HOW TO BUILD A
REGIONAL HOUSING
LAND BANK

EDD CoP
Economic Development District
Community of Practice

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Economic Development Districts (EDDs) and Regional Development Organizations (RDOs) can play a significant role in improving housing solutions throughout their regions. Through regional planning processes like the Comprehensive Economic Development Strategy (CEDS), many EDDs have found that their regions are struggling with housing affordability, housing supply, and housing quality issues that are having negative economic ramifications for their region. For more information on the connection between economic development and housing issues and how EDDs and RDOs are approaching housing in their regions, *Solving the Housing Puzzle, EDDs as Regional Housing Changemakers* on NADO's website.

In response to these needs, some regional organizations have taken on Regional Housing Land Bank (RHLB) programs that get abandoned or underutilized properties off the sidelines and back onto the regional housing market. Land banks are land management programs typically established by local governments or nonprofit groups that acquire properties and facilitate redevelopment for a pre-determined purpose. In the context of this resource, these properties are redeveloped as affordable housing. By increasing housing supply in regions and restricting occupancy to low-moderate income residents, RHLBs can help address housing challenges for the region's residents.

For more information on how to start up a land bank program in your region check out this resource from the Center for Community Progress and this guide from the Local Initiatives Support Coalition. This guide will take aspects of these two guides and provide specific recommendations centered on the role that EDDs and RDOs play in their regions.

Additionally, for a quick-reference FAQ, the Center for Community Progress released the following resource: Center for Community Progress Land Bank FAQ.
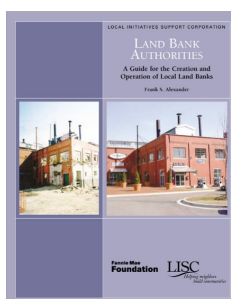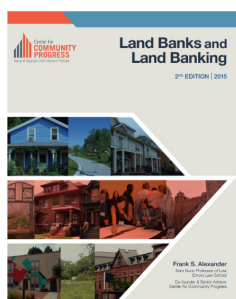
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Regional housing land banks have three main benefits:

1. Fostering a sense of regional collaboration by tackling local housing issues at the regional level.

2. Increasing the supply of affordable housing in a region.

3. Providing neighborhood stabilization and quality of life improvements to underserved neighborhoods by removing a 'problem property' and creating a new productive use for the site.

4. Giving neighborhoods targeted economic revitalization.

What regions would benefit most from Regional Housing Land Banks?

• Fast-growing regions that want to prioritize infill development.

• Regions that have experienced sustained population loss.

• Regions that lack an excess of buildable land due to geographic, topographic, demographic, or climatic reasons.

• Regions that have an excess supply of abandoned or blighted properties.

• Regions that have a lack of low-moderate income housing supply.

This guide is meant to provide step-by-step instructions for how EDDs and RDOs can form effective land bank programs that meet the needs of their communities and drive redevelopment of properties suitable for affordable housing development. This resource aims to provide actionable recommendations for regional organizations as they establish RHLBs for their regions and guide organizations through the Planning Phase, Operations Phase, and Community Outreach Phase of developing a RHLB program. This guide must be supplemented and supported by consultations with legal counsel in setting up the RHLB entity and consultations with legal counsel experienced in real estate and title law who can best advise the regional organization on local and state property law requirements.

Disclaimer: This guide is meant to provide recommendations and strategies for developing a RHLB program and should not be considered legal advice or consultation. EDDs and RDOs are encouraged to fully understand the local, state, and federal laws that may impact RHLBs prior to beginning this work.

ONE

Regions must first identify the state level enabling legislation (SEL) that permits entities to form land banks. Many states have passed legislation in the past 50 years that has permitted public entities to create land banks. For a full map of existing land banks and the states that have an SEL, visit the Center for Community Progress National Land Bank Map. Regions should identify the following in the legislation:

- If EDDs/RDOs can form land banks just the same as any other unit of local government.

- If the land bank entities are permitted to use property tax foreclosure processes.

- What public property disposition rules are included in the legislation.

- What procurement or contracting policies a land bank entity must follow.

If no such legislation exists at the state level, regions can work with state legislators to make the case for and pass legislation enabling public entities (including regional organizations) to form land banks.

After the SEL is identified and understood, regions must identify and understand their states property tax foreclosure procedures. This procedure will be a useful tool for the RHLB to secure properties.

Additionally, regions must identify if any local governments in the region have additional procedures in place or protections that go further than the state procedures.

- How long does the property tax foreclosure process typically take in communities?

- How much notice to the owner is required?

- Does the foreclosure process begin when delinquent tax bills for the property exceed the land tax assessed value?

If these two main considerations are agreeable to the regional organization, they may now start identifying potential inventory within their communities, creating development priorities, and finding any focus areas that the RHLB will prioritize for property acquisition and redevelopment. Within these priority areas, regional organizations must assess properties that have delinquent property tax bills, delinquent utility bills, several building code or nuisance complaints to the local government, or a history of arson. These properties may not all be available for the RHLB to secure but will give the regional organization a good start on a potential property inventory. Once priority areas or communities are identified, the regional organization must now assess the development capacity of the area. Are there existing affordable housing developers working in the communities? What will it take to recruit developer partners to the area? These factors will affect the future redevelopment of the area as the RHLB disposes of property.

Once these planning factors have been taken into consideration and the regional organization is satisfied with the answers they find; regional organizations may now move into the Operations Phase which will prioritize developing out the program structure. The goal for this next section is creating a program proposal to present to the regional organization's Board of Directors for approval. Approval from the regional organization's Board of Directors will allow staff to begin recruiting community's participation in the RHLB.

TWO

This section will assist regional organization staff in developing the organizational structure of the RHLB. RHLBs are typically formed as separate entities from the RDO or EDD, but still under the RDO or EDD organization umbrella. This allows existing RDO or EDD staff to administer the program with the correct separation of finances. Consultation with legal counsel may be required for drafting articles of incorporation and organizational bylaws, otherwise, many of these plans can be completed by RDO or EDD staff. After completing the plans and policies listed in this section, regional organizations will have a concrete Program Proposal that can be presented to the RDO or EDD Board of Directors and the public.

Staffing Plan
First, regional organizations must create a staffing plan for the RHLB. Considerations for the staffing plan should include:

- Are there RDO or EDD staff members that can reasonably be assigned to carry out aspects of the program? Are these staff members qualified or experienced in land bank management?

- What percentage of their time per week will be spent on the RHLB? Will this percentage change throughout the year or will this time commitment be steady throughout the fiscal year?

- What other positions will you need to hire for? Do you have the existing financing to get the program off the ground including the payment of additional staff?

- Can aspects of the RHLB be contracted out to consultants or other outside staff capacity?

- How much will staffing and administration costs contribute to overall expenses of the program including fringe benefits?

Use the following Staffing Plan Template to assess the potential roles needed to operate the program and the expected staffing and administration costs. Some example roles have been included, but each region may find that these roles may be different depending on the overall program goals and what staff time can be provided by existing staff capacity.

REGIONAL HOUSING LANK BANK STAFFING PLAN TEMPLATE					
Title	**Hours Per Week**	**Salary Rate**	**% Salary Cost**	**% Fringe Costs**	**Total Expected Cost Per Year**
Ex. Program Manager	40 Hours, 100% of total staff time per week	$50,000	$50,000	$5,500	$55,000
Ex. Program Coordinator	20 Hours, 50% of total staff time per week	$45,000	$20,000	$2,000	$22,000
Ex. Finance Manager	10 Hours, 25% of total staff time per week	$75,000	$7,500	$750	$8,250
				TOTAL	($XX,XXX)

If hiring additional staff is necessary, regional organizations must ensure that they can cover this additional financial cost. Typically, RHLBs can generate revolving income as projects are completed and property is disposed that can support staffing and administration costs. However, there may be substantial time prior to the first disposition of property where regional organizations will have to float the cost of the staff assigned to the RHLB. This is especially true when the regional organization is unable to secure sufficient financial support at the onset of the program from participating local governments. Additionally, investments from federal or state grant programs may only permit a small percentage of grant funds to be used for administrative costs. Regional organizations are encouraged to understand costs allowances of identified federal or state funding opportunities prior to applying to any funding opportunities.

Financial Feasibility Plan

To ensure that the program is financially sustainable and feasible, program staff must build a Financial Feasibility Plan that accurately assesses the RHLB's potential expenses and revenue sources over time. The first step in assessing the potential program expenses comes from the Staffing Plan. What yearly expenditures will be from staffing assignments to operate the program? From there the projected staffing expense can be paired with any expected acquisition costs that can be anticipated. These acquisition costs will be determined from the goals of the program.

- Do you need to contract out any aspects of property management?

- How many properties and of what size do you plan to acquire each year?

- What is a reasonable expected expense you can anticipate per property from the purchase phase all the way to disposition?

- Will the Property Management Plan need to be updated every year to reflect the changing number of properties the RHLB owns and thus affecting a property management budget?

Use the following budget template to establish an anticipated overall program budget. There may be more program expenses not listed here. Every region's budget will differ based on the differing priorities and goals of the programs. Additionally, the cost of purchasing a property may vary significantly from region to region. The total expenses will reflect the amount of funding the program needs to source from local governments contributions, federal or state funding opportunities, and private contributions.

Regional Housing Land Bank Budget Template	
CATEGORY	**AMOUNT**
Salary	
Fringe Benefits	
Title and Legal Costs	
TOTAL ADMINISTRATIVE COSTS	
Property Aquisition	
Hazard Mitigation	
Property Management	
TOTAL PROGRAM COSTS	
Contingency %	
TOTAL	

Once you have completed the above budget template and have successfully assessed the expected cost of operating the program each year, you can now start identifying any funding opportunities that may be available to meet the program costs. Program staff should determine what aspects of the program can be funded by each funding source. For example, some funding source may not allow for administrative costs to be charged to a grant. Each source may also have restrictions on program income that program staff will need to be aware of after the disposition of property acquired using the funding source.

If program funds cannot be sourced from federal or state grant funding opportunities, state level Housing Trust Funds, or from other contributions from local governments, regions may need to revisit the scale and scope of the RHLB proposal. In some cases, regional organizations may be able to float the cost of the program at the start to give program staff time to develop the program and find more funding opportunities.

Governing Structure

To have a long-term sustainable RHLB, regional organizations must establish a governing structure that represents the entire region or prioritized, targeted areas within the region. Successful RHLBs have established an independent Board of Directors to oversee the program that is under the umbrella of the regional organization's Board of Directors. Each community that will participate in the program must have some voting representation on the RHLB Board. Communities will need to pass a resolution affirming who will represent the local government on the RHLB Board. Typically, this will be the same person or elected official who serves on the regional organization's Board of Directors. At this point, regional organization staff should consult with legal counsel to draft organizational bylaws and articles of incorporation forming the structure of the RHLB Board.

Property Acquisition Policies

Purchasing property is one of the main responsibilities of the RHLB. To ensure purchases are made properly with all due diligence completed, program staff must develop detailed standards and policies that they follow when purchasing property. For each specific task or action needed to purchase a property, regional organizations should have a staff member assigned to complete that task. As there are multiple ways to secure properties through an RHLB, organizations must determine what tools they will use to acquire properties. Use the following list to track the tools available to RHLBs.

☐ Tax Foreclosure Auction
☐ Deeded from participating local government directly to RHLB.
☐ Blight Declaration for repeat code violations or abandoned properties.

☐ Quiet Title Action
☐ Deed in Lieu of Tax Foreclosure
☐ Property Purchase
☐ Private Donation

For each of these tools, organizations must have standard policies they use to target properties and then follow through on acquiring the property. Organizations must also ensure that they are following any requirements from funding sources they are using to acquire property through direct purchases. Some funding sources may restrict purchases to certain geographic areas or require extensive environmental review procedures to be completed before properties can be acquired.

Property Management Plan
While operating the program, the RHLB will own and be responsible for multiple properties throughout the region that are in varying states of repair. Regional organizations must develop a property management plan that will ensure that RHLB-owned properties are secured from the elements, structurally safe, and compliant with local codes while the land bank holds the property awaiting disposition or development. Regional organizations must determine how much they are willing to do at properties awaiting disposition:

- How will you assess the value of the property or any existing structures present?
- What maintenance will be required at properties?
- What kind of security will be needed to ensure that the property doesn't attract break-ins?
- Are there any local code compliance measures that need to be taken? Mowing, landscaping, or trash service?
- Are there any environmental hazards that must be mitigated prior to disposition?
- How much will these services cost per property? Can you contract property management out across all properties?
- Can local governments contribute to these property management costs through existing planning and development, or code enforcement staff capacities?
- How will you identify potential environmental hazards that may be present? Are you required to notify the buyer prior to disposition? What liability may you have for this?
- Does the SEL provide involuntary acquisition protection to land banks?

Property Disposition Policies
When an RHLB-owned property is ready to go back on the market for redevelopment, a RHLB must have a set of policies for pricing and disposition of property. Successful RHLBs have facilitated redevelopment by hosting an online map portal with property information and parcel boundaries so that prospective developers can easily access and evaluate RHLB-owned properties (Region 1 Planning Council Land Bank Property Map).

To establish a clear and fair disposition policy, RHLBs should first consult the SEL to see if they are required to dispose of property at fair market value and find what state procurement or bid requirements they must follow. Additionally, some RHLBs may be required to follow state-specific public property disposition policies when selling a RHLB-owned property or may be required to pay the balance of any outstanding taxes or liens on the property back to the city or county that has jurisdiction over the property. Typically, these outstanding property taxes will be forgiven by the jurisdiction that deeds the property to the RHLB, however, some SEL may require RHLBs to repay the taxes upon disposition of the property. Lastly, RHLBs may be required to distribute program income back to the jurisdictions that make up the RHLB. While returning program income to participating local governments may help create buy-in during the Community Outreach phase, retaining program income within the program can be valuable in getting the program off the ground and creating a self-sufficient funding model. Regions should consider these questions after creating their Financial Feasibility Plan.

After these considerations are addressed, program staff may draft policies that best reflect the goals and priorities of the RHLB program. Contracts with developers for the sale of a property may also include requirements for redevelopment of the property for low-moderate income restricted housing development or hazard mitigation of any known hazards or risks.

Cost-Benefit Analysis
The final task in preparing a proposal before community outreach is the Cost-Benefit Analysis (CBA). Having a well-sourced and accurate CBA will be vital for getting communities on-board with your RHLB proposal. Now that you have an estimate of program expenses and a potential inventory list of available properties you can develop a CBA that takes into account:

- Diminished property values on surrounding properties
- Unrealized property tax revenue from unproductive/vacant property
- Potential value of annual property taxes that a property will pay when rehabilitated and occupied

VS.

- The cost of running the program (identified in Staffing Plan/Financial Feasibility Plan/Property Management Plan)
- Any local government contributions to the program

The CBA aims to give you a reference point for local communities on the value of the program's interventions in their communities versus the status quo. CBAs should aim to assess not only the potential value of the program, but also assess how the status quo of unproductive properties is negatively impacting their communities. CBAs should result in an easily communicated data point that can be presented to communities, such as "for every (X) dollar invested into the RHLB, (X) dollars will be generated in the region in private development and property tax revenues."

When finalized, RDO or EDD staff should collect all of the preparations made in **Section 2. Structure – The Operations Phase** into a Program Proposal that can be presented to the public and local governments. Regional organizations should source feedback on the Program Proposal from local governments as well as the public through a series of public input sessions. Hosting the proposal on public-facing websites for a set period and seeking input can also generate public comments. Additionally, sourcing feedback and eliciting partnerships with local housing authorities, homeless service providers, Habitat for Humanity chapters, and other nonprofit housing services providers can help ensure the RHLB is structured in a way that will best benefit the region's residents.

After a public comment period has been completed and relevant changes to the program have been made, the regional organization should present the final Program Proposal to the regional organization Board of Directors for approval. After the RDO Board approves the proposal through a resolution, it should establish a timeline for beginning the program, approve a governing structure for the program, and authorize the Executive Director and program staff to present the proposal to local governments in the region.

As approval is needed from the RDO Board, approval is also needed from each community that wants to participate in the program. Regional organization staff should secure from local communities the following:

- A resolution authorizing the local government's participation in the program.
- A resolution authorizing a representative from the local government to participate on the RHLB Board.
- A resolution authorizing any financial contributions from the local government to the program or contributions of local government staff time or support to the program.
- Each of these authorizations can be achieved through one resolution and doesn't have to be passed through their own stand-alone resolutions.

Some RHLBs have utilized interlocal agreements to source community participation in the program. If an interlocal agreement is established for the RHLB, the local government would need a resolution to authorize the Chief Elected Official of the local government to sign on to the interlocal agreement.

When presenting the Program Proposal to local governments for their participation in the program, program staff should emphasize the following:

- The Cost-Benefit Analysis and prospective benefits for the community's participation in the program.
- The value of turning unproductive properties into contributing properties to the neighborhoods and property tax revenue rolls.
- What staff support is needed from city or county staff.
- What financial contributions you are requesting to start up the program and any regular contributions needed.
- What time commitment is needed from city or county staff.
- What time commitment is needed for the city or county representative who will serve on the RHLB Board.

Program Evaluation
After commitments are secured from local governments in the region, the program can now begin. Assigned staff can use the Program Proposal information to guide the initial build-out of the program. Once the program has been established and operated for at least one year, program staff should undertake a program evaluation. The Program Evaluation should cross-reference the results and outcomes from the first year of the program with what was anticipated in the Program Proposal.

- Were the goals established in the Program Proposal relevant and accurate for the region?
- What went well in the program and can be expanded or promoted?
- What has caused challenges for the program in meeting the established goals?
- Has there been difficulty hiring staff to operate the program? How can job descriptions or responsibilities be changed to improve hiring outcomes?