



## HOUSE COMMITTEE ON APPROPRIATIONS

# FISCAL NOTE

HOUSE BILL NO. 1163

PRINTER'S NO. 1756

PRIME SPONSOR: Salisbury

### COST / (SAVINGS)

FUND	FY 2022/23	FY 2023/24
General Fund	\$0	\$0

### SUMMARY:

This bill would allow a municipality to authorize a land bank to acquire and redevelop real property if certain conditions are met surrounding blighted, vacant, or abandoned property. This bill would become effective in 60 days.

### ANALYSIS:

This bill would amend Title 68 (Real and Personal Property) to allow a municipality to designate properties available for acquisition by a land bank if all the following criteria are met:

- The property is abandoned or vacant and blighted, except for unimproved land, for five consecutive years or the property is abandoned or vacant and has been declared a nuisance property by the municipality for five consecutive years.
- The property has a record of building code violations or has been in serious violation of municipal ordinances, including tax delinquency.
- The municipality has attempted at least three notifications by mail, including the first notification by certified mail, to the owner of the property to remediate the building code violations or ordinance violations.

Once all three criteria have been met, the municipality shall notify the owner of the property via certified mail that the property is subject to be designated as available through a land bank. Ninety days after this notification and if the owner has not requested an appeal hearing, the municipality may designate the property as available for acquisition through a land bank.

The owner of the property may appeal the designation of the property as available for acquisition through a land bank and if the owner does appeal, the municipality shall provide the owner a hearing. The municipality may grant an appeal if a detailed plan for use or redevelopment of the property is provided 30 days prior to an appeal hearing. The plan shall contain a timeline for redevelopment, future plans for the property, and at least one of:

- Actual or pending financing for redevelopment.
- Architectural drawings for redevelopment.
- A contract with a real estate developer contract or other professional for use or redevelopment of the property.

If an appeal is granted, the municipality may inspect the property at any time to ensure the redevelopment plan is being implemented. If the municipality finds the plan is not being implemented or failing to meet the timeline provided, the municipality may revoke the appeal and designate the property as available for acquisition through a land bank.

If the owner provides evidence that an extension to the plan is warranted, the municipality may grant extensions to the plan in six-month, or less, increments or designate the property as available for acquisition through a land bank.

This bill would also provide for just compensation to the owner of the property. The land bank that acquires a property shall pay just compensation of the appraised value of the real property at the time of transfer less any fines, liens, or remediation costs to the owner of the property.

**FISCAL IMPACT:**

Enactment of this legislation would have no impact on commonwealth funds. Municipalities would see a positive fiscal impact as properties return to productive use, however that impact would vary widely among municipalities and is unquantifiable without knowing the number of properties potentially acquired by land banks.

**PREPARED BY:** Chris Fetterman  
House Appropriations Committee (D)

**DATE:** June 27, 2023

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*