial-ImpactofBlightonTriCG\\_FullReport.pdf#overlay-context=node/1574](http://www.housingalliancepa.org/sites/default/files/resources/Financial-ImpactofBlightonTriCG_FullReport.pdf#overlay-context=node/1574).

144 Remarks by An Lewis, executive director of the Steel Rivers Council of Governments, Land Bank Leaders Roundtable, Housing Alliance, Homes Within Reach Conference, November 16, 2015.

145 *Tri-COG Collaborative Land Bank Business Plan* (July 2014), <http://tcvcog.com/wp-content/uploads/2014/07/LandBankBusinessPlan.pdf>.

The Philadelphia Land Bank developed a data-driven strategic plan to guide its operations.<sup>146</sup> To understand existing vacancies and to identify opportunities for reuse, the strategic plan analyzed and mapped multiple data sets from public, private, and nonprofit sources on vacancy, tax delinquency, zoning, flood plains, property assessments, code violations, and community gardens. The Philadelphia Land Bank coupled the data analysis with community input, meeting with more than 100 stakeholders representing more than 80 organizations.<sup>147</sup> The strategic plan establishes clear goals, identifies priority areas, and sets targets for property acquisition and disposition for its first five years. The strategic plan was approved by city council and has enjoyed widespread public support.<sup>148</sup>

## B. Bring All Partners and Stakeholders Together as Early as Possible

Land banks are meant to be partnerships with county and local governments, school districts, policymakers, developers, community groups, and residents. Any planning for a land bank requires a significant level of interaction between representatives of municipal and county governments, some of whom may not have worked together or communicated about the challenges of blighted properties. Buy-in is needed from many agencies and organizations, including taxing authorities, the tax claim bureau, and the redevelopment and housing authorities.

In Westmoreland County, the redevelopment authority convened a diverse group of stakeholders early in its assessment of land banking.<sup>149</sup> In Mercer County, State Representative Mark Longiotti and the Housing Alliance hosted a workshop to allow local officials to learn about new means to address blight and to start discussions about the possibility

of establishing a land bank in Mercer County.<sup>150</sup> The workshop was geared toward local elected officials, zoning officers, and code enforcement officials, and was open to the public.

In Philadelphia, city council and the city administration collaborated with the Philly Land Bank Alliance on legislation creating the Philadelphia Land Bank.<sup>151</sup> The Philly Land Bank Alliance is a broad and diverse coalition of nonprofit and for-profit stakeholders who advocated for the creation of a land bank.<sup>152</sup> The Philly Land Bank Alliance and its members remain actively engaged in land bank operations in Philadelphia.

## C. Use Already-Available Resources

In locations where an existing county or municipal public authority or development agency is already engaged in the acquisition and disposition of vacant properties, that agency is likely to be recognized as the one best positioned to staff early land bank operations.

The City of Harrisburg Land Bank operates within and is funded by the city government.<sup>153</sup> The Director of Community and Economic Development for the city serves as the chair of the land bank board, and the executive director of the redevelopment authority serves as the executive director of the land bank. Harrisburg is integrating the land bank into its existing set of tools for managing vacant, abandoned, and tax-delinquent properties. The North East Pennsylvania Land Bank Authority was formed by a group of municipalities in Luzerne County. The City of Pittston led the effort to establish the land bank. The executive director of the Pittston Redevelopment Authority serves as the executive director of the land bank authority.

146 <http://www.philadelphialandbank.org/about/strategic-plan/>.

147 *Philadelphia Land Bank 2015 Progress Report & Strategic Plan Update* (October 2015) at 2. <http://www.philadelphialandbank.org/wordpress/wp-content/uploads/2015/11/Land-Bank-Progress-Report-2015.pdf>.

148 Ibid.

149 Discussion with April Kopas, executive director of the Westmoreland County Land Bank, August 24, 2015.

150 <http://www.pahouse.com/Longiotti/InTheNews/NewsRelease/?id=54191>.

151 <http://www.housingalliancepa.org/node/1536>.

152 <http://www.phillylandbank.org/about#sthash.HraLGNyf.dpuf>.

153 Discussion with Jackie Parker, chair of the City of Harrisburg Land Bank, City of Harrisburg, September 29, 2015.

Shared staffing and services allow land banks to build on the capacity and expertise of other public entities, thereby minimizing costs and maximizing efficiencies. Dauphin County is a good example. The Office of Community and Economic Development includes the redevelopment authority, the industrial development authority, the economic development corporation, and now the land bank.<sup>154</sup> A land bank is best regarded as a new resource—not necessarily as a new organization or agency—that can support the implementation of existing local and county policies and community plans and that can add value to the activities of existing planning and development agencies.

“Land banking is like dating in that it takes time and trust to build the necessary relationships with critical stakeholders.”

Kim Graziani

after the land bank is created and up and running. Patience and persistence are critical virtues for those assessing, planning, and operating land banks.

#### D. Be Patient (But Not Too Patient)

“Land banking is like dating in that it takes time and trust to build the necessary relationships with critical stakeholders,” according to Kim Graziani, Vice President and Director of National Technical Assistance, Center for Community Progress. It needs a courtship of the various land bank partners and the political leadership who have the power to create and fund a land bank. Land bank leaders report the need for many detailed conversations and meetings over time to educate political leadership, government officials, and stakeholder groups about land banks and their powers to more effectively and efficiently return vacant properties to the tax rolls.<sup>155</sup> Progress is generally measured in baby steps, not giant leaps, frustrating those who see the urgent need to reclaim vacant properties for their communities. The slow pace often continues even

#### E. Leadership Matters

In any location, the timing and effectiveness of land bank planning depends largely on whether a recognized “champion” emerges as the catalyst for bringing land bank planning to successful completion. Some Pennsylvania communities with established land banks have greatly benefited from a local champion(s) who has spent countless hours as a convener, researcher, cheerleader, educator, and lobbyist for land banking. The leader has a vision of what the community might look like and feel like if abandoned and distressed properties were transformed from eyesores and neighborhood nuisances to things like new and rehabbed houses and businesses, parks, and public gathering spaces. The leader’s vision inspires others to join the effort in advocating for, planning, and organizing a land bank.

<sup>154</sup> <http://www.dauphincounty.org/government/Community-Economic-Development/Pages/default.aspx>.

<sup>155</sup> Panelist comments during *Land Bank Leaders Roundtable*, Housing Alliance, Homes Within Reach Conference, November 16, 2015.

## CHAPTER 16 | CASE STUDIES

### A. Westmoreland County Land Bank

Year Established	2013
Land Bank Jurisdiction	County, with local municipalities opting in
2014 Start-up Budget	\$390,950*
2014 Revised Budget	\$590,950*
2015 Budget	\$924,878*
Number of Board Members	7
Department or Agency Administrator	Redevelopment Authority of Westmoreland County (RACW)
Executive Director	April Kopas (also exec. dir. of RACW)
Staff Size	4 staff (in-kind from RACW)
Inventory Size (12/31/15)	22 parcels
Properties Acquired in 2014	12
Properties Sold in 2014	0
Properties Acquired in 2015	19
Properties Sold in 2015	17
Properties Targeted for Acquisition in 2016	30

\*Staff costs are in-kind from RACW; assumptions and projections part of budget figures

#### 1. Creation and Initial Operations

In 2013, the Redevelopment Authority of Westmoreland County (RACW) took the lead role in establishing a land bank in the county to address the problem of blighted and abandoned properties, many of which are tax delinquent or otherwise encumbered, or in the process of mortgage foreclosure.<sup>156</sup> The county commissioners adopted an ordinance creating the Westmoreland County Land Bank in late 2013, and the land bank began acquiring properties in 2014. For its first year of operation, the land bank decided to limit participation to 10 municipalities. The land bank established the following criteria for municipalities to participate:

- The municipality must be willing to make a financial contribution of \$5,000 and waive tax liens and municipal liens on properties the land bank acquires.
- The school district in that municipality must be willing to waive tax liens.
- After a property is redeveloped, the municipality and the school district must be willing to share 50% of future tax revenue with the land bank for five years.
- The municipality must be willing to maintain properties acquired until the properties are repurposed.<sup>157</sup>

<sup>156</sup> *Westmoreland County Land Bank Operating Plan, Phase I Report: Strategic Directions* (October 2013). <http://www.pablighlibrary.com/s/Westmoreland-County-Land-Bank-Operating-Plan-Phase-I-Report.pdf>.

<sup>157</sup> See *Westmoreland County Land Bank Operating Plan, Part II Report: Policies, Procedures and Budget* (January 2014). <http://www.pablighlibrary.com/s/Westmoreland-County-Land-Bank-Operating-Plan-Phase-II-Report.pdf>.

The Land Bank entered into intergovernmental cooperation agreements with the participating municipalities and their school districts, incorporating those and other terms. The land bank now has 16 participating municipalities, with more in the queue to join.

The land bank is administered and operated by the Redevelopment Authority of Westmoreland County (RACW). In January 2014, the land bank board of directors approved and adopted policies and procedures to guide operations.<sup>158</sup> The board has seven members, five of whom are also members of the board of the RACW. Land bank board members are appointed by the county commissioners.

## 2. Funding

The land bank's board approves an administrative budget annually.<sup>159</sup> The land bank relies on member contributions and grants to fund its core operations.<sup>160</sup> In 2014, member contributions totaled \$55,000.<sup>161</sup> Also in 2014, the land bank received foundation and private grants totaling \$32,000.<sup>162</sup> For 2015, the land bank was awarded PHARE and Act 137 funding of \$310,000.<sup>163</sup>

## 3. Inventory and Transactions

The land bank maintains an inventory of its properties on the county website, at <http://www.co.westmoreland.pa.us/index.aspx?NID=2149>. The land bank acquires properties at the request of the participating municipalities. During 2014 and 2015, it acquired 31 parcels, many of which were acquired at judicial tax sales. The land bank has sold 17 of those parcels.<sup>164</sup>

The properties acquired are fairly well dispersed across the participating municipalities. Five parcels located in the City of Jeannette make up the site of the former Monsour Medical Center, whose

acquisition and redevelopment is the land bank's most notable project to date. After the hospital closed in 2006, the owners abandoned the parcels and left them to deteriorate. The land bank acquired the 6.4-acre property for \$15,172 at a judicial tax sale in October 2014. The land bank eliminated or addressed approximately \$30 million of federal, state, local, and private liens that entangled and prevented redevelopment.<sup>165</sup> The City of Jeannette prioritized the property for acquisition by the land bank because of the dangerous conditions of the buildings and the property's redevelopment potential given its prime location along Route 30.

The land bank is partnering with the city and with the Westmoreland County Industrial Development Agency to demolish the on-site structures, remediate the property, and prepare it for redevelopment at an estimated cost of \$2 million. The land bank and its partners have received funding for the project from a variety of sources, including grants from the Commonwealth of Pennsylvania's Redevelopment Assistance Capital Program (\$591,000), the U.S. Department of



Former Monsour Hospital  
Photo credit: Bob Donaldson/Post-Gazette

<sup>158</sup> <http://www.co.westmoreland.pa.us/DocumentCenter/View/3478>.

<sup>159</sup> Westmoreland County Land Bank Audit Report year ended December 31, 2014, Management's Discussion and Analysis at p. 7. <http://www.pablightlibrary.com/s/Westmoreland-County-Audit-2014.pdf>.

<sup>160</sup> Ibid. at p. 5.

<sup>161</sup> Ibid. at p. 7.

<sup>162</sup> Ibid.

<sup>163</sup> Ibid. at p. 8.

<sup>164</sup> Emails from April Kopas, executive director, January 8, 2016, and January 22, 2016.

<sup>165</sup> <http://www.co.westmoreland.pa.us/CivicAlerts.aspx?AID=2053>.





Photo credit: Nate Guidry/Post-Gazette

Housing and Urban Development Community Development Block Grant (\$500,000), and the Appalachian Regional Commission (\$200,000).

The Westmoreland County Land Bank has the honor of being the first in Pennsylvania to sell a property. In February 2015, the land bank sold two vacant lots to an adjacent church for parking and green space. The land bank demolished dilapidated structures and then sold the lots to the church. As part of the agreement of sale, the church agreed to pay real estate taxes on the two lots.<sup>166</sup>

Speaking at the groundbreaking ceremony for the demolition of the hospital building, County Commissioner Ted Kopas asked the audience to make one promise:

“This will be the official last time we call this the ‘Monsour problem,’” he said. “I’d like you to refer to it as what it is, the Jeannette redevelopment project that is going to make a very big difference right here in the heart of Westmoreland County.”<sup>167</sup>

#### 4. Community Partnerships

Another first for the land bank is its partnership with Keep Pennsylvania Beautiful (KPB). The purpose is to green vacant lots in the county through KPB’s Strategic Community Greening Partnership Pilot Program.<sup>168</sup> KPB will partner with the land bank to fund green reuse projects

on sites available for purchase or lease through the land bank. The first project to be funded is “Seeds of Change” in the City of Jeannette. The project includes a community garden, a greenhouse, and a new rain-harvesting bus shelter. KPB awarded a \$2,000 grant to the land bank for site preparation, materials for the garden, and signage. In addition, the Community Foundation of Westmoreland awarded the land bank \$10,000 toward a greenhouse and the rain-harvesting bus shelter.

KPB, the Community Foundation, the Westmoreland County Conservation District, the City of Jeannette, the Westmoreland County Transit Authority, Westmoreland Community Action, and volunteer gardeners are all working with the land bank to bring the “Seeds of Change” project to life and transform a neglected and overgrown lot into a beautiful and welcoming community space.

“Communities like Jeannette are mobilizing local community groups to take back their towns,” said April Kopas, Executive Director of the Westmoreland County Land Bank. “The land bank makes it possible for volunteers and local leaders to come together as neighbors to create a better community image—both physically and socially—on a once-blighted property. We are so appreciative of the funding from KPB toward this community garden.”

#### 5. Insights

“A major element of our initial success, and our continued growth, is the partnerships we’ve formed with local governments. The local leaders, code enforcement officers, and community residents often know the back stories to these properties, and that really accelerates our efforts to fix them. Revitalizing a neighborhood takes the whole neighborhood, and more. The quicker a land bank can engage the foundations, banks and other nonprofits, the better to identify needs, priorities and challenges.”

Executive Director April Kopas

<sup>166</sup> Discussion with April Kopas, executive director, August 24, 2015.

<sup>167</sup> <http://www.post-gazette.com/local/east/2015/10/09/New-beginning-for-Jeannette-s-Monsour-Medical-Center/stories/201510090033>.

<sup>168</sup> <http://www.keeppabeautiful.org/Newsroom/PressReleases/tabid/75/prID/184/Default.aspx>.

## B. Dauphin County Land Bank Authority

Year Established	2013
Land Bank Jurisdiction	County, with local municipalities opting in
Funding	\$250,000 grant plus county in-kind contributions and project construction loans
Number of Board Members	7
Department or Agency Administrator	Dauphin County Office of Community and Economic Development
Executive Director	August “Skip” Memmi
Staff Size	5 shared staff
Inventory Size	5
Properties Acquired in 2014	1
Properties Sold IN 2014	0
Properties Acquired in 2015	4
Properties Sold IN 2015	1
Properties Targeted for Acquisition in 2016	As opportunities arise

### 1. Creation and Initial Operations

In May 2013, the Dauphin County Commissioners adopted an ordinance establishing Pennsylvania’s first land bank—the Dauphin County Land Bank Authority.<sup>169</sup> The land bank created a pilot program to include a limited number of municipalities. At the outset, the land bank targeted 12 of the county’s smaller municipalities; 7 agreed to participate: Millersburg Borough, Highspire Borough, Steelton Borough, Hummelstown Borough, Middletown Borough, Lykens Borough, and Susquehanna Township.<sup>170</sup> As of December 31, 2015, 12 municipalities were participating in the land bank which is now open to all municipalities.<sup>171</sup>

To participate, municipalities and their respective school districts are required to sign a memorandum

of understanding (MOU) with the land bank. The MOU provides that—

- The land bank may acquire property in the municipality as agreed to by the municipality.
- The municipality agrees to waive tax liens and municipal liens on properties the land bank acquires.
- The school district agrees to waive tax liens on properties the land bank acquires.
- After a property is redeveloped, the municipality and the school district agree to share 50% of future tax revenue with the land bank for five years.
- The municipality agrees to maintain properties acquired by the land bank until the properties are repurposed.<sup>172</sup>

<sup>169</sup> Dauphin County Ordinance No. 2013-4, <http://www.dauphincounty.org/government/Community-Economic-Development/Land-Bank-Authority/Documents/Ordinance.pdf>

<sup>170</sup> Presentation by Skip Memmi at the Housing Alliance of Pennsylvania’s Second Land Bank Summit, June 2014, <http://www.pablightlibrary.com/s/Dauphin-County-Land-Bank-Review-6-14.pdf>.

<sup>171</sup> Discussion with Skip Memmi, executive director, January 12, 2016.

<sup>172</sup> See the Dauphin County Land Bank Sample MOU Form, <http://www.dauphincounty.org/government/Community-Economic-Development/Land-Bank-Authority/Documents/MOU.pdf>.

As of December 31, 2015, the land bank had entered into MOUs with 12 municipalities and 5 school districts.<sup>173</sup>

The land bank is staffed by the Dauphin County Office of Community and Economic Development. The land bank board of directors has adopted policies and procedures to guide operations.<sup>174</sup> The board has seven members, five of whom are also members of the board of the Dauphin County Redevelopment Authority. Land bank board members are appointed by the county commissioners. Minutes of meetings that took place in 2015 are posted on the land bank's website.<sup>175</sup>

## 2. Funding

In 2013, the land bank received a gaming local share municipal grant<sup>176</sup> of \$250,000, which has been used to fund the program startup.<sup>177</sup> The county provides all staffing. Ongoing funding is expected to come from property sales, from public agreements with the county and with participating municipalities and school districts, and from public and private grants and loans. Half of the post-sale property taxes will go to the land bank for five years.<sup>178</sup>

## 3. Inventory and Transactions

The land bank acquires properties at the request of the participating municipalities. As of December 31, 2015, the land bank had acquired five parcels and sold one.<sup>179</sup>

The land bank acquired its first property in 2014, a mortgage-foreclosed and deteriorated property in Susquehanna Township, for \$78,500.<sup>180</sup> It rehabilitated the property using Dauphin County Prison inmates, who provided more than 2,000 hours of labor through the prison's Project TRADE training program.<sup>181</sup> The property was sold to a homebuyer for \$120,000 in early 2015.<sup>182</sup>

For its second project, the land bank is partnering with a real estate developer to demolish four trash-filled, vacant, and dilapidated duplexes and to construct five new three-bedroom homes.<sup>183</sup> The four properties, located on Tuscarora Street in Susquehanna Township, had been involved in a fire and were left vacant and deteriorating for several years. The owners abandoned the properties, which were eventually subjected to tax sales and placed on the county's repository of unsold properties.<sup>184</sup> The land bank obtained \$600,000 in financing for the project.<sup>185</sup> The land bank expects to sell the new homes for \$122,000 to \$129,000 each.<sup>186</sup> "The land bank provides the money to tackle problem properties that municipalities would not be able to afford to improve on their own," said County Commissioner Mike Pries at the groundbreaking ceremony. "Not only does the Land Bank help keep neighborhoods intact, these projects help everyone by returning these properties to the tax rolls."<sup>187</sup>

From Frank Lynch, president of the Susquehanna Township Board of Commissioners and land bank board member: "But for the Land Bank, four long-abandoned clapboard row houses on Tuscarora

173 Discussion with Skip Memmi, executive director, January 12, 2016.

174 <http://www.dauphincounty.org/government/Community-Economic-Development/Land-Bank-Authority/Documents/Exhibit%20A.pdf>.

175 <http://www.dauphincounty.org/government/Community-Economic-Development/Land-Bank-Authority/Pages/LBA-Board-Info.aspx>.

176 The Dauphin County Board of Commissioners awards grants for municipal and county projects using its local share of revenues generated by gaming operations in the county in accordance with the Pennsylvania Race Horse Development and Gaming Act. Criteria for the county's gaming local share municipal grants are set forth at <http://www.dauphincounty.org/government/Community-Economic-Development/Gaming-Advisory-Board/Documents/Local%20Share%20Municipal%20Grant%20Criteria.pdf>.

177 Discussion with Skip Memmi, executive director, September 23, 2015.

178 Dauphin County Press Release, August 20, 2015, <http://www.dauphincounty.org/government/about-the-county/Pages/News.aspx?NewsID=507>.

179 Discussion with Skip Memmi, executive director, January 12, 2016.

180 Discussion with Skip Memmi, executive director, September 23, 2015.

181 Ibid.

182 Ibid.

183 Dauphin County Press Release, August 20, 2015, <http://www.dauphincounty.org/government/about-the-county/Pages/News.aspx?NewsID=507>.

184 Discussion with Skip Memmi, executive director, September 23, 2015.

185 Dauphin County Land Bank Authority, Meeting Minutes, November 2015, [http://www.dauphincounty.org/government/Community-Economic-Development/Land-Bank-Authority/Documents/LBA\\_11.10.15\\_Minutes.pdf](http://www.dauphincounty.org/government/Community-Economic-Development/Land-Bank-Authority/Documents/LBA_11.10.15_Minutes.pdf).

186 Dauphin County Press Release, August 20, 2015, <http://www.dauphincounty.org/government/about-the-county/Pages/News.aspx?NewsID=507>.

187 Ibid.

Street would have continued to erode as a safety hazard and an illegal dump site, sapping property values and the pride of home ownership just across the street. These houses have been razed through the Land Bank, and five new homes with back-deck views of the beautiful Susquehanna River will replace them and contribute to a stronger, much more desirable neighborhood.”<sup>188</sup>

#### 4. Community Partnerships

As noted above, the land bank partnered with Dauphin County Prison and Project TRADE on its first rehab project. Inmates who worked on the project earned a pre-apprentice certificate in construction from the Home Builders Institute.

Project TRADE is a vocational and work training program developed by Dauphin County Prison in partnership with the Home Builders Institute in an effort to provide inmates with a marketable skill.<sup>189</sup> Participants are offered training in carpentry, plumbing, landscaping, building and facilities maintenance, brick masonry, HVAC, and electrical wiring.<sup>190</sup> Along with training in the trades, inmates are taught job search strategies and are given job placement services.<sup>191</sup>

#### 5. Insights

“Start small, and go slow. For county-based land banks, don’t include all municipalities at first. Start with the smaller municipalities that have few staff and really need help to deal with problem properties.”

“A willing municipal partner is a key ingredient for a successful project. Susquehanna Township is a great example. It has been a fully committed partner with the Land Bank on both of our projects.”

“Give yourself plenty of time to educate and persuade school districts about the power and potential of land banks to increase school district tax revenues. We’ve found it useful to team up with elected officials from the municipality when we present at school board meetings.”

Executive Director Skip Memmi



Before (above and far left)  
Architect’s rendering of new homes (left)

Photo credits: Dauphin County

<sup>188</sup> Email from Frank Lynch, January 17, 2016.

<sup>189</sup> <http://www.pacounties.org/ProgramsServices/Documents/DauphinPartnerProjectTrade2015.pdf>.

<sup>190</sup> Ibid.

<sup>191</sup> Ibid.



## C. Philadelphia Land Bank

Year Established	<b>2014</b>
Land Bank Jurisdiction	<b>City (which is also its own county)</b>
First-Year Budget, FY 2015	<b>\$4.1 million (midyear adjustment: \$3.1 million)</b>
FY 2016 Budget	<b>\$4.3 million</b>
Number of Board Members	<b>11</b>
Department or Agency Administrator	<b>Philadelphia Housing Development Corp.</b>
Executive Director	<b>Nicholas Scafidi, Esq. (Interim)</b>
Staff Size	<b>11</b>
Inventory Size (as of 12/31/15)	<b>≈ 500</b>
Properties Acquired in 2014	<b>0</b>
Properties Sold in 2014	<b>0</b>
Properties Acquired in 2015	<b>≈ 500</b>
Properties Sold in 2015	<b>0</b>
Properties Targeted for Acquisition in 2016	<b>2,250</b>

### 1. Creation and Initial Operations

In December 2013, the City Council of Philadelphia passed a bill, signed by Mayor Michael Nutter, creating the Philadelphia Land Bank.<sup>192</sup> With a population of about 1.5 million, Philadelphia is the largest American city to adopt a land bank ordinance. The Philadelphia Land Bank was incorporated in 2014, in accordance with the state enabling legislation.

The land bank ordinance was passed to fix Philadelphia's broken vacant land management system and to create a new, uniform, and transparent process for returning vacant and underused properties to productive use. Philadelphia has a large inventory of surplus properties owned by the city, the redevelopment authority and the Philadelphia Housing Development Corporation. Acquiring those properties is a challenge for potential buyers,

because each agency has its own disposition process and criteria. One of the reasons for creating the land bank was to streamline the process for private individuals and organizations to acquire publicly owned vacant properties by consolidating ownership of the properties in the land bank. Another purpose is to acquire privately owned tax-delinquent properties through tax foreclosure, and then extinguish old liens and clear title on the properties, making them ready for transfer to new owners. Consolidating the ownership of vacant publicly owned properties and tax-foreclosed privately owned properties in the land bank should make it easier to assemble larger sites that are better suited for redevelopment.

Unlike most other Pennsylvania land banks, the Philadelphia Land Bank was directed by ordinance to develop a strategic plan to guide its acquisition, maintenance, and disposition of properties.<sup>193</sup> The

<sup>192</sup> Philadelphia Code § 16-700.

<sup>193</sup> Ibid. § 16-709(3).

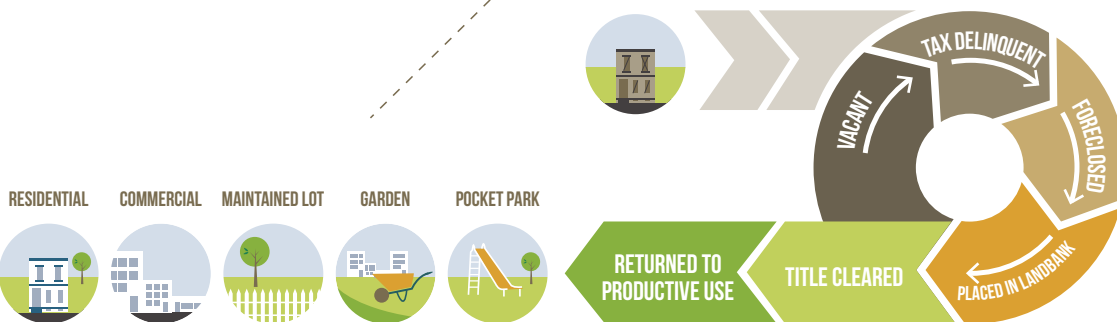


## CYCLE OF VACANCY

### EXISTING CYCLE



### LAND BANK CLEARS TITLE AND RETURNS LAND TO USE



Credit: Philadelphia Land Bank

land bank drafted the strategic plan, solicited and incorporated public comment, and presented the final plan to city council in December 2014, when it was approved. The strategic plan identified approximately 32,000 properties eligible for land bank ownership: about 8,000 publicly owned parcels and 24,000 parcels that are privately owned and tax delinquent.<sup>194</sup> The plan established goals, identified priority areas, and set overall acquisition and disposition targets for each of the first five years.

Besides the strategic plan, the land bank board of directors has adopted other policies and procedures to guide operations.<sup>195</sup> The board has adopted a disposition policy and is working on an acquisition policy. The board has 11 members. Five are appointed by city council, 5 are appointed by the

mayor, and the 11th is selected by the 10 appointed members. Board members serve terms concurrent with their respective appointing authorities, and they continue to serve until their successors are appointed. Minutes of board meetings and related documents are posted on the land bank's website.<sup>196</sup> Individuals may also subscribe to receive land bank updates via email.

In 2015, the land bank focused its attention on preparing for the acquisition of publicly owned properties. To that end, the land bank researched and corrected the legal descriptions in the deeds for more than 8,000 publicly owned properties.<sup>197</sup> The work was essential to the land bank's being able to transfer properties with clear, insurable title to new owners.

<sup>194</sup> *Philadelphia Land Bank Strategic Plan 2015, Executive Summary* at 3. [http://www.philadelphialandbank.org/wordpress/wp-content/uploads/2015/01/LandBankStrategicPlan\\_ExecutiveSummary\\_022315.pdf](http://www.philadelphialandbank.org/wordpress/wp-content/uploads/2015/01/LandBankStrategicPlan_ExecutiveSummary_022315.pdf).

<sup>195</sup> <http://www.philadelphialandbank.org/category/land-bank-policy/>.

<sup>196</sup> <http://www.philadelphialandbank.org/>.

<sup>197</sup> *Philadelphia Land Bank 2015 Progress Report & Strategic Plan Update* at 3-4. <http://www.philadelphialandbank.org/wordpress/wp-content/uploads/2015/11/Land-Bank-Progress-Report-2015.pdf>.

## 2. Funding

The land bank is funded by the redevelopment authority and the city's general fund. For fiscal year 2016, the budget is \$4.3 million, of which \$3.8 million comes from the redevelopment authority and \$500,000 from the city's general fund.<sup>198</sup>

## 3. Inventory and Transactions

In December 2015, the land bank acquired its first properties when it acquired approximately 500 publicly owned properties. Also in December 2015, city council authorized the transfer of an additional 800 publicly owned parcels.<sup>199</sup> "I am very excited

about this significant step in creating the largest Land Bank in the country and our ability to use this tool to transform blight in our neighborhoods," said Councilwoman Maria Quiñones Sánchez, prime sponsor of the legislation that authorized the land bank. Nicholas J. Scafidi, the land bank's interim executive director, described council's action as "another step forward in turning vacant land into homes, businesses, community gardens and open space."

In its 2015 progress report, the land bank set the following acquisition and disposition goals for the next four years:<sup>200</sup>

Five-Year Production Goals					
	2015	2016	2017	2018	2019
<b>Acquisition</b>					
Intra-agency transfers	0	2,000	2,000	2,000	2,500
Tax foreclosed	0	250	500	750	1,000
<b>Total</b>	<b>0</b>	<b>2,250</b>	<b>2,500</b>	<b>2,750</b>	<b>3,500</b>
<b>Disposition</b>					
Existing inventory	250	250	350	450	600
Recently tax-foreclosed inventory	0	0	250	500	750
<b>Total</b>	<b>250</b>	<b>250</b>	<b>600</b>	<b>950</b>	<b>1,350</b>

After carefully reviewing more than 600 privately owned tax-delinquent properties through a pilot program, the land bank expects to acquire 250 such properties in 2016 and to increase that number each year.

## 4. Community Partnerships

The land bank has contracted with the Pennsylvania Horticultural Society (PHS) to provide maintenance services for the initial group of vacant lots being transferred into the Land Bank from the Philadelphia Housing Development

Corporation. Under the contract, the PHS LandCare program is providing services that include lot cleaning, stabilization, beautification, and regular maintenance on several hundred vacant, neglected, and overgrown lots being



8th and Berks, before and after  
Credit: Pennsylvania Horticultural Society

<sup>198</sup> *Philadelphia Land Bank Fiscal 2016 Operating Budget*. See June 2015 Land Bank Board Information Package for a copy of the budget, <http://www.philadelphialandbank.org/wordpress/wp-content/uploads/2015/06/Land-Bank-board-information-package-June-11-2015.pdf>.

<sup>199</sup> <http://phlcouncil.com/council-news/city-council-moves-to-transfer-properties-to-philadelphia-land-bank/>.

<sup>200</sup> *Philadelphia Land Bank 2015 Progress Report & Strategic Plan Update* at 9. <http://www.philadelphialandbank.org/wordpress/wp-content/uploads/2015/11/Land-Bank-Progress-Report-2015.pdf>.

transferred to the land bank. The LandCare program is a national model for landscape treatment and urban revitalization. The City of Philadelphia

has contracted with PHS for “clean and green” services through the LandCare program for more than 10 years.<sup>201</sup>

Before-and-after photos Credit: Pennsylvania Horticultural Society



Stormwater Management Site

7th and Germantown

## 5. Insights

“Always remember that, at its core, a land bank is a tool for the strategic acquisition and disposition of real property.”

“Have a plan to reuse a property as soon as possible after its acquisition.”

“Appreciate the frustration and impatience of those neighbors and community members who have suffered and are continuing to suffer from the impacts of dilapidated and abandoned properties around them. Be impatient yourself and work diligently and strategically to return problem properties to life as rehabbed and new housing and businesses, community gardens, public parks and side yards.”

Philadelphia Land Bank Staff<sup>202</sup>

<sup>201</sup> <http://phsonline.org/programs/landcare-program/landcare-faqs>.

<sup>202</sup> Email from John Carpenter, Philadelphia Land Bank Deputy Executive Director, January 21, 2016.

# APPENDIX

## Chapter 2 Resources

- Pennsylvania Land Bank Act, the act of October 24, 2012, P.L. 1239, No. 153, codified at 68 Pa.C.S. §§ 2101–2120, <http://www.legis.state.pa.us/WU01/LI/LI/US/HTM/2012/0/0153..HTM>
- Frank S. Alexander, *Land Banks and Land Banking* (Center for Community Progress, 2015), <http://www.pablightlibrary.com/s/LandBanksLandBankingVer2DigitalFinal-2015.pdf>

## Chapter 3 Resources

- Agenda from the Montgomery County Land Bank and Blight Summit, <http://www.pablightlibrary.com/s/Montgomery-County-Land-Bank-and-Blight-Summit-Final-Agenda.pdf>
- City of Reading Land Bank conference, <http://www.readingpa.gov/sites/default/files/CD/LAND%20BANK%20CONFERENCE.pdf>
- *Top Ten Facts About Pennsylvania's Land Banks* (Housing Alliance, 2015), <http://www.pablightlibrary.com/s/Land-Bank-Top-Ten-Updated-January-2015.pdf>
- Judicial Tax Sales Analysis, Montgomery County, <http://www.pablightlibrary.com/s/Land-Bank-Strategy-Memorandum-Montgomery-County-April-2015.docx>
- Judicial Tax Sales Analysis, City of Reading and Berks County, <http://www.pablightlibrary.com/s/Judicial-Tax-Sales-Analysis-Berks-County.pdf>
- *How to Fund Land Banks in Pennsylvania*, by Winifred M. Branton, Esq., for the Housing Alliance (October 2015), <http://www.pablightlibrary.com/s/How-to-Fund-Pennsylvania-Land-Bank-Operations-10-15-15.pdf>

## Chapter 4 Resources

- *Westmoreland County Land Bank Operations Plan*, Phase I Report: Strategic Directions (October 2013), <http://www.pablightlibrary.com/s/Westmoreland-County-Land-Bank-Operating-Plan-Phase-I-Report.pdf>
- *Philadelphia Land Bank 2015 Progress Report & Strategic Plan Update* (October 2015), <http://www.philadelphiaandbank.org/wordpress/wp-content/uploads/2015/11/Land-Bank-Progress-Report-2015.pdf>
- Land Bank Budget Template Year 1, <http://www.pablightlibrary.com/budget-materials>
- *Tri-COG Collaborative Land Bank Business Plan* (July 2014), <http://tcvcog.com/wp-content/uploads/2014/07/LandBankBusinessPlan.pdf>
- *Proposed Business Plan for Erie County Land Bank* (Housing Alliance, 2015), <http://www.pablightlibrary.com/s/Proposed-Business-Plan-for-Erie-Land-Bank.pdf>
- Westmoreland County Land Bank Operating Plan, Part II Report: Policies, Procedures and Budget (January 2014), <http://www.pablightlibrary.com/s/Westmoreland-County-Land-Bank-Operating-Plan-Phase-II-Report.pdf>
- Westmoreland County Land Bank Administrative Policies and Procedures, <http://www.co.westmoreland.pa.us/DocumentCenter/View/3478>



- City of Philadelphia, Policies for the Sale and Reuse of City Owned Property, <http://www.philadelphialandbank.org/wordpress/wp-content/uploads/2015/02/Final-Disposition-Policy-December-2014.pdf>
- Dauphin County Land Bank Authority Policies and Procedures, <http://www.dauphincounty.org/government/Community-Economic-Development/Land-Bank-Authority/Documents/Exhibit%20A.pdf>

### Chapter 5 Resources

- Sample Pennsylvania land bank ordinances are available at <http://www.pablighlibrary.com/pennsylvania-land-bank-ordinances>
- Sample intergovernmental cooperation agreements are available at <http://www.pablighlibrary.com/ica-materials>
- *North East Pennsylvania Land Bank Authority Intergovernmental Cooperation Agreement and Memorandum of Understanding*, and related formation documents can be found at <http://www.pablighlibrary.com/s/North-East-PA-Land-Bank-Filing-with-State-Dept.pdf>
- Form, Westmoreland County Land Bank Intergovernmental Cooperation Agreement, [http://www.pablighlibrary.com/s/Westmoreland\\_Intergovernmental\\_Cooperation\\_Agreement-xal8.pdf](http://www.pablighlibrary.com/s/Westmoreland_Intergovernmental_Cooperation_Agreement-xal8.pdf)

### Chapter 6 Resources

- *Take it to the Bank: How Land Banks Are Strengthening America's Neighborhoods* (Center for Community Progress, 2015), [http://action.communityprogress.net/p/salsa/web/common/public/signup?signup\\_page\\_KEY=8120](http://action.communityprogress.net/p/salsa/web/common/public/signup?signup_page_KEY=8120)

### Chapter 7 Resources

- *Harrisburg Land Bank Articles of Incorporation*, <http://www.pablighlibrary.com/s/Harrisburg-Land-Bank-Articles-of-Incorporation.pdf>
- *Dauphin County Land Bank Articles of Incorporation*, <http://www.pablighlibrary.com/s/Dauphin-County-Land-Bank-Articles-of-Incorporation-and-Bylaws.pdf>
- *Bylaws of Philadelphia Land Bank*, <http://www.pablighlibrary.com/s/Bylaws-Philadelphia-Land-Bank-July-17-2014.pdf>
- Philadelphia Land Bank Public Comment Policy (March 2015), <http://www.pablighlibrary.com/s/Philadelphia-Land-Bank-Public-Comment-Policy-March-2015.pdf>
- Philadelphia Land Bank Open Records Policy (January 2015), <http://www.pablighlibrary.com/s/Open-Records-Policy-Philadelphia-Land-Bank-February-2015.pdf>

### Chapter 8 Resources

- Philadelphia Land Bank Request for Proposals for Insurance Brokerage Services, [http://www.philadelphialandbank.org/wordpress/wp-content/uploads/2015/02/Land\\_Bank\\_Insurance\\_Broker\\_RFP\\_02-05-15.pdf](http://www.philadelphialandbank.org/wordpress/wp-content/uploads/2015/02/Land_Bank_Insurance_Broker_RFP_02-05-15.pdf)
- Harrisburg Land Bank Request for Proposals for Legal Services, [http://www.redevelophbg.org/downloads/HLB\\_LegalServicesRFP2015\\_1201.pdf](http://www.redevelophbg.org/downloads/HLB_LegalServicesRFP2015_1201.pdf)
- Dauphin County Land Bank Authority Request for Proposals for Real Estate Marketing Services, <http://www.dauphincounty.org/government/Community-Economic-Development/Land-Bank-Authority/Documents/Land-Bank-RFP-for-Realtors.pdf>
- Philadelphia Land Bank Board Resolution, <http://www.pablighlibrary.com/s/Philadelphia-Land-Bank-Resolution-PHDC-Staffing.pdf>



### Chapter 9 Resources

- Intergovernmental Cooperation Agreement and Memorandum of Understanding between the North East Pennsylvania Land Bank and the City of Pittston, the Borough of Duryea, the Township of Jenkins, and the Borough of West Pittston (August 2014), <http://www.pablightlibrary.com/s/North-East-PA-Land-Bank-Filing-with-State-Dept.pdf>

### Chapter 10 Resources

- Land Banks and Tax Sales under the Municipal Claims and Tax Lien Law, by Irene McLaughlin (December 2013), [http://www.pablightlibrary.com/s/MCTTL\\_Memo-q97e.pdf](http://www.pablightlibrary.com/s/MCTTL_Memo-q97e.pdf)
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- Westmoreland County Tax Claim Bureau, “Conditions of Judicial Sale,” <http://www.pablightlibrary.com/s/Westmoreland-County-Judicial-Sale-Notice.pdf>
- Westmoreland County Notice of Judicial Sale, <http://www.pablightlibrary.com/s/Westmoreland-County-Conditions-of-Judicial-Sale.pdf>

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- City of Philadelphia, *Policies for the Sale and Reuse of City Owned Property* (December 2015), <http://www.philadelphialandbank.org/wordpress/wp-content/uploads/2015/02/Final-Disposition-Policy-December-2014.pdf>

### Chapter 13 Resources

- Westmoreland County Land Bank 2014 Audit Report, <http://www.pablightlibrary.com/s/Westmoreland-County-Audit-2014.pdf>
- Philadelphia Land Bank 2014 Audit Report, <http://www.pablightlibrary.com/s/Philadelphia-Land-Bank-Audit-December-2015.pdf>
- Dauphin County Land Bank Authority Board Meeting Minutes, November 10, 2015, [http://www.dauphincounty.org/government/Community-Economic-Development/Land-Bank-Authority/Documents/LBA\\_11.10.15\\_Minutes.pdf](http://www.dauphincounty.org/government/Community-Economic-Development/Land-Bank-Authority/Documents/LBA_11.10.15_Minutes.pdf)

### Chapter 16 Resources

- Westmoreland County Land Bank, <http://www.co.westmoreland.pa.us/landbank>
- Dauphin County Land Bank Authority, <http://www.dauphincounty.org/government/community-economic-development/land-bank-authority/Pages/default.aspx>
- Philadelphia Land Bank, <http://www.philadelphialandbank.org/>

**The Housing Alliance has many additional land banking educational resources that can be accessed at the PA Blight Library, <http://www.pablightlibrary.com/>.**

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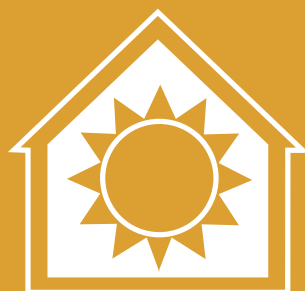
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