

Pittsburgh Community Reinvestment Group

Land Banks 101



What is a land bank?

A land bank is a government or nonprofit entity that enables the conversion of vacant, abandoned, and tax delinquent land from abandonment back to productive use. Land banks are able to hold properties tax free in order to assemble the critical mass of land needed for new development to be feasible, and can more efficiently clear title to properties encumbered by liens.

What problems does a land bank address?

Vacant and abandoned properties have a variety of negative effects in a neighborhood. Property values near vacant properties decline and public health is negatively affected, while surrounding properties see an increase in pests, crime, and risk of fire. In many cases, the value of taxes due on an abandoned property is greater than the value of the property itself—in most cases, these properties won't be recycled by the market.

How does a land bank work?

Land banks are granted special powers to process tax delinquent properties more efficiently than other government entities can. In Pennsylvania, land banks can acquire properties 1) at a tax sale for minimal or no costs (if a property is tax delinquent), or 2) through any kind of voluntary property sale or transfer. Land banks in Pennsylvania **cannot** acquire property through eminent domain. Land banks have other powers to manage and dispose of the properties in their portfolios. Land banks can hold land tax-free; clear title and extinguish back taxes; lease properties for temporary use; and sell properties based not only on price but also on outcomes that align with community plans.

Why does Pittsburgh need a land bank?

The scale of vacancy and abandonment is tremendous—there are thousands of vacant and abandoned properties in the city. Many of these properties are located in neighborhoods with lower property values, making it hard for private developers to afford to clear any liens, purchase, rehab, and sell a given property. While many Pittsburgh nonprofits have been working for years using existing systems like the Treasurer's Sale to address these problem properties, it would take **hundreds of years** at the current pace before all the tax delinquent properties could be recycled into productive use. A land bank has the potential to streamline the complicated process stakeholders currently have to utilize to access tax-delinquent properties. Land banks can acquire properties through a variety of means, and land banks can enable problem properties to be cleared of debts, maintained, and made available for purchase.

When will the land bank be operational?

Before the Pittsburgh Land Bank can begin to operate, the Land Bank Board of Directors has to draft a policies and procedures document; solicit public comment on that document; make changes based on the public comment; and then present the policies and procedures document to City Council to vote on it. The Board of Directors intends to hold **five public meetings in fall 2016**, followed by a 30-day written public comment submission period.

Where can I learn more?

- Visit the PCRG website for a list of relevant resources, including the legislation passed by the city and the state. [<http://www.pcr.org/pittsburgh-land-bank-policies-and-procedures-draft-coming-soon/>]
- The Center for Community Progress answers some frequently asked questions about land banks: [<http://www.communityprogress.net/land-banking-faq-pages-449.php/>]
- Learn about the priorities expressed by PCRG members when the original land bank legislation was passed by City Council here: [<http://www.pcr.org/wp-content/uploads/2016/09/PCRG-member-core-principles-for-land-banking.pdf/>].