

# Pennsylvania Land Banks: Economic Development through Recycling our Blighted and Abandoned Land

Irene McLaughlin  
Attorney at Law  
Consultant, Housing Alliance of Pennsylvania



# Reclaiming Abandoned Pennsylvania

**Quick Guide: New Tools to Address Blight and Abandonment** includes Summary of Pennsylvania Land Bank Law, Act 153 of 2012

**Center for Community Progress Land Banks and Land Banking** by Frank S. Alexander



# Why Land Banks and Why Now?

## Property Abandonment

*Job losses*

*Population losses*

*Excess supply of obsolete structures*

## Mortgage Foreclosures

*Predatory lending*

*Under water properties*

*Vacancy/ownership insecurity*



# Why Land Banks and Why Now?

- Inventory of abandoned/vacant property?
- Ineffective property tax foreclosure procedures?
- Code violations?
- Title problems?
- Limited municipal resources?
- Problem parcels?-Where? Why?

Adapted from Frank Alexander's Pennsylvania Land Banks Presentation from Housing Alliance of PA and Center for Community Progress Land Banks Training, State College, March 20, 2013 (link in follow up email)



# Negative Economics of Blight

**Study in Cuyahoga County (includes Cleveland): 2.1% to 9.4% reduction of value of properties near vacant &/or tax delinquent &/or foreclosed properties** *Whitaker & Fitzpatrick, Federal Reserve Bank of Cleveland, March 2012*

**Study in Philadelphia: 6.5% average property value reduction citywide with some neighborhoods close to 20% reductions** *Vacant Land Management in Philadelphia report by Econsult Corporation, November 2010*

**Neighborhood blocks with higher concentrations of unmanaged vacant lots displayed lower house prices, about 18%** *Wharton School Study, 2004*



# Positive Economics of Blight Remediation

Flint, Michigan:

- **\$3.5 million of demolition activity produced \$112 million in improved surrounding property values**

*Land Policy Institute at Michigan State University, 2007*

Philadelphia:

- **Cleaning and greening of vacant lots** can increase adjacent property values by as much as 30%.
- **Planting a tree** within 50 feet of a house can increase its value by about 9%.
- Location of a house within **1/4 mile from a park** increased values by 10%.

*Wharton School Study, 2004*



# Land Bank Defined

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

Frank Alexander's definition



Housing Alliance  
of Pennsylvania

# What does a land bank do?

## ***ACQUIRES PROPERTY***

- *Tax exempt*
- *May hold (bank) property*

## ***REMEDiates BLIGHT***

- *Must maintain according to code*

## ***DISPOSES PROPERTY***

- *Municipal disposition requirement not applicable*
- *Must maintain a publicly available inventory*
- *May set disposition priorities*





# How is a land bank funded?

- *Revenue from land sales, rents, developer fees...*
- *Tax recapture by agreement with three taxing bodies-50%, 5 years*
- *Philanthropic, governmental or private grants and loans*
- *Bond issues*



# How is a land bank set up?

- ***“Land bank jurisdictions”***
- ***Ordinance or ICA***
- ***School districts may participate***
- ***Board of Directors***
- ***May hire staff or use existing staff***



# Land Banks & Delinquent Taxes

## Tax liens and municipal claims

- held by participating taxing bodies may be “discharged”
- may be assigned (transferred) to a land bank

## Land banks and tax sales

- Land bank may bid minimum at upset sale and obtain property for sale costs if no other bids
- Land bank may trump other bids at ‘free & clear’ judicial sale, obtain the property for costs, and ‘alter the form, substance and timing of payment of the sales price

*Land banks in Allegheny County may obtain tax sale properties pursuant only to agreement with the public entities that have claims against the properties--three taxing bodies and municipal authorities*



# What does a land bank offer us?

- *Stewardship of abandoned properties*
- *Broader access to abandoned properties by the private market*
- *A public agency with private organization characteristics to generate revenue*
- *Uniform, instead of selective, delinquent property tax enforcement*

