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Testimony before  
The Pennsylvania Legislature  
House Urban Affairs Committee Public Hearing  
Progress Report on Pennsylvania Land Banks at Year Five  
November 14, 2017

Good morning. My name is Winnie Branton. I am here today on behalf of the Housing Alliance of Pennsylvania. Founded in 1985, the Housing Alliance is a statewide membership and advocacy coalition that provides leadership and a common voice for policies, practices and resources to ensure that all Pennsylvanians, especially those with low incomes, have access to safe, decent, accessible and affordable homes. We also advocate for policies to advance community revitalization efforts. I work for the Housing Alliance as a consultant and serve as Program Manager for the Land Bank and Blight Technical Assistance Program. Through training and technical assistance, I help county and local government staff, community leaders and elected officials develop strategies and action plans to deal with blighted properties, including the creation and operation of land banks. I authored [\*The Pennsylvania Land Bank Resource Guide\*](#) which was published by the Housing Alliance in 2016.

The Housing Alliance's campaign against blight began almost 15 years ago, in 2003, with the research and publication of [\*Reclaiming Abandoned Pennsylvania\*](#), which included recommendations for 10 state-level reforms to make the acquisition of vacant and abandoned property cheaper, easier, and faster. Land banking was among the 10 reforms. Today, the Housing Alliance is seen as a leading expert on blight policy and a relentless advocate for tools to help communities prevent and fight blight. Its publication *From Blight to Bright: A Comprehensive Tool Kit for Pennsylvania* (2014) is the go-to resource for local governments, community members and other stakeholders engaged in reclaiming blighted properties and returning them to productive use.

In 2012, the General Assembly enacted the Pennsylvania Land Bank Law (Act 153 of 2012). The law authorizes counties and municipalities with populations of 10,000 or more to establish land banks, a *flexible* and *optional* tool meant to help strengthen our cities and towns by enabling them to systematically remove problem properties from an endless cycle of vacancy, abandonment, and tax foreclosure, and return them to productive use.

The Housing Alliance worked extensively with a bipartisan coalition of legislators and stakeholders over three legislative sessions to get the *right* land banking legislation for

Pennsylvania. State Representative John Taylor was the primary sponsor and champion of the bill. Other legislative champions included State Representative Chris Ross, the former Chair of the House Urban Affairs and Housing Committee and State Senator Gene Yaw, the former Chair of the Senate Urban Affairs and Housing Committee. In addition to legislators, this broad-based coalition included developers, property rights proponents, bankers, realtors, land use planners, municipal officials, housing and community activists, and environmentalists. National experts like Professor Frank Alexander who testified earlier today, and Dan Kildee, now a Congressman who founded Michigan’s first land bank, the Genesee County Land Bank in Flint, Michigan, and co-founded and served as president of the Center for Community Progress, shared their knowledge with the coalition and assisted with drafting the legislation.

Thanks to the Pennsylvania legislature’s six plus years of broad stakeholder engagement and careful examination of national models and best practices, the Pennsylvania Land Bank Law is working well at Year 5. At last count, 17 locally-created land banks have been formed, empowering diverse urban, rural and suburban communities to transform blighted eyesore properties that have been dragging their communities down for too long.

<b>Land Bank Name</b>	<b>Jurisdiction</b>
Dauphin County Land Bank	County
Erie Land Bank	City
Harrisburg Land Bank	City
Northeast PA Land Bank (Luzerne)	Multi-municipal
Northumberland County Land Bank	County
Lackawanna County Land Bank	County
Lancaster City Land Bank	City
Lancaster County Land Bank	County
Lawrence County Land Bank	County
Lebanon City Land Bank	City
Philadelphia Land Bank	City
Pittsburgh Land Bank	City
Schuylkill County Land Bank	Multi-municipal
Tri-COG Land Bank (Allegheny)	Multi-municipal
Venango County Land Bank	County
Washington County Land Bank	County
Westmoreland County Land Bank	County

Land banks are locally created and locally controlled entities with the single purpose of amassing, inventorying, managing and marketing blighted, abandoned and tax foreclosed properties. Land banks are state enabled and make sure every property has a clear, insurable title, helping deteriorated and unused properties get back onto the market. They are designed to make it faster, easier and cheaper for any interested and responsible new owner -- developers, community groups, neighbors, farmers, gardeners, builders and realtors -- to purchase blighted, abandoned properties, and get them back into productive use.

Land banks offer a modern system for land recycling that acquires, scrubs clean, and transfers developable land that has been stuck in the market and is unavailable to responsible buyers. Land banks are designed to be lean, nimble and accountable, replacing an antiquated system that is slow, fragmented and cumbersome. This new system is built on a framework of public available inventory of properties, as well as engagement with residents and other community stakeholders to develop priorities, policies and procedures to govern the actions of the land bank.

### **Progress in the First Five Years**

To assess progress being made, let's look at what Pennsylvania's land banks are doing, with a focus on the three key elements of successful land banking:

1. Acquire and hold problem properties
2. Clear title and remove liens
3. Transfer properties to new owners for development according to local plans and priorities

Pennsylvania's land banks are acquiring surplus publicly-owned properties and privately-owned tax delinquent properties. For example, the Philadelphia Land Bank has acquired more than 4700 properties, the bulk of which were owned by the City and other public agencies. The Land Bank has used the priority bid power to acquire privately-owned tax-delinquent properties at judicial sales. Close to 100 properties have been sold, and more than 500 purchase requests are under review. The Land Bank is becoming the one-stop shop for interested buyers and developers to access available properties for sale in the City.

Land banks are acquiring tax delinquent properties at judicial sales using the priority bid power provided in the Land Bank Law. Traditionally, the county tax claim bureau or other tax foreclosing body sells the delinquent property to the highest bidder at a public sale, with no regard for whether the buyer has any intention or capacity to develop the property. The minimum bid price for judicial sale properties is frequently under one thousand dollars, making such properties very attractive to speculators. The Land Bank Law authorizes the land bank and

the tax claim plaintiff to enter into an agreement for the land bank to purchase a judicial sale property for a negotiated sales price, usually the minimum bid or cost of the sale. Using this power, a land bank can get free and clear title to a tax foreclosed property without getting into a bidding war. The Westmoreland County Land Bank used the priority bid power to acquire the abandoned Monsour Hospital property in the City of Jeannette. After decades of sitting idle, this property is under contract with a local developer to develop the site into a \$3 million complex for retail and commercial development. Other land banks, including Schuylkill County and Venango County, have used the priority bid power to acquire dilapidated and abandoned houses, at nominal cost, for repair or demolition. The priority bid power gives local governments a powerful tool for protecting against real estate speculation.

Clear title is essential to moving properties back on the market. As authorized under the Land Bank Law, most of Pennsylvania's land banks have entered into or are negotiating intergovernmental cooperation agreements (ICAs) with the taxing bodies in which all of the taxing bodies agree to discharge real estate taxes and municipal claims on properties that the land bank acquires. These blanket agreements help to clear title efficiently and make properties more attractive to private investors.

The ultimate goal is transferring land bank property to a new owner for redevelopment. Pennsylvania land bank properties are being transferred and redeveloped for a variety of housing, side yards, and business expansions. The Dauphin County Land Bank, Pennsylvania's first, rehabbed a mortgage-foreclosed and deteriorated single family home in Susquehanna Township. The property was sold to a home buyer for \$120,000. The Lackawanna County Land Bank acquires properties from the County's repository list of tax foreclosed properties and sells them to adjacent property owners for \$100 for use as side yards. Back on the tax rolls, these properties are now being maintained by the new owners. The Philadelphia Land Bank has sold properties for the development of work force and mixed use housing and leased properties for community gardens and farms. Pennsylvania's land banks are moving properties back on the market and into the hands of new responsible owners. The new system is working.

### **Factors Contributing to Success**

1. *Local leadership.* Leaders with a vision of what the community might look and feel like if abandoned and distressed properties were transformed from eyesores to new and rehabbed housing and businesses, parks, and public gathering spaces. Leaders willing to go first - to plan, organize, start up and operate a land bank in order to make the vision come true.
2. *Creative problem-solving.* Acquisition and maintenance of blighted property is extremely expensive. With no dedicated state funding available, land banks have had to

be creative and persistent in finding resources. Pennsylvania's land banks are being funded with membership contributions, grants, philanthropic support, and proceeds from the sale of properties. To ensure a recurring and dedicated source of funds, the Tri-COG Land Bank requires its members to allocate a portion of their delinquent real estate tax collections to the Land Bank. Some county-based land banks are requiring member municipalities to pay a one-time or annual fee, ranging from \$1,000 to several thousand dollars. To reduce the costs of rehabbing one of its buildings, the Dauphin County Land Bank used Dauphin County Prison inmates who provided more than 2,000 hours of labor through the prison's Project TRADE training program.

3. *The carefully crafted framework of the Pennsylvania Land Bank Law.* The enabling legislation creates a land banking system that is locally-driven and built on strong partnerships – with county and local governments, school districts, policymakers, developers, community groups and residents. Engagement with and input from residents and other community stakeholders is mandated for the development of land bank priorities, policies and procedures. Community representation on the land bank board is guaranteed. The framework builds public trust and support for land banks.
4. *Using already available resources.* Most of Pennsylvania's land banks are sharing staff and offices with existing public entities such as redevelopment authorities and housing authorities. Shared staffing and services allow land banks to build on the capacity and expertise of other public entities, thereby minimizing costs and maximizing efficiencies.

## **Challenges**

1. *This is hard work and it's expensive.* Bringing a property back to market requires persistence and diligence to clear title, find a qualified buyer and transfer the property. It also takes resources. Given the weak markets where these properties are located, the cost of rehabbing or demolishing structures often exceeds the market value of the property. Lack of resources, not opportunities, is what's keeping Pennsylvania's land banks from doing more.
2. *There is little to no market for many of these problem properties.* A land bank can't make a weak real estate market strong. At its core, a land bank is a tool for the strategic acquisition and disposition of real property. A land bank is not a silver bullet for blight, but rather it is one tool that should be used in concert with other blight tools, especially strategic code enforcement, as part of a comprehensive strategy to return vacant, abandoned and tax delinquent properties to productive use.

3. *SB 667 and the parallel process it would create.* As set forth more fully in the attached Housing Alliance Position Paper, SB 667 undermines the Pennsylvania Land Bank Law and threatens to disrupt the carefully-designed process it created.

### **Policy Recommendations**

1. The Housing Alliance supports legislative provisions that facilitate more land bank transactions. For example, HB 1076 (Caltagirone) would exempt transfers of real property to or from a land bank from the local portion of the realty transfer tax. Such transfers are already exempt from the state portion (Act 175-2016).
2. We encourage the legislature to ensure that land banks are eligible to apply for all state housing, community development and blight remediation funding, and to do that by specifically listing or identifying “land banks” as eligible entities in any legislation.
3. Dedicated, recurring funding increases the likelihood of success for Pennsylvania’s land banks in converting unsafe liabilities into assets that revitalize neighborhoods. Some states have created dedicated funding for land banks, and we support the same in Pennsylvania. For example, Ohio law provides dedicated funding for its land banks through the Delinquent Tax and Assessment Collection (DTAC) Fund, comprised of 5% of all delinquent taxes collected.

### **Vision for the Future and What’s Needed to Get Us There**

1. *Community Vision Realized.* Land banks are helping local communities realize their visions for thriving neighborhoods and expanded economic opportunities by facilitating the conversion of blighted properties to parks and recreational amenities, new business and industries, and affordable and accessible housing.
2. *Modern System of Land Recycling.* Land banks are helping local governments make it easier, faster and cheaper for responsible buyers and developers to acquire and redevelop unsafe and unproductive properties and return them to the tax rolls.
3. *Continued Support for Training and Technical Assistance.*
4. *Support for Dedicated and Recurring Funding for Land Banks.*

**“At its core, land banking is a tremendously fun and creative enterprise. It is tough, challenging diagnostic work at the front end; it is creative problem-solving in the middle; it is rewarding and rejuvenating at the end, when new blossoms emerge from devastation. It is an opportunity to renew and rethink our relationships one to another, and to the places and spaces in which our relationships occur.”**

**- Frank Alexander**

# Pennsylvania Land Banks: An Overview

**A land bank is a locally controlled entity that has special powers to return vacant, abandoned, and tax delinquent properties to productive use.** Pennsylvania’s 17 existing land banks cover urban, suburban, and rural counties and municipalities. Act 153 – signed into law on October 24, 2012 – provided counties and municipalities with the ability to create a land bank. This chart provides information on key aspects of existing land banks and is current as of November 1, 2017.



Housing Alliance  
of Pennsylvania

Land Bank CREATION DATE	Overview	Status	Municipalities Participating	Staffing/ Administration
<b>Dauphin County</b> MAY 2013	Over the last two years, Dauphin County has received various state grants to demolish, build, and renovate properties	Operating 7 total properties, including: <ul style="list-style-type: none"> <li>• 2 renovated and sold</li> <li>• 5 renovated and for sale</li> </ul>	8 municipalities: Hummelstown Borough, Londonderry Township, Millersburg Borough, Penbrook Borough, Susquehanna Township, Paxtang Borough, Halifax Borough, Steelton Borough, and each municipality’s respective school districts	Dauphin County Department of Community and Economic Development
<b>Philadelphia</b> DECEMBER 2013	<ul style="list-style-type: none"> <li>• Acquiring surplus publicly-owned properties as well as vacant privately-owned tax delinquent properties to meet goals of preserving community assets, creating new amenities and supporting affordable housing, urban gardening and economic development</li> <li>• Funded through the City of Philadelphia</li> </ul>	Operating 4,700+ total properties, including: <ul style="list-style-type: none"> <li>• 92 sold</li> <li>• 500+ purchase requests under review</li> <li>• 400+ properties cleaned and greened</li> </ul>	City of Philadelphia	13 staff members as of November 7, 2017, and additional positions are currently posted

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<b>Land Bank</b> <small>CREATION DATE</small>	<b>Overview</b>	<b>Status</b>	<b>Municipalities Participating</b>	<b>Staffing/ Administration</b>
<b>Westmoreland County</b> <small>DECEMBER 2013</small>	Renovating, demolishing, and stabilizing structures both residential and commercial and selling properties as well as forming partnerships with organizations and municipalities to secure funding from county and private organizations	Operating 74 total properties, including: <ul style="list-style-type: none"> <li>• 14 for sale</li> <li>• 47 sold</li> <li>• 3 leased</li> <li>• 6 optioned</li> <li>• 4 rehabilitated homes on the market for low-to-moderate income families</li> </ul>	22 municipalities: Derry Borough, City of Greensburg, Irwin Borough, City of Jeannette, City of Latrobe, City of Lower Burrell, Manor Borough, Mt. Pleasant Borough, Scottdale Borough, South Greensburg Borough, Trafford Borough, Vandergrift Borough, West Newton Borough, Youngwood Borough, Derry Township, Hempfield Township, Mt. Pleasant Township, Sewickley Township, Unity Township, Allegheny Township, Rostraver Township, Sutersville Borough	Service agreement for 4 Redevelopment Authority staff funded partially by Redevelopment Authority and by the Land Bank
<b>City of Pittsburgh</b> <small>APRIL 2014</small>	Gearing up to use the Land Bank as a tool to return distressed property back to productive use through equitable, transparent, and public processes. Expecting to acquire surplus publicly-owned properties as well as vacant privately-owned tax delinquent properties	Start-up phase <ul style="list-style-type: none"> <li>• Ordinance passed April 2014</li> <li>• Developed policies and procedures</li> <li>• Will develop a Strategic Plan</li> </ul>	City of Pittsburgh	Urban Redevelopment Authority of Pittsburgh and the City of Pittsburgh
<b>North East Pennsylvania</b> <small>JUNE 2014</small>	Made up of various municipalities working together to buy, renovate, and sell blighted and vacant properties in the geography	Operating 22 properties, including: <ul style="list-style-type: none"> <li>• 6 demolished</li> <li>• 2 pending sale</li> </ul>	Wyoming Area School Board, City of Pittston, Borough of Duryea, Jenkins Township, Dupont, Avoca, and West Pittston	City of Pittston Redevelopment Authority

<b>Land Bank</b> CREATION DATE	<b>Overview</b>	<b>Status</b>	<b>Municipalities Participating</b>	<b>Staffing/ Administration</b>
<b>City of Harrisburg</b> JULY 2014	Works with the City, the Harrisburg Vacant Property Reinvestment Board and Harrisburg Redevelopment Authority to identify blighted and vacant properties	Operating	City of Harrisburg	Harrisburg Redevelopment Authority and the City of Harrisburg Department of Community and Economic Development
<b>Venango County</b> AUGUST 2014	<ul style="list-style-type: none"> <li>• Acquiring properties at judicial tax sale and conveying to local municipality for demolition and/or redevelopment.</li> <li>• With funding from PHARE grant and County Act 152 demo fund, assisting municipalities with rehabilitation and demolition of blighted properties with the goal of returning properties to neighbors and other community members</li> </ul>	Operating 18 properties returned to productive use	5 municipalities: City of Franklin, Emlenton Borough, Oil City, Rouseville Borough, and Cornplanter Township	One part-time staff member
<b>Lackawanna County</b> JUNE 2015	Utilizing state funding, county support, and organizational partnerships to obtain, renovate, and sell blighted and vacant properties	Operating 140 total properties, including: <ul style="list-style-type: none"> <li>• 31 sold</li> <li>• 19 pending sales</li> </ul>	City of Scranton and Scranton School District	Lackawanna County Planning & Economic Development Office

<b>Land Bank</b> <small>CREATION DATE</small>	<b>Overview</b>	<b>Status</b>	<b>Municipalities Participating</b>	<b>Staffing/ Administration</b>
<b>Schuylkill County</b> DECEMBER 2015	Has utilized community participation fees, state grants, and community partnerships to secure funding for future projects to address blighted and vacant housing units in Schuylkill County	Operating <ul style="list-style-type: none"> <li>• 5 total properties acquired and rehabbed or demolished</li> <li>• By the middle of 2018, the land bank will have demolished 30 properties and rehabbed 3.</li> </ul>	7 municipalities: Delano Township, Frackville Borough, Mahoney City Borough, Minersville Borough, Ashland Borough, and Shenandoah Borough	Administered by Consultant
<b>Northumberland County</b> DECEMBER 2015	<ul style="list-style-type: none"> <li>• Designed to complement the County Housing Authority's blight program which has addressed over 60 properties since the Land Bank Law was enacted, including:               <ul style="list-style-type: none"> <li>▸ 40+ from repository list</li> <li>▸ over 12 as part of conservatorship action undertaken as a result of blight strategy development/land bank engagement</li> <li>▸ others donated or acquired through alternative means</li> </ul> </li> </ul>	Operating	4 municipalities: City of Shamokin, Mount Carmel Borough, Mount Carmel Township, Coal Township	Housing Authority of Northumberland County
<b>Washington County</b> MARCH 2016	Work with the county, local government partners and other community stakeholders to acquire, hold and transfer properties in order to deter the spread of blight, promote the redevelopment of problem properties, and stimulate economic development	Start-up phase <ul style="list-style-type: none"> <li>• Ordinance passed in March 2016</li> </ul>	6 municipalities: Washington City, Monongahela City, Charleroi Borough and East Bethlehem Township, and their respective school districts; Charleroi, West Brownsville and Marianna	Washington County Redevelopment Authority

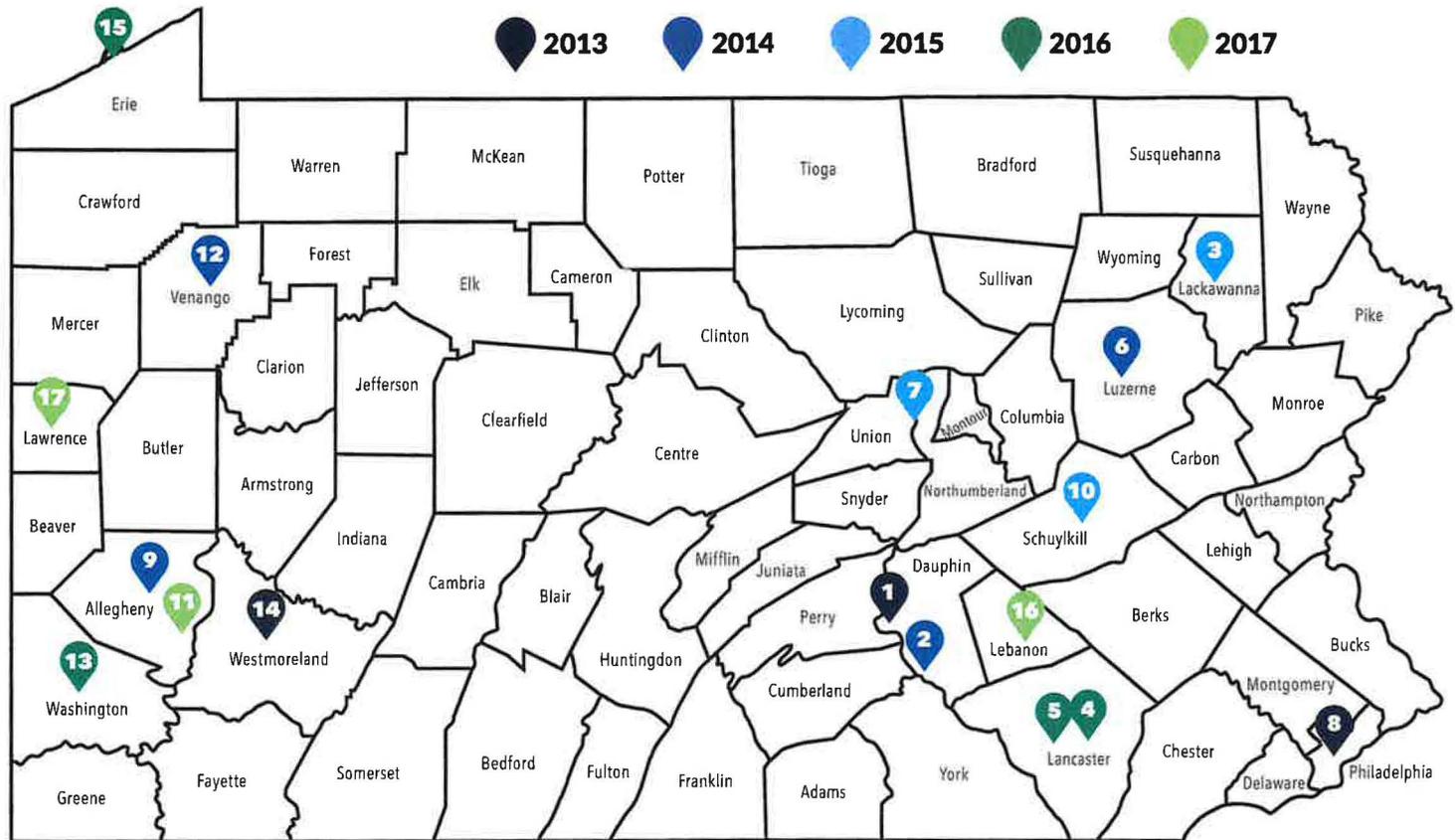
<b>Land Bank</b> CREATION DATE	<b>Overview</b>	<b>Status</b>	<b>Municipalities Participating</b>	<b>Staffing/ Administration</b>
<b>City of Lancaster</b> AUGUST 2016	Will acquire property from tax upset sales or judicial sales and seek developers to buy these properties from this land bank	Start-up phase <ul style="list-style-type: none"> <li>• Ordinance passed in August 2016</li> <li>• Drafted policies and procedures</li> <li>• Will hold public meetings</li> </ul>	City of Lancaster	City of Lancaster Economic Development and Neighborhood Revitalization
<b>Lancaster County</b> OCTOBER 2016	Working with community agencies to develop partnerships and renovate blighted properties	Operating 5 total properties, including: <ul style="list-style-type: none"> <li>• 2 pending sales</li> <li>• 1 slated for demolition</li> </ul>	Columbia Borough and School District; Marietta Borough and Donegal School District	4 Staff on loan from Lancaster County Housing & Redevelopment Authority
<b>City of Erie</b> NOVEMBER 2016	Working on identifying blighted properties	Start-up phase <ul style="list-style-type: none"> <li>• Ordinance passed in Nov 2016</li> <li>• Established board</li> <li>• Drafting Intergovernmental Agreements with County and School District</li> <li>• Developing Policies &amp; Procedures</li> </ul>	City of Erie	City of Erie Redevelopment Authority
<b>Tri-COG</b> JANUARY 2017	Works with community partners to address blight and vacant properties throughout a 21 municipality area	Operating <ul style="list-style-type: none"> <li>• Beginning to acquire properties</li> <li>• Approval for 12 properties granted</li> </ul>	1 County and 21 municipalities: Braddock Hills, Chalfant, Churchill, Clairton, Dravosburg, East Pittsburgh, Edgewood, Etna, Forest Hills, McKeesport, Millvale, Monroeville, North Braddock, Pitcairn, Rankin, Sharpsburg, South Versailles, Swissvale, Turtle Creek, White Oak, Wilkins, Allegheny County; six school districts	2 staff members

<b>Land Bank</b> CREATION DATE	<b>Overview</b>	<b>Status</b>	<b>Municipalities Participating</b>	<b>Staffing/ Administration</b>
<b>City of Lebanon</b> MARCH 2017	Will use land bank to acquire tax delinquent properties at tax sale and transfer them to new owners for redevelopment	Start-up phase <ul style="list-style-type: none"> <li>• Ordinance passed in March 2017</li> </ul>	City of Lebanon	Redevelopment Authority of the County of Lebanon
<b>Lawrence County</b> OCTOBER 2017	Will use available resources to facilitate the return of vacant, blighted, abandoned and tax- delinquent properties to productive use, thereby combating community deterioration, creating economic growth, and stabilizing the housing and job markets	Start-up phase <ul style="list-style-type: none"> <li>• Ordinance passed in October 2017</li> </ul>	The ordinance was very recently passed; the County is in the process of encouraging municipalities to join the County Land Bank.	Redevelopment Authority of Lawrence County

# Celebrating Five Years of Land Banks in Pennsylvania



Housing Alliance of Pennsylvania



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|--|--|---|
| <b>1</b> Dauphin County Land Bank          | <b>7</b> Northumberland County Land Bank | <b>13</b> Washington County Land Bank   |
| <b>2</b> Harrisburg Land Bank              | <b>8</b> Philadelphia Land Bank          | <b>14</b> Westmoreland County Land Bank |
| <b>3</b> Lackawanna County Land Bank       | <b>9</b> Pittsburgh Land Bank            | <b>15</b> Erie City Land Bank           |
| <b>4</b> Lancaster City Land Bank          | <b>10</b> Schuylkill County Land Bank    | <b>16</b> Lebanon City Land Bank        |
| <b>5</b> Lancaster County Land Bank        | <b>11</b> Tri-COG Land Bank              | <b>17</b> Lawrence County Land Bank     |
| <b>6</b> North East Pennsylvania Land Bank | <b>12</b> Venango County Land Bank       |   |

**On October 24, 2017, we celebrated the five year anniversary of Act 153 – the monumental bill which allowed for the creation of land banks in the Commonwealth.** Also known as the Land Bank Act, this bill gives local governments a flexible tool to help them return vacant, abandoned and tax-delinquent properties to productive use.

A land bank is a locally created and controlled quasi-governmental entity that can acquire blighted properties. Its sole objective is to create a uniform and transparent process for private individuals and organizations to buy

neglected properties and turn them into community assets, whether it be a new store on Main Street, a home or a community garden.

In just five years, Pennsylvania land banks have seen numerous successes, and have been well received in communities both urban, suburban and rural. A big reason for their success is because they are run by community residents and leaders – ensuring every decision is made with the best interests of the local community in mind.

Local community members have a vested interest in their town's development, unlike the often absent landlords

and developers who buy up vacant property with no immediate plan or intention of developing it. Land bank boards are able to cut red tape, acquire long underused parcels and choose to whom to sell, transfer, lease or mortgage the property.

The Land Bank Act officially became law on October 24, 2012, but the Housing Alliance's advocacy efforts started nearly a decade before. In 2003, we started a campaign to help local authorities reclaim Pennsylvania's abandoned land. First, we pushed for bills that gradually eliminated state barriers to local blight restoration efforts. Then, once state legislators were more familiar with blight issues, we began introducing legislation that would give local governments the tools they needed to fight blight.

We partnered with nonprofits, for-profits, local and state government and businesses to create a broad coalition of stakeholders to work for land bank legislation. This coalition organized conferences and hearings, bringing in outside experts to educate community members and local legislators about the positive effects land banks bring.

Finally, after several drafts spanning three legislative sessions, we built enough legislative support around the bill. We found advocates in State Representatives John Taylor, Chris Ross, and Curtis Thomas, all former Chairs of the House Urban Affairs Committee, and State Senators Gene Yaw and James Brewster, former Chairs of the Senate Urban Affairs and Housing Committee. Since then, a growing number of state representatives and senators have championed Act 153 and the good it brings to communities.

As of today, there are 17 land banks in Pennsylvania. The 17 land banks, which spread from Erie to Philadelphia, have helped local governments and their constituents retake control over their communities, making them more beautiful, productive and financially viable.

In Lackawanna County, the land bank has acquired over 132 properties and sold 31 since its inception in December 2015. One particular success story includes a property in Scranton, which had condemned houses sitting on a single and double lot. The land bank acquired the property and, with the help of the City of Scranton, demolished the tax-delinquent houses and sold the land to United Neighborhood Centers, which has begun construction of an independent living center for seniors.

In Philadelphia, where there were more than 40,000 vacant parcels when the Land Bank Act was passed, the land bank has been helping to create, as well as save, more green spaces. As the city's property values have been increasing in recent years, absentee landlords have gradually reclaimed land they left vacant for years. Community members had decided to turn some of these vacant lands into beautiful, sustainable gardens, only to see developers suddenly reclaim the property and build over the gardens. Since 2013, the Philadelphia Land Bank has identified over 32,000 vacant parcels, and with this knowledge and the tools it possesses to acquire the land, the organization has helped community members plan for not only more permanent green spaces, but also more highly needed affordable housing.



*Before and after pictures of the Westmoreland County Land Bank's work on the former Monsour Medical Center in Jeannette.*

The Westmoreland County Land Bank's purchase of the former Monsour Medical Center in Jeannette is a prime example of how a land bank can turn eyesore properties that have often been vacant and abandoned for years back to productive use. It is the special powers given to the Westmoreland County Land Bank — one of Pennsylvania's very first land banks — by the Land Bank Act that helped make this possible.

Among a land bank's special powers is the ability to present a clean and marketable title for the property, positioning it for reuse in the private sector. After decades of sitting idle, this property is under contract with a local developer to develop the site into a \$3 million complex for retail and commercial development.

The Tri-COG Land Bank — with 28 members including Allegheny County, 21 municipalities, and 6 school districts

— is an example of how data turned the tide for support of the Land Bank's creation. According to An Lewis, Executive Director of the Tri-COG Land Bank, the data analysis and subsequent conversation in the land bank's formative process cast an important light on the problem of blight, the cost of inaction and the interventions needed to address it. A critically important tool, land banks work best when combined with strategies such as code enforcement that create a comprehensive community plan to tackle blight.

The Washington County Land Bank was created in part to reestablish a sense of community pride. When there are numerous unattractive buildings and properties in a community, it is difficult for members of that community to feel that sense of pride. The main impact of the Land Bank will be in restoring properties to the tax rolls.

One of the current properties that the Land Bank has acquired is a prime example. The property owner of one commercial property in Charleroi Borough had not paid taxes in three years and did not make necessary renovations. Because of the special powers of the Land Bank, it acquired the property and is now able to seek a responsible property owner to maintain the property and pay taxes.

In Schuylkill County, the Land Bank has quickly become the go-to organization to address blight. A nominal initial participation fee (\$1,000) from each of the seven participating municipalities served as seed money to start up the Land Bank and leverage additional dollars. One of its early accomplishments is the acquisition of three blighted and tax delinquent properties at a recent judicial sale. Using the land bank's priority bid power, the Land Bank was able to acquire these properties without having to compete against other bidders. Of the properties acquired, one will be rehabbed, one will become a rear yard for the rehabilitated property, and one will be conveyed to the borough for demolition.

Success stories like these help us to see how far we have come in only five years. We recognize there is still a great deal of work ahead of us. But as communities create their own land banks and utilize other blight-fighting resources, we will continue to empower communities and create an even more vibrant commonwealth.



*The Schuylkill County Land Bank acquired and rehabbed this property.*



## **TOP TEN FACTS ABOUT PENNSYLVANIA'S LAND BANKS**

1. Pennsylvania's land bank enabling legislation authorized, for the first time, the establishment of public entities to *"confront the problems caused by vacant, abandoned and tax-delinquent properties through the creation of new tools to enable municipalities to turn vacant, abandoned and tax-delinquent spaces into vibrant places."*
2. The enabling legislation, approved in 2012, creates a framework for positioning a land bank as a single entity that can take charge of addressing the problem of blighted properties and can serve as a center of planning and program coordination to benefit other public agencies-- Code Enforcement, Community Development, Law, Revenue, and others—that have sometimes had to respond to this problem on a piecemeal basis in the past.
3. A land bank can be created by a county, a municipality with a population of more than 10,000, or a group of two or more smaller municipalities. A land bank is created by ordinance; for a multi-municipal jurisdiction, an intergovernmental cooperation agreement is also required.
4. A land bank is governed by a board consisting of an odd number of between five and eleven members, one of whom must be a) a resident of the land bank jurisdiction, b) not a public official/municipal employee, and c) a member of a local recognized civic association.
5. Land banks have "all powers necessary" to repurpose vacant and abandoned property. But, some of those powers—such as the ability to acquire, develop, and convey real estate, issue bonds, enter into contracts, and receive grant and loan funding—are already within the capacity of a redevelopment or housing authority, in which case a land bank may not need to be tasked with these activities.
6. A land bank does not have the power of eminent domain.
7. Land banks have certain unique powers including the following: a) acquire tax delinquent property at a judicial sale without competitive bidding; b) discharge tax liens; c) hold property tax-free; d) share up to 50% of the real property taxes for 5 years after conveyance of land-bank owned property; e) file an expedited quiet title action and consolidate multiple properties into a single complaint to quiet title; and f) convey properties without a redevelopment agreement.
8. A land bank can only function in concert and partnership with the governing bodies and local taxing authorities within the land bank jurisdiction. For example, a land bank must obtain prior approval by the county tax claim bureau and the local taxing authorities, including the school district, before it can exercise either of the first two powers listed in paragraph 7 above. The 5/50 tax sharing also requires the approval of the local taxing authorities.
9. A land bank is not a silver bullet for blight, but rather one element of a comprehensive strategy that includes strategic code enforcement, delinquent property tax enforcement, and redevelopment.
10. For all of these reasons, a land bank may best be regarded as a new resource—not necessarily as a new organization or agency—that can support the implementation of existing local and county policies and community plans and that can add value to the activities of existing planning and development agencies.



September 14, 2017

**Housing Alliance Opposes SB 667 as Drafted; Urges House to Solicit Broad Stakeholder Input and to Consider Impacts on Land Banks and Land Bank System**

The PA Land Bank Law (Act 153 of 2012) created a locally-driven process for establishing and operating land banks in Pennsylvania. As a result, land banks are critically important tools for communities across the Commonwealth, to restore blighted properties in highly transparent ways that are aligned with local needs and priorities.

Thanks to the Pennsylvania legislature's six plus years of careful examination of national models and best practices, the PA Land Bank Law is working well. At last count, 16 locally-created land banks have been formed, empowering diverse urban, rural and suburban communities to transform blighted eyesore properties that have been dragging their communities down for too long.

As currently drafted, the Land Bank Powers Expansion Bill (SB 667) would make dramatic changes to the land bank process. The Housing Alliance supports tools that help communities restore blighted properties and has identified several key concerns about the bill as currently written:

- 1) **SB 667 abandons the preference for local control** and circumvents local decision-making on land banks and land banking.
- 2) **SB 667 creates real risks for land banks**, their current work and their future growth.
- 3) **SB 667 consolidates eminent domain and land bank powers, a combination that was explicitly rejected for land banks.**
- 4) **Rushing to change and complicate a system that is working well is unnecessary.**

Given the far reaching local impacts of SB 667 throughout Pennsylvania, the Housing Alliance of Pennsylvania urges House members and leadership to take a similarly thoughtful approach to changing a law that took years to create.

## BACKGROUND

Land banking is a relatively new tool for Pennsylvania municipalities to combat blight and return vacant, abandoned and tax-delinquent properties to productive use. After more than six years of deliberations and numerous public hearings with testimony from national, state and local experts and stakeholders, the Pennsylvania Land Bank Law (Act 153 of 2012) passed with overwhelming bipartisan support.<sup>1</sup> As a result, there are 16 land banks in Pennsylvania today, and they are showing real progress in moving problem properties back onto the tax rolls. Redevelopment authorities are strong partners in this work; in fact, they operate several of the existing land banks formed under the PA Land Bank Law. But SB 667 threatens the progress of Pennsylvania's young land banks by ignoring the carefully crafted land banking system created under the PA Land Bank Law.

A land bank has the *single purpose* of converting vacant, abandoned and tax-delinquent properties to productive use. A land bank acquires and maintains properties that have been rejected by the open market and left to deteriorate and destabilize neighborhoods and communities. These properties typically have more liens than market value, clouded title, and other obstacles to acquisition. A land bank can discharge the liens and clear title, making the properties ready for transfer to responsible new owners who will get them back into productive uses that generate taxes. With input from the community, a land bank decides who those new owners will be and ensures that the properties are developed according to *local* goals, priorities, and plans. As such, the local community impacted by the blighted property has a real voice in determining the property's future. Land banks are transparent and accountable to residents, and they can be instrumental in establishing a *comprehensive approach* to blight that most communities lack.

Land banks have special powers to extinguish tax claims and acquire properties that are tax-delinquent.<sup>2</sup> SB 667 intends to grant these same powers and more to redevelopment authorities (RAs):

- Acquire privately-owned tax-delinquent properties at judicial tax sales without competitive bidding ("**priority bid power**") - the most important land bank power<sup>3</sup>;
- Accept the transfer of repository list properties from the county;
- Accept the transfer of certain tax foreclosed real property from municipalities;
- Accept donations of real property and extinguish tax claims on that property; and
- Share up to 50% of property taxes collected for up to 5 years after property conveyed to new owner.

These powers are best exercised by land banks designed to streamline blight removal and create a nimble, accountable and community-driven approach to converting problem properties to new and productive uses.

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<sup>1</sup> House: 186-5; Senate: 49-0.

[http://www.legis.state.pa.us/cfdocs/billInfo/bill\\_history.cfm?year=2011&ind=0&body=H&type=B&bn=1682](http://www.legis.state.pa.us/cfdocs/billInfo/bill_history.cfm?year=2011&ind=0&body=H&type=B&bn=1682).

<sup>2</sup> Sections 2109(g),(h), and 2117 of the PA Land Bank Law.

<sup>3</sup> Expected amendment.

## CONCERNS ABOUT SB 667

- ❖ **SB 667 undermines the PA Land Bank Law and threatens to disrupt the carefully-designed process and framework for land banking in use today.**
  - **By granting land bank powers to *already existing* RAs, SB 667 abandons the preference for local control of land banks and circumvents local decision-making for establishing a land bank.**
    - Land banks are a local solution to a local problem. Under the PA Land Bank Law, creating a land bank requires the passing of an ordinance by the local government (municipality, county or multi-municipalities), which provides an important opportunity for public comment and debate. SB 667 simply conveys land bank powers to redevelopment authorities without any input from local government or the local community.
    - The fact that redevelopment authorities were not specifically empowered in the Land Bank Law was not an oversight. It was a deliberate decision, made after careful consideration, to **empower counties and municipalities** to determine locally -and with the public's input- whether to form a land bank and in whom to vest the special powers to acquire and repurpose tax-delinquent properties.
  - **Unlike the PA Land Bank Law, SB 667 does not support community engagement and participation in the land banking process.**
    - Under the Land Bank Law, a locally-adopted ordinance creating a land bank must specify the methods for community input in the land bank decision-making process.<sup>4</sup>
    - Similarly, the local school district, which has the most to gain when properties are returned to the tax rolls, is also involved in the land bank decision-making process and is authorized to be a member and serve on the board of the land bank.<sup>5</sup>
    - One board seat is also guaranteed to a community resident who is a member of a civic organization located within the land bank jurisdiction under the Land Bank Law.<sup>6</sup>
    - The Land Bank Law was designed to let communities determine their own fate. To the contrary, SB 667 does not make any provision for local input in land banking operations and decision-making by a redevelopment authority.
  - **Unlike the PA Land Bank Law, SB 667 does not promote transparency in land banking decision-making and operations.**
    - The Land Bank Law requires land banks to maintain publicly available inventories of their properties to keep residents informed and engaged in land bank operations.<sup>7</sup> SB 667 does not.
    - The Land Bank Law requires land banks to develop policies and procedures, with input from the public, for determining to whom the land bank will transfer properties and for what price or consideration.<sup>8</sup> Clearly stated, uniform procedures promote policy-driven, transparent transactions that are supportive of local needs and priorities and build public trust in the land banking process.
    - SB 667 allows land banking without this same level of transparency and accountability.

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<sup>4</sup> Section 2104(a) of the PA Land Bank Law.

<sup>5</sup> Section 2014(e) of the PA Land Bank Law.

<sup>6</sup> Section 2105(b) of the PA Land Bank Law.

<sup>7</sup> Section 2110(a) of the PA Land Bank Law.

<sup>8</sup> Section 2210(d) of the PA Land Bank Law.

- ❖ **SB 667 creates risks for existing land banks and the communities they serve.**
  - The Land Bank Law explicitly prohibits county land banks from acquiring property inside the geographical boundaries of any municipal land banks operating within the county.<sup>9</sup> For example, the Dauphin County Land Bank excludes the City of Harrisburg which operates its own land bank, and it cannot acquire properties in Harrisburg without local approval.
  - Similarly, the Urban Redevelopment Law prohibits county RAs from operating within the territorial boundaries of a city having a redevelopment authority without local approval.<sup>10</sup>
  - SB 667 has no similar protections for land banks, thus jeopardizing their current work and future growth. Under this bill, county redevelopment authorities could compete directly with a land bank formed by a municipality (or group of municipalities) for the acquisition of tax-delinquent properties. For example, a county redevelopment authority could use its land banking powers to acquire a repository list or judicial sale property located in a municipality that already has its own land bank.
  
- ❖ **SB 667 consolidates eminent domain and land bank powers, a combination that was explicitly rejected for land banks.**
  - Crafted by local champions with the help of national experts, the PA Land Bank Law creates a framework for land banking based on national best practices.<sup>11</sup>
  - The PA Land Bank Law follows national best practices and deliberately denies the power of eminent domain to land banks.<sup>12</sup>
  - However, land banks are granted special power to acquire tax delinquent properties at judicial tax sales (priority bid) because auctions rarely result in the redevelopment of problem properties according to local priorities, whereas land banks are specifically designed to make that happen.
  - PA land banks are exercising that special power within the locally-driven, carefully- designed, and transparent land banking system created under the PA Land Bank Law.

## CONCLUSION

- ❖ Land banks are designed to make it faster, easier and cheaper for interested and responsible new owners -developers, community groups, neighbors, farmers, gardeners, builders and realtors- to purchase blighted, abandoned properties, and get them back into productive use.
- ❖ Land Banks are having success across the state, and the current process by which local government authorizes and operates them ensures local control and community input.
- ❖ In some jurisdictions, redevelopment authorities are successfully operating land banks within the framework of the PA Land Bank Law.
- ❖ The land bank practitioner community in Pennsylvania provides numerous resources and technical assistance for newly-forming land banks, including: templated legal documents, sample policies & procedures manuals, and an information-sharing network.
- ❖ Pennsylvania's current land banking system should be given a chance to succeed before competing strategies are advanced.

For additional information, please contact David Hunter, Policy Director at 347-417-3114.

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<sup>9</sup> Section 2104(d) of the PA Land Bank Law.

<sup>10</sup> 35 P.S. §§ 1703(e), 1709(e) and (z).

<sup>11</sup> See Frank S. Alexander, *Land Banks and Land Banking* (Center for Community Progress, 2015).

<sup>12</sup> Section 2108 of the PA Land Bank Law.

## **Testimony to the House Urban Affairs Committee**

Pennsylvania House of Representatives

Delivered by Ryan Kuck, Executive Director of Greensgrow

November 14, 2017

Good morning Chairman Keller and Chairman O'Brien, and distinguished committee members. Thank you for the opportunity to address you today and share a little bit of the Greensgrow story in the hopes that we can build a stronger movement towards food access and food justice through tools like land banks.

Greensgrow is 20 years old this month, a milestone that few, if any - ourselves included - expected to see the farm achieve. We are an urban farm in a post-industrial neighborhood called Kensington in central Philadelphia. Kensington is rather notorious for being the center of the region's heroin epidemic, as well as home to several other less than desirable statistics. Not necessarily a place where you'd first think to grow lettuce.

We started with a rather simple idea - that food grown closer to where it was being eaten could be fresher, healthier, and cheaper than something trucked across the country. And maybe that was a good enough idea to make a little bit of money, create some jobs, and possibly restore a tiny corner of Philadelphia into something positive for the neighborhood. That first year we grew \$30,000 worth of salad mix in recycled rain gutters and dropped it off in a station wagon to some of the finest restaurants in Philadelphia. We're still working on the profit piece, but 20 years later we're a 2 million dollar social enterprise paying living wages to over 30 employees, creating linkages and improving profit margins for dozens of regional small farmers, and proving that agriculture is important to the health and vitality of our cities.

Our farm is built on a Superfund site, a plot in a sea of brownfields that the EPA once told me hold some of the most perennially contaminated soil on the east coast. Before us, a galvanizing steel plant occupied the block, and around us were shipyards, automotive manufacturers, lead paint factories, rail yards.....everything but jet fuel, although I wouldn't be surprised. You may have seen the expose in the Inquirer a few months back that brought this issue of heavy metal contamination - and the serious ramifications it has had for our neighbors over generations - back to the forefront. Neighborhoods like Kensington were the workhouses of the world, but the impact of that industry has left a toxic legacy. Our site sat vacant for decades. Contaminated soil washed into the street with every rain, kids played in the old dipping vats, shady contractors dumped trash and dug into the soil stirring up dust. It took years of work from concerned neighbors to advocate to have the EPA declare it a Superfund site and allocate federal dollars to clean and remediate the soil. The phrase I came across time and time again in the survey reports was quote, "immediate and substantial threat to public health". Almost a million dollars was spent to haul away the contaminated soil and replace it with clean fill. Even with that effort, the land sat vacant for another decade because the costs for development were too high. It sat for another decade, cleaned of pollution but gathering trash and taking up space in a neighborhood that desperately wanted to thrive. Needless to say, this land was worse than worthless, it was willfully forgotten. A whole

block with obscured sight lines and no eyes to look out was the ideal spot for dumping stolen cars, scrapping manhole covers, and giving cover to the heroin epidemic that as I'm sure you're aware is sweeping our country.

Greensgrow started with the revolutionary idea that urban agriculture could be a tool to take spaces like this and return them to productive use for everyone. I'll be the first to tell you that I don't believe that urban gardens and farms are primarily about food - they're about people. People coming together to steward a piece of land, finding that commonality around being outdoors, creating something positive and ALIVE, and yes, hopefully tasting something delicious as well after a season of hard work. Gardens put people in these spaces without eyes, without stewards, without a vision for the future. Gardens are about possibility. That awesome power that an individual with a single seed can have to shape the world around them. And they are purely democratic. The essential skills can be learned by anyone, the rewards reaped by everyone.

Although we were not direct recipients of a land bank process, because our land bank in Philadelphia is still not fully realized, I think we can provide a case study of how the idea of a land bank can take risks on innovative ideas that can benefit a whole city. Urban agriculture was not a term when we started, and the farm only happened because someone took a chance and there was a process and a willingness to transfer land to civic organizations. Our land was granted to - and is still owned by - the New Kensington Community Development Corporation, which was a known entity at the time and not just a crazy lady with a shovel to be entrusted with a whole city block. At that time Philadelphia wasn't yet experiencing the rebirth it is today, and I imagine it was a lot easier to write off a plot like this on an experiment because it didn't represent any real value, just liability. Things have obviously changed in Philly, with \$400,000 homes selling right next to the farm (all of whom list us as an asset I might add). This makes the work of land banks even more critical as a tool for proactively planning neighborhoods to include green space and room for projects like Greensgrow. We came up against this problem first-hand in our quest to build a new satellite farm across town. A process that took just 9 months in 1997 took me 4 years in 2013. And that 4 years still only resulted in a year-to-year lease, not ownership or investment in a way that could help ensure our sustainability.

Even though the city is still sitting on thousands of acres of developable land, there still does not exist a clear and transparent process or set of metrics for green space creation to be matched against other forms of development. In Philadelphia we had a plan called Green 2015 with a goal to add 500 acres of publicly accessible green space in the city, which was later further developed to include goals for walkable access to fresh food, expanded opportunities for physical fitness, and prioritization of green resources for low-wealth neighborhoods. Noble goals, but without a mechanism for deciding how those resources are allocated and situated it remains just that - a plan. A comprehensive and empowered land bank gives hope for a democratic process where the valuation of projects like ours can be stacked against those of housing or commercial development, where the impact of planned green space can be evaluated at a higher level and lofty ideals can be put into practice. It also gives security and tenure to projects like ours that take seasons to develop.

Land is wealth. To all individuals for sure, but especially to farmers. The organic systems and infrastructure we create cannot just be picked up and moved. Our value is never going to wholly exist

online or in the cloud. Greensgrow has developed and been successful because we have prioritized relationships, and carried with us the mantra that the farm has to benefit everyone in this community, not just the organic food crowd. Lettuce is not at the top of anyone's hierarchy of need (except perhaps a rabbit), but by creating opportunities for kids to interact with chickens, see their neighbors playing music outside to a lively crowd, getting that perfect flower for a parent or friend on their birthday, or just feeling that genetic pull that results from seeing a ripe tomato on the vine, we create value and opportunity for everyone in this neighborhood to engage with the farm somehow - and perhaps even eating some lettuce along the way.

Philadelphia is known as the garden capitol of America. Not just because of the Flower Show or Chanticleer, but because of the countless individuals and families who have tilled and planted hundreds of vacant lots and fallow fields, predominantly black and brown hands who created wealth in redlined districts deemed value-less, immigrant families who carried seeds in pockets and in shoes, and many others for whom growing food and flowers represent hope. It is these people for whom a Land Bank matters. Philadelphia has half as many community gardens as we did in 1999 when I began this work because of displacement and development. Gardens in which families invested generations are given 30 days notice to vacate. Many of those gardens that remain do so without title or tenure to the land. This uncertainty stifles growth, stifles our ability to benefit from these labors of love and passion, and ultimately stifles the potential latent in our neighborhoods.

In 20 years our mission and programs have changed considerably. What started as a for-profit lettuce farm is now an al fresco community center with over 25,000 people a year finding a reason to visit this out of the way corner of the city. We run youth programs, workshops, Philadelphia's largest independent garden center, a community kitchen for small scale food entrepreneurs (one of our tenants recently won Shark Tank), and even a mobile farmer's market that visits schools and senior centers where fresh food is lacking. This diversity is essential to our sustainability because fresh produce is still not valued adequately to provide living wages to farmers. But we have survived by constantly changing and adapting, trying new things before they are commonplace, and continuing to find relevance for our work in the changing faces of the city. Knowing that we have rights to our land makes that innovation possible, allows us to think beyond the immediate. And it allows us to raise capital, institutionalize our impact, and create systems that transcend any one individual.

We need farms that are accessible to where people live. We need green space to be the first resource mapped in any neighborhood plan. A fully funded and empowered Land Bank is essential to realizing the potential of urban agriculture to reduce displacement, lift families out of poverty and build health and wealth where it is so sorely needed. I like to say that our first 20 years was about showing that urban agriculture is possible, and our next 20 years will be about showing that urban agriculture is *essential* to the health and prosperity of an increasingly urbanized country.

Thank you for the opportunity to share our story. I welcome you all to visit the farm next time you are in Philadelphia, and commit ourselves to helping in any way we can to share our impact with others across the state looking to learn from, or replicate our work. Please continue to champion the cause and

commitment of land banks as testing grounds for new ideas. And of course, please support your local farmer.