New York State Land Banks
Benefits, Impacts and Best Practices

From Blight to Bright
Reclaiming Your Neighborhood
Friday, November 1, 2019
What is a Land Bank?

*Land banks are nonprofit entities that work in collaboration with community members and local government to revitalize neighborhoods by returning vacant, abandoned or tax foreclosed properties back to productive use.*
Land banks can function as a platform that brings together multiple partners to facilitate community revitalization and create new opportunities!
Land Banks in the United States

170+ land banks in the U.S.

70% established since 2008

80% founded through state enabling legislation

Georgia, Michigan, New York, and Ohio are the states with the most land banks

Land Bank Information Headquarters:
http://www.communityprogress.net/land-bank-headquarters-pages-446.php
Core Blight Factors in New York State: 2008 Foreclosure Crisis

- Housing markets collapsed due to the actions of misconduct by financial institutions
- Devastating to communities across the US, resulting in abandoned properties, homeless families, and blighted communities
- New York hit particularly hard: by 2009 foreclosure filings increased by 78%
- 18 counties had foreclosure rates greater than 1% and four had a rate more than 2% by mid-2014
- In 2017 New York’s foreclosure auctions were at an 11-year high, counter to 11-year low nationwide (now improving)
- Upstate New York’s economic recovery has been among the weakest of any region in the country – some areas have yet to recover from the recession at all

Sources: Empire Center; NYS Comptroller’s Office; attomdata report
Core Blight Factors in New York State: Urban Migration

- Significant population losses from urban centers lead to housing oversupply
- Imbalance of housing supply and demand resulted in weak housing markets
- Legal, operational, financial, enforcement and other constraints limit effectiveness of local governments to address issue
- Decades of inequitable polices and practices created cycle of disinvestment which was exacerbated by the foreclosure crisis

![Percent Change in Population Upstate New York Counties/Cities 1950-2010](source: New York State Land Banks 2017 Report)
Core Blight Factors in New York State: Discriminatory Practices

“Redlining” is the discriminatory practice of intentionally avoiding making investments (bank lending) based on community demographics (especially race).

Source: https://dsl.richmond.edu/panorama/redlining/#loc=4/36.71/-96.93&opacity=0.8
Recent study of homeownership levels for the 100 American cities with the largest number of black households showed that Albany, NY had the second largest gap between white and black homeownership rates.
Albany County/Upstate New York Legacy Cities

- An estimated 15% of parcels in the City of Albany are “vacant” (lots + buildings)
- Albany has a significant number of vacant buildings per capita as it relates to peer upstate cities
- Vacant property in Albany is concentrated in the city’s most economically distressed neighborhoods, exacerbating the impacts and challenge
- Quality of life/economic vibrancy: there exists a relationship between the health of blocks to neighborhoods, neighborhoods to cities, cities to counties and counties to state
- Vacant properties located in every municipality in Albany County
- “Weakest link in the chain” – indirect disparity/inequity

<table>
<thead>
<tr>
<th>City</th>
<th>Approximate Pop.</th>
<th>Approx. Vacant Buildings</th>
<th>People per Vacant Building</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rochester</td>
<td>208,000</td>
<td>2,200</td>
<td>94</td>
</tr>
<tr>
<td>Albany</td>
<td>98,000</td>
<td>1,050</td>
<td>93</td>
</tr>
<tr>
<td>Syracuse</td>
<td>143,000</td>
<td>1,489</td>
<td>96</td>
</tr>
<tr>
<td>Buffalo</td>
<td>225,000</td>
<td>10,000</td>
<td>26</td>
</tr>
</tbody>
</table>

Map of Land Bank acquisitions in City of Albany
Effects of Redlining practices still prevalent today
New York State Land Banks

- Enabled under Article 16 of the New York State Not-for-Profit Corporation Law (2011 Land Bank Act)
- Not-for-profit corporations and local public authorities with the power to design, develop, construct, demolish, reconstruct, rehabilitate, renovate, relocate and otherwise improve real property or rights or real property rights
- Real property, income and operations are exempt from all taxation as well as special ad valorem levies, special assessments, user charges, sewer rent and all related filing fees, etc.
- Designed to create a nimble, accountable, and locally based approach to returning problem properties to productive use

Land banks are an inclusive, equitable and transparent method of responsibly reclaiming vacant properties

<table>
<thead>
<tr>
<th>FIVE KEY POWERS OF NYS LAND BANKS</th>
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<tbody>
<tr>
<td>1. Obtain property at low or no cost through the tax foreclosure process</td>
</tr>
<tr>
<td>2. Exercise “super bid” authority at tax foreclosure auctions</td>
</tr>
<tr>
<td>3. Hold land tax-free</td>
</tr>
<tr>
<td>4. Lease properties</td>
</tr>
<tr>
<td>5. Negotiate sales based not solely on the highest bid but also on outcome(s) aligned with community needs</td>
</tr>
</tbody>
</table>
There are 25 Land Banks in New York State. The legislative cap was recently increased to allow up to 35 land banks to be formed throughout NYS.
# New York Land Bank Movement

<table>
<thead>
<tr>
<th>Est.</th>
<th>Land Bank</th>
</tr>
</thead>
</table>
| 2012 | 1. Capital Region Land Bank  
2. Buffalo, Erie, Niagara Land Improvement Corporation  
3. Chautauqua County Land Bank  
4. Newburgh Community Land Bank  
5. Greater Syracuse Land Bank |
| 2013 | 6. Suffolk County Land Bank  
7. Broome County Land Bank  
8. Rochester Land Bank Corporation |
| 2014 | 9. Albany County Land Bank  
10. Troy Community Land Bank |
| 2015 | 11. Finger Lakes Regional Land Bank (Seneca County) |
| 2016 | 12. Oswego County Land Bank  
13. Nassau County Land Bank  
14. Allegany County Land Bank  
15. Cattaraugus County Land Bank  
16. Chemung County Land Bank  
17. Steuben County Land Bank  
18. Greater Mohawk Valley Land Bank  
19. Sullivan County Land Bank |
| 2017 | 20. Tioga County  
21. Livingston County  
22. Niagara Orleans County  
23. Wayne County |
| 2018 | 24. Kingston  
25. Ogdensburg |
Key Features of a Land Bank

Land banks typically deal with large inventories of vacant and abandoned properties with:

- Little to no market value
- Delinquent taxes in excess of fair market value
- Title problems
- Speculation and uncertainty inherent in the auction sale of tax-foreclosed properties

Core aspects of the most effective land banks:

- Connected to the tax-foreclosure system
- Receive a diverse mixture of properties/serve diverse real estate markets
- Policy driven, clear and consistent policies and processes
- Community engagement and outreach
- Adequate and reliable funding

Sample interior of a property acquired from Albany County
What Can a Land Bank Do?

- Sell or convey property through locally developed policies that reflect the community’s priorities
- Sell through negotiated sales
- Convey property for other than monetary consideration
- Sell, lease, manage property with terms deemed to be in the interest of the Land Bank
- Utilize land bank financing tools for tax foreclosed and other targeted properties
- Support local planning decisions by adhering to local priorities as to use and transferee of land bank owned properties

Sample Land Bank Programs

- Real Estate Sales
- Real Estate Development and Rehabilitation
- Land assembly for development
- Property improvements/Demolition/rehabilitation
- Property maintenance
- Rental management
- Land use planning
- Economic development

What Can’t a Land Bank Do?

- Levy taxes/eliminate taxes
- Enforce codes or laws, enter property it doesn’t own
- Absorb more liabilities than we can afford
- Change or circumvent zoning or local laws
- Solve for every vacant property
- Only work with one category of buyers
Not the same as a Land Trust!

Land bank/Land Trust joint vacant lot clean up
### The Role of a Land Bank (NYS)

<table>
<thead>
<tr>
<th>CHARACTERISTICS</th>
<th>GOVERNMENT</th>
<th>LAND BANK</th>
<th>PRIVATE SECTOR (REAL ESTATE SALES)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entity type</td>
<td>Political subdivision of NYS/government jurisdiction</td>
<td>Not-for-Profit Corporation</td>
<td>For profit business</td>
</tr>
<tr>
<td>Funding</td>
<td>Taxes</td>
<td>Local government Grants</td>
<td>Private (banks)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Local government Grants</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sales revenue</td>
<td>Private (banks)</td>
</tr>
<tr>
<td>Property sale outcomes</td>
<td>Maximum revenue Highest bidder (via auction)</td>
<td>Best value (outcome + revenue)</td>
<td>Maximum revenue</td>
</tr>
<tr>
<td>Sales Process</td>
<td>Per govt disposition plans (typically auction)</td>
<td>Transparent, consistent, equitable and inclusive</td>
<td>Market</td>
</tr>
<tr>
<td>Opportunity for municipal or community input?</td>
<td>Some</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Buyer and proposal vetting</td>
<td>Minimal</td>
<td>Thorough</td>
<td>Minimal (mortgage approval)</td>
</tr>
<tr>
<td>Property redevelopment enforcement mechanisms</td>
<td>Typically None</td>
<td>Redevelopment agreement (enforcement mortgage); deed restrictions; reverters</td>
<td>Mortgage</td>
</tr>
</tbody>
</table>
Typical Land Bank Process

1. Acquire (pursuant to Acquisition Policy)
   - Transfer from County
   - Tax-Foreclosed;
   - Vacant/abandoned
   - Strategic acquisition
   - Donation/gift

2. Improve/Maintain Eliminate Harms
   - Rehabilitation
   - Redevelopment
   - Demolition
   - Stabilize
   - Abate
   - “Bank”
   - Sell “as-is”

3. Responsibly Dispose (pursuant to Disposition Policy)
   - Home owners/primary residence
   - Primary residence/rent (owner-occupy)
   - Rental/investment property
   - Vacant lots
   - Side-lot program
   - Lease

*Land Banks typically employ a straightforward approach to a very complex challenge*
Types of Vacant Properties

<table>
<thead>
<tr>
<th>Tax Foreclosed Properties</th>
<th>“Zombie” Properties</th>
<th>“Ghost” Properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Foreclosed by Albany County</td>
<td>• Foreclosed/owned by bank (REO)</td>
<td>• Privately owned</td>
</tr>
<tr>
<td>• Conveyed to Land Bank</td>
<td>• Taxes typically being paid</td>
<td>• Taxes typically being paid</td>
</tr>
</tbody>
</table>

For illustrative purposes only
Nearly all property acquisitions to date are tax-foreclosed properties from Albany County

As of Nov 2019
Sample acquisitions
Reclaiming vacant lots presents a significant challenge.

Sample acquisitions
Sample acquisitions
Sample acquisitions
Sample acquisitions
TYPICAL INTERIORS
TYPICAL INTERIORS
Clean Outs
Sample ACLB engagement initiatives

Tuesday, June 12th at 5:30 PM
255 ORANGE STREET. 2ND FLOOR COMMUNITY ROOM

South End Summer Lot Party
Snacks, Music, Crafts, and more!

7 Broad Street
Company, NY

Saturday, June 23rd
11 AM - 2 PM

Brought to you by:

ALBANY COUNTY LAND BANK CORPORATION

15% off special properties
Lots for only $100!

Own affordable rentals!

Acquisition/Rehab Workshop - April 26th, 6-8 PM
Albany Public Library Howe Branch

Urban Agriculture Workshop - TBA

Acquisition/Rehab Workshop - May 30th, 6-8 PM
Albany Public Library Washington Avenue Branch

Thursday, May 26th
6:00 PM
200 Henry Johnson

For more information, please contact: aclbinfo@albanycountylandbank.org

* Rain location: 69 State Street, 8th Floor

STARTING JUNE 11

Sample ACLB programs
Spend a Little, Get a LOT 2.0
Now open to RENTERS!

$100 LOTS + REDUCED CLOSING COSTS
MUST LIVE ON THE SAME BLOCK AS YOUR LOT
ALL APPLICATIONS ARE DUE BY JUNE 30TH, 2018

FOR MORE INFORMATION:
(518) 407-0309
WWW.ALBANYCOUNTYLANDBANK.ORG/LOT-PROGRAM

LOVE THAT LOT
The Albany County Land Bank invites you...

Join us for our monthly Community Advisory Committee meeting and help us prepare to decorate our vacant lots and show them some love! Refreshments will be provided.

February 13th, 2018 5:30 PM
255 Orange Street, 2nd Floor Community Room

HOME BUYER’S WORKSHOP SERIES

TOPICS COVERED
BUDDGETING BASICS
UNDERSTANDING YOUR CREDIT REPORT
ASSET BUILDING
PROTECTING YOUR ASSETS
RENTING VS BUYING
FINANCING YOUR PURCHASE

For more information, contact: vrawline@albanycountylanbank.org
Buyer Rehab: ALBANY
COLONIE NEW CONSTRUCTION
Buyer Rehab: BETHLEHEM

BEFORE

AFTER
Byer Rehab: SELKIRK

BEFORE
Buyer Rehab: SELKIRK

AFTER
Vacant Lot Transformations
451 properties sold

254 vacant lots

197 vacant buildings

Plus and additional 67 pending sales (Board approved sales)
2016/2017 ANNUAL
JULY 1, 2016 THROUGH JUNE 30, 2017

ACQUISITIONS
470 PROPERTIES ACQUIRED THROUGHOUT ALBANY COUNTY
154 BUILDINGS
316 VACANT LOTS
267 PROPERTIES ACQUIRED IN FOCUS NEIGHBORHOODS

IMPROVEMENTS
$1,291,148 INVESTED INTO PROPERTY IMPROVEMENTS
39 FULL REHABS OF VACANT BLDGS. ENABLED
26 STABILIZATIONS OF DETERIORATED STRUCTURES
17 DEMOLITIONS OF BLIGHTED STRUCTURES FUNDED
$34,812 AVG. COST TO REMOVE A BLIGHTED BLDG.
44 VACANT LOTS IMPROVED BY THE LAND BANK
132% INCREASE IN VACANT LOTS IMPROVED

DISPOSITIONS
73 VACANT & ABANDONED PROPERTIES SOLD ACROSS EIGHT CITIES, TOWNS AND VILLAGES
60% OF ALL BUILDINGS SOLD TO OWNER- OCCUPANTS
47% OF ALL SALES IN FOCUS NEIGHBORHOODS
44% OF ALL PROPERTIES SOLD WERE VACANT LOTS
$10,000 AVG. FOCUS NEIGHBORHOOD BLDG. SALE PRICE
$504 AVG. FOCUS NEIGHBORHOOD LOT SALE PRICE
217% INCREASE IN PROPERTIES SOLD VS. 2015/2016
$1,311,078 GROSS SALES REVENUE

HIGHLIGHTS

COMMUNITY OUTREACH AND ENGAGEMENT
COMMITTED TO COMBATING BLIGHT IN ALL 18 CITIES, TOWNS & VILLAGES OF ALBANY COUNTY
MORE THAN 400 PROPERTY PURCHASE APPLICATIONS SUBMITTED
25 OPEN HOUSES WORKSHOPS & EVENTS
75 ONE-ON-ONE ASSISTANCE SESSIONS

RETURN ON INVESTMENT
$3,032,026 IN PRIVATE INVESTMENT INCENTIVIZED
$2,529,493 OF COMBINED VALUE RETURNED FOR EVERY $1.00 OF DIRECT OPERATING FUNDS PROVIDED BY ALBANY COUNTY
$1,185,333 IN GRANT FUNDS LEVERAGED

631 PROPERTIES ACQUIRED
$7.7M IN PRIVATE INVESTMENT INCENTIVIZED
96 FORMERLY VACANT PROPERTIES SOLD
$5.3M IN ASSESSED VALUE ENABLED TO RETURN
$2.4M INVESTED IN PROPERTY IMPROVEMENTS
100s OF PARTNERS AND RESIDENTS ENGAGED
PERFORMANCE
2017/2018
JULY 1, 2017 TO JUNE 30, 2018

ACQUISITIONS
91 VACANT & ABANDONED PROPERTIES ACQUIRED
44 VACANT BUILDINGS THROUGHOUT ELEVEN CITIES, TOWNS & VILLAGES IN ALBANY COUNTY
47 VACANT LOTS

IMPROVEMENTS
27 STABILIZATIONS COMPLETED
18 LOTS IMPROVED
18 DEMOLITIONS FUNDED
86% OF ALL IMPROVEMENTS IN FOCUS NEIGHBORHOODS

DISPOSITIONS
183 VACANT & ABANDONED PROPERTIES RESPONSIBLY DISPOSED
88 BUILDINGS
95 VACANT LOTS

RETURN ON INVESTMENT
+$1,800,000 IN GRANT FUNDING LEVERAGED BY THE ALBANY COUNTY LAND BANK
+$11,600,000 ESTIMATED PRIVATE INVESTMENT INCENTIVIZED
Requests for Expressions of Interest

Redevelopment Opportunities in the City of Albany

Responses Due By October 15, 2019 at 4:00pm

Prepared by the Albany County Land Bank in conjunction with MRB Group and Elan Planning & Design
Property ownership presented in this map is based upon the best available data and subject to change. The Land Bank is not committing to conveyance of any real property.
Cluster #1 South End

Redevelopment Property Group #1

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# Progress

### As of April 2017 | As of July 2018

<table>
<thead>
<tr>
<th><strong>Number of Land Banks</strong></th>
<th>20</th>
<th>25</th>
</tr>
</thead>
</table>

#### Operations

<table>
<thead>
<tr>
<th><strong>Problem Properties Acquired</strong></th>
<th>1,989</th>
<th>2,800</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Responsibly Disposed (closed)</strong></td>
<td>651</td>
<td>1,200</td>
</tr>
<tr>
<td><strong>Demolitions of blighted bldg.s.</strong></td>
<td>482</td>
<td>600</td>
</tr>
<tr>
<td><strong>Full/part rehabs, redev/new const.</strong></td>
<td>400</td>
<td>500</td>
</tr>
<tr>
<td><strong>Env. Assessments completed</strong></td>
<td>267</td>
<td>585</td>
</tr>
</tbody>
</table>

#### Economic Impact

<table>
<thead>
<tr>
<th><strong>Private investment incentivized</strong></th>
<th>$77 M</th>
<th>$100 M</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assessed value returned to tax rolls</strong></td>
<td>$28.5 M</td>
<td>$40 M</td>
</tr>
</tbody>
</table>

#### Funding

<table>
<thead>
<tr>
<th><strong>Local and County funds committed</strong></th>
<th>$13.2 M</th>
<th>$13.8 M</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Attorney general funds</strong></td>
<td>$32.8 M</td>
<td>$38.7 M</td>
</tr>
<tr>
<td><strong>Other grants/funds secured</strong></td>
<td>$10.5 M</td>
<td>$13.8 M</td>
</tr>
<tr>
<td><strong>Sales proceeds reinvested into LB ops</strong></td>
<td>$9.4 M</td>
<td>$19 M</td>
</tr>
</tbody>
</table>

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*In both years not all NYS approved LB’s were fully operational so the figures reflect the work of a portion of all LB’s*
Key Takeaways

• Equitable development is challenging

• Be prepared to have open and honest (and sometimes difficult or uncomfortable) conversations

• Be prepared to make trade-offs or navigate competing goals (revenue vs. mission, etc.)

• Identify strengths, acknowledge weaknesses - don’t be afraid to ask for help

• Partnership, partnership, partnership

• Understand the historical context of the challenge – use data when available

• Don’t be afraid to try new things and take informed risks

• Be prepared to change things that don’t work and grow the things that do

• Be creative - don’t limit yourself to one idea or approach!
Time is a Critical Factor

- **MIN** COST TO SAVE PROPERTY **MAX**
- **GOOD** ASSET CONDITION => OPPORTUNITY TO RETURN TO PRODUCTIVE USE **POOR**
- **MAX** ASSET VALUE **MIN**
- **MIN** HARM TO NEIGHBORHOOD **MAX**

TIME
Typical life cycle of a Vacant Residential Building Acquisition

Property owner makes value judgement to "abandon" property causing property to start to decline and begins to harm neighborhood.

Tax foreclosure process

Land Bank commences process to reclaim vacant property

Buyer commences rehab property returns to tax rolls

MILESTONE

STAGE

RESPONSIBILITY

PRIVATE OWNER

PRIVATE OWNER/COUNTY

LAND BANK

RESPONSIBLE PRIVATE OWNER

Upstream interventions reduce costs to all parties, reduce time harming neighborhoods and result in a better asset which is easier to return to productive use – only local govt. can enact upstream interventions.
THANK YOU!

Source: The Real Deal