

# SUPPORT HB 1682: PENNSYLVANIA'S LAND BANK ACT

## **Blighted properties cost Pennsylvanians billions of dollars each year.**

There are an estimated 300,000 vacant properties across Pennsylvania.<sup>1</sup> Of those, 20,000 are in Pittsburgh and 40,000 are in Philadelphia.<sup>2</sup> A 2010 study found that **Philadelphia alone lost \$3.6 billion in household wealth due to blight.**<sup>3</sup>

On top of those personal losses, municipal governments are also losing money. The City of Philadelphia spends \$20 million each year just to maintain vacant properties.<sup>4</sup> Smaller communities face similar financial burdens. **Blight costs everyone.**

## **Revitalizing blighted properties is an enormous economic opportunity for Pennsylvania.**

If all of Pennsylvania's 300,000 vacant properties were put back onto market, construction activity would create new jobs, new homes and businesses while reducing the local maintenance burden and restoring lost home equity. The same study projected that a more efficient and predictable land recycling system would enable development of additional homes and businesses generating 800 jobs, \$30M in earnings and \$1.9M in new tax revenues in Philadelphia alone.<sup>5</sup> **Imagine what a difference it would make in your community.**

## **Change needs to happen before revitalization is possible.**

Antiquated state laws make getting clear title difficult and costly, and limit how municipalities can acquire, manage and dispose of properties. Interested buyers for these properties are often overwhelmed by obstacles such as inability to find the owner or lack of clear title and no clear path to get it. Debt on abandoned properties can exceed the worth, making sale impossible.

## **Today, Pennsylvania has a chance to strengthen our cities and towns by authorizing the establishment of Land Banks by enacting HB1682.**

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 market.

Land Banks 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 re-use.

**The Genesee County Land Bank** has helped private developers renovate and rehabilitate hundreds of vacant properties in and around Flint, Michigan, but the Land Bank itself has also helped revitalize the town. The Land Bank Center in downtown Flint was a \$4.1 million mixed-use investment that launched wider revitalization on Saginaw Street: 7 vacant buildings were rehabbed providing approximately 150 new residential units and 60,000 square feet of leasable commercial space; approximately \$60 million was subsequently invested in the blocks immediately around the Land Bank Center.

## **Support PA House Bill 1682**

Visit [www.housingalliancepa.org](http://www.housingalliancepa.org) for more information about how to voice your support for this important legislation.

## An Overview of PA House Bill 1682 LAND BANKS

Introduced by Representative John Taylor (R-Phila.), the proposed Land Bank Bill (HB1682) would authorize 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. HB 1682 is:

- *Permissive*: Gives local governments the ability to create land banks, but does not require them to do so.
- *Flexible*: Extends maximum control over the creation and operations of land banks to local governments. Each land bank can be specifically tailored to the needs of its community.
- *Revenue Neutral*: A land bank created pursuant to HB 1682 would be self-funding after its initial start up, which could be paid for with Community Development Block Grant funds, charitable donations or realignment of existing resources. There is **no state appropriation** in the bill.

**The Land Bank Bill would permit land banks to engage in bulk quiet-title proceedings so that title insurance could be obtained and title would be marketable.**

**Land banks address a vast inventory of problem properties that need to be cleared of debts, and maintained, made available for private purchase, and managed where real estate markets are weak or distressed.**

**Do land banks infringe on property rights?** *Land banks protect property rights.* Our current system allows irresponsible property owners to steal equity from law abiding, tax-paying owners. The presence of a blighted property on a block reduces the market value of neighboring properties by thousands of dollars. This not only harms those owners, it reduces the taxable value of their properties, thereby taking revenue from local governments.

**Why not use existing entities, like redevelopment authorities (RDAs) or local governments?** RDAs are generally focused on specific areas or projects and do not take a comprehensive approach to bolstering real estate markets. Many local governments do land bank properties, either intentionally through strategic acquisitions or reluctantly via the tax claim bureau repositories, but few have the staff or financial resources to effectively maintain, manage, and market these properties. As a result, local governments can become exactly what they are trying to fight – large scale owners of vacant and blighted properties. Land banks, on the other hand, have the technical and financial capacity, and the focus, to systematically inventory, maintain, and sell properties in a way that strengthens local markets.

Where capacity already exists at the local level, land banks can contract with local governments or RDAs to administer land banking functions and utilize the new tools provided in HB 1682. Land banking functions, though, would be a separate line of businesses. For example, land banks may not use eminent domain to acquire property. Therefore, any RDA-administered land banks would need to keep land banking work separate from activities involving condemnations.

**Land banks are already working in Michigan, Georgia, Kentucky and Missouri. They are the most promising new tool for Pennsylvania’s communities to reclaim blighted, abandoned property and put it into productive reuse.**

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<sup>1</sup> The 2010 U. S. Census documents 384,145 vacant non-seasonal housing *units* in Pennsylvania. There is no official count of vacant buildings. In addition to these vacant homes, there are a significant (but uncounted) number of vacant parcels of land across the state.

<sup>2</sup> 2000 Census

<sup>3</sup> “Vacant Land Management in Philadelphia: The Costs of the Current System and the Benefits of Reform” by Econsult Corporation, Penn Institute for Urban Research and May 8 Consulting for the Redevelopment Authority of the City of Philadelphia and the Philadelphia Association of Community Development Corporations, November 2010

<sup>4</sup> “Vacant Land Management in Philadelphia: The Costs of the Current System and the Benefits of Reform”