

Land Banking,
New York Land Banks, and
the Greater Syracuse Land Bank

What is “Land Banking?”

“To assemble and hold a large body of land for future development or disposal”

This activity may be carried out by public or private entities.

Today we’re talking about this type of activity carried out for a public purpose, by a public entity: Land Banks created pursuant to NY Not-for-Profit Corporation Law section 1608.

NY Land Banks are quasi-governmental:

- Independent not-for-profit corporations,
- Usually with board members appointed by elected officials or by virtue of their public office, and
- also local public authorities, subject to Public Authorities Law (PAL) and Public Authorities Accountability Act (PAAA).

What is a Land Bank?

Land banks are designed to return vacant and abandoned property to productive use, in a manner consistent with the public interest. Sometimes this entails short-term redevelopment, sometimes it means long-term assemblage and holding of real estate (land banking).

The City, County, Urban Renewal Agency, or some other public entity could engage in these activities themselves, but housing it in a separate organization:

- Allows for the development of specialized expertise in property maintenance and redevelopment
- Isolates revenue from the rental income and the sale of real property – eventually becoming a self-funded activity
- Protects the municipality from the liability of owning real property

In addition, land banking for the long-term is a unique mission, different than that of most public agencies, and a separate organization with a board of directors and staff for whom that is their sole focus is invaluable.

Short-Term v. Long-Term Focus: A Balance Locally Defined...

In some definitions of land banks the short-term return of property to productive use is emphasized. In others, the long-term assembly, holding, and repurposing of land to achieve the community's long-term vision is emphasized. Most land banks strike a balance between the two.

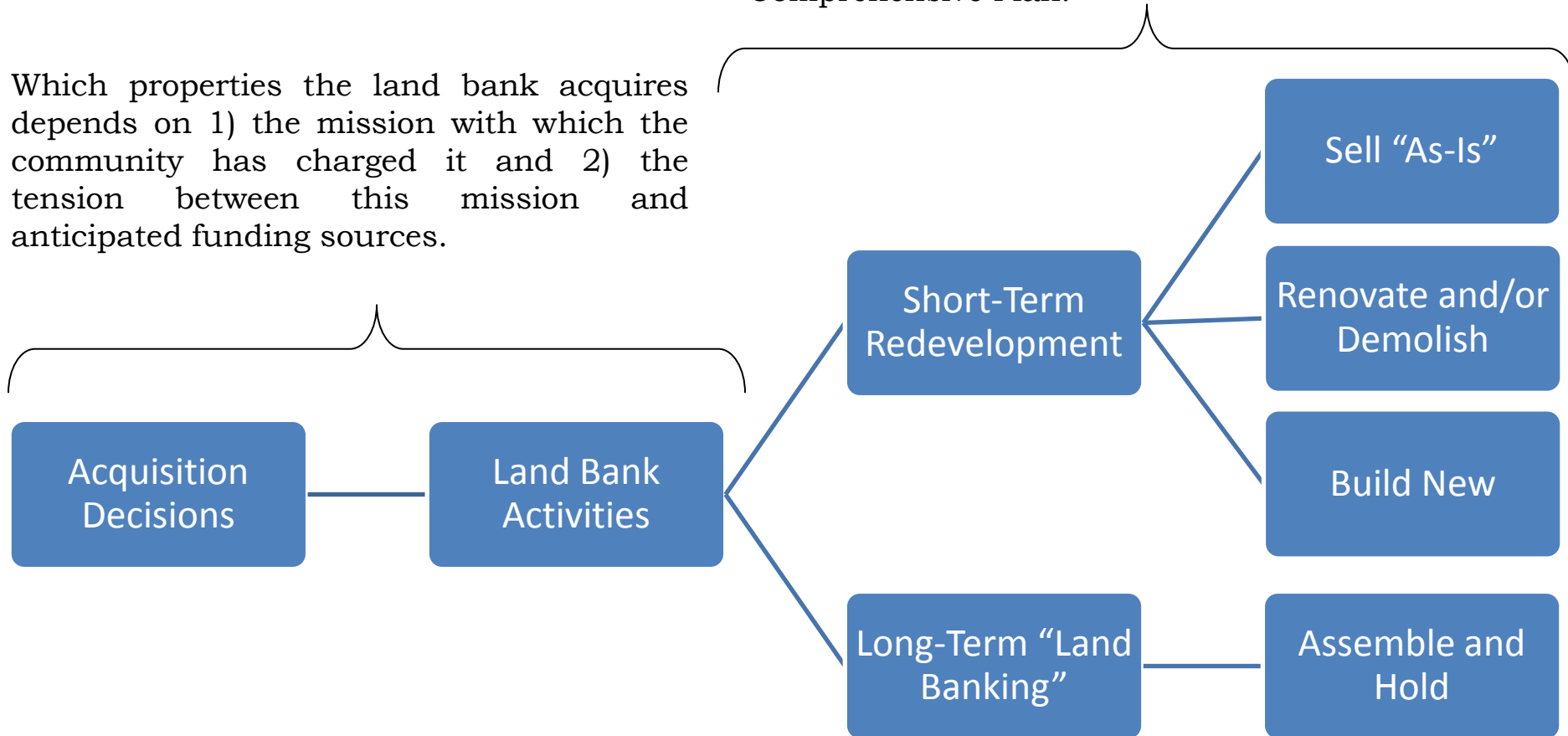
Many NY land banks are not, at this time, engaged in long-term “land banking” due to uncertainty about sustainable, long-term sources of operating revenue.

The balance of these emphases—determined by the community which creates the land bank—determines:

- which properties the land bank acquires and how,
- what it does with the properties, and
- how its operations are funded.

These activities, and what strategy gets applied to each specific properties or to particular geographic areas, should be informed by your community's Comprehensive Plan.

Which properties the land bank acquires depends on 1) the mission with which the community has charged it and 2) the tension between this mission and anticipated funding sources.



The sets of questions that follow: What makes a qualified buyer? What is an acceptable development plan? And will you offer sales price incentives for certain types of development in certain locations? How to enforce compliance with approved plan?

- What properties land banks acquire
 - In a narrowly targeted geographic area or broadly across its ‘catchment area’
 - All tax-foreclosed properties or just a strategic few
 - What about properties that aren’t tax-delinquent?
 - Donation
 - Private-purchase
 - (Note: NY Land Banks do NOT have the power of eminent domain)
- What land banks do with these properties
 - Assemble and dispose of land,
 - Redevelopment and rehab existing buildings or sell as-is,
 - Demolition of derelict structures, and/or
 - New construction

- How its operations are funded
 - Federal, state, and/or local grants
 - Annual budget line v. long-term dedicated funds
 - Most often this funding is tied, directly or conceptually, to delinquent taxes paid by properties that are paying and avoiding foreclosure
 - Sale of real property
 - Rental Income
 - 50%/5 year split of tax revenue
 - This allowance in the NY Land Bank Act is derived from properties are foreclosed upon, redeveloped and sold by the land bank, returned to the tax rolls and now generating revenue again due to the land bank's efforts
 - Local Foundations
 - Architectural Salvage and other niche sources

Maintenance Concerns + Redevelopment Costs

- Despite the land banks' tax-exempt status, carrying costs are still a major factor in acquisition decisions
- Explore maintenance partnerships with neighborhood organizations, job-skills training agencies, etc.

Syracuse's Challenges

Vacancy

- 1,800 vacant buildings
- 3,000+ vacant Lots

Property Neglect

- Particularly among landlords – lack of maintenance correlated with tax-delinquency

Tax Delinquency

- 8% seizable, another 4% delinquent
- City collects 94% of levy on time, 4% late, and 2% is considered “uncollectable” (comparison: uncollectable rate outside the City is .2%)
- Among tax-delinquent properties:
 - 50% occupied buildings
 - 20% vacant buildings
 - 30% vacant lots

History with Auctions and Tax-Lien Sales

Set out to create a land bank that would enable us to increase our collection rate, grow the tax base over time, and keep control over foreclosure and redevelopment of properties in local hands.

Comprehensive Collection Policy: Increase tax collection rate

- Saves the City from the liability of owning properties inevitably foreclosed upon
- Takes chronically uncollectable properties off the rolls, further improving the collection rate

Grow the Tax Base

- Thoughtfully planned redevelopment that addresses all the problem properties in an area will stabilize and enhance property values

Site Control

- Better planned projects
- Automates site-assembly
- Preventive maintenance
- Already foreclosed: speeds up purchase process
- Enables inspection prior to sale

Syracuse and Onondaga County Land Bank

- Long-term advocacy for land bank enabling legislation
- Inter-municipal agreement in spring 2012
 - City and County only two FGUs in Onondaga County
- Greater Syracuse Property Development Corporation approved by ESD and formed in June 2012
- Throughout 2012 – City/County task-force assessed the problems faced and developed a new tax collection policy for the City of Syracuse which provides a funding model for the land bank and enables proactive acquisition of delinquent properties
- November 2012 – first proactive foreclosure notices issued
- October 2013 – first acquisitions

Syracuse Funding/Acquisition Model

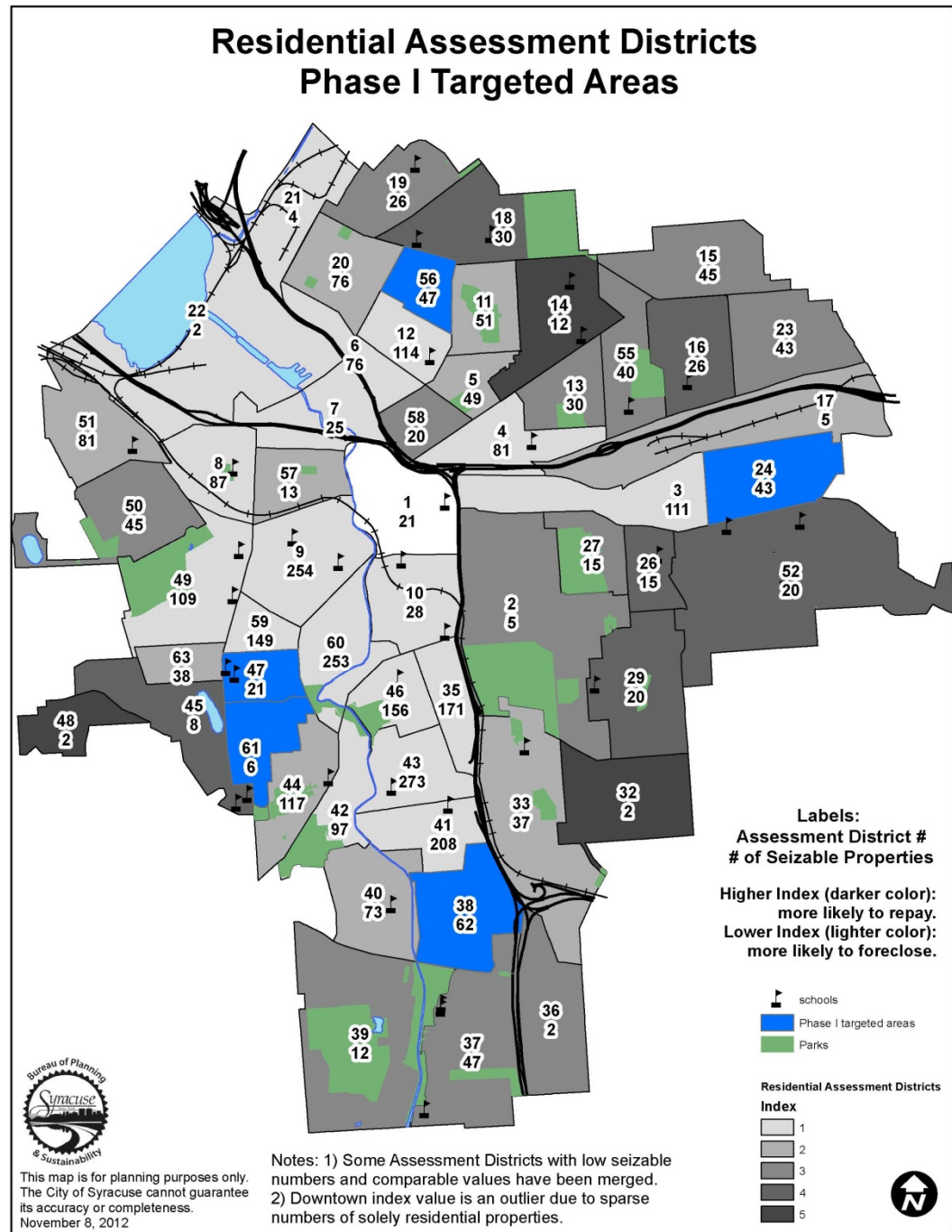
- Foreclose as soon as properties become delinquent enough, but no auction: transfer foreclosed properties to the land bank
- With threat of foreclosure, 50% of delinquent properties will pay generating previously uncollectable revenue for the City and the County
- A portion of this revenue transferred to the land bank to pay for the maintenance and redevelopment of the other 50% of properties
- Chronically uncollectable properties removed from the rolls
- Backlog of seizable property issued notices over three years
- After year three:
 - Foreclosure notices will be issued each April. Approximately 1/6 of delinquent properties likely to be foreclosed upon and transferred to the land bank in October
 - Properties receiving foreclosure notices will be far less delinquent and more likely to pay
 - Flow of properties into the land bank's inventory will slow, it will have redeveloped and sold a large number of properties, should be largely financially independent except for the 50%/5year split

With a backlog of 3,900 seizable properties we set out to proactively issue them all foreclosure notices:

- In 12 batches over three years,
- each batch including geographic clusters,
- selected in an order starting with stable-to-transitional areas and areas that would leverage ongoing City investments and later addressing the most distressed areas,
- based upon an index of “likelihood of repayment.”

Index assigned to assessment districts and based upon:

- Median arms length sale value,
- % of properties seizable, and
- average ratio of delinquent amount to assessed value.



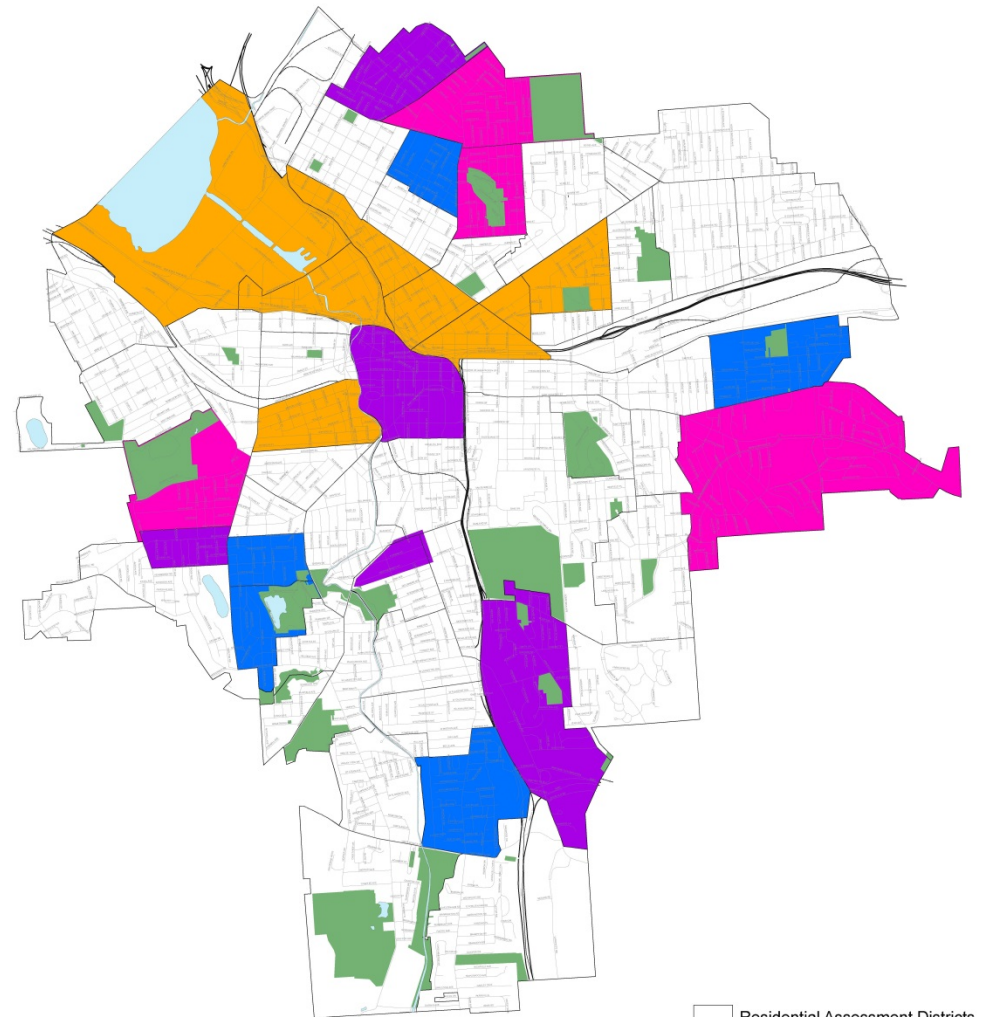
Foreclosure Prevention Efforts

Occupied seizable properties include a large number of owner occupants who, due to our lack of collections, have been allowed to become extremely delinquent. The City has responded with mailings, workshops on how to get into a payment plan, free financial counseling, door-to-door visits.

Citizens Advisory Board

Neighborhood residents from across the City of Syracuse have helped to develop guidelines for the maintenance and redevelopment of properties in a manner consistent with the Comprehensive Plan and helped to select the order in which the new tax collection policy is implemented.

Phase I, II, III, & IV Targeted Foreclosure Areas



This map is for planning purposes only.
The City of Syracuse cannot guarantee
its accuracy or completeness.
August 28, 2013



Greater Syracuse Land Bank

www.syracuselandbank.org

General info on land banks:

- Kildee, Dan and Amy Hovey. “What is a Land Bank?” Center for Community Progress. Land Banking 101 NSP Toolkit. U.S. Department of Housing and Urban Development. Neighborhood Stabilization Program.
<https://www.onecpd.info/resources/documents/LandBankingBasics.pdf>
- Center for Community Progress:
<http://www.communityprogress.net/>