

The New Land Banks: What Are They About?

There is a new type of bank in town, but instead of operating in the world of deposits, withdrawals and making loans, it deals with property—specifically, dilapidated, worn out, vacant, tax-delinquent, underutilized, unwanted property where it might be impossible to determine who holds title or ownership. This new entity is known as a land bank.

Blighted properties can impose significant costs on local communities and homes nearby that are being kept in good shape. That’s why legislation passed by the General Assembly in 2012 allowed for the creation of land banks by local entities—whether counties or municipalities acting on their own or as a group—so long as the combined population within the land bank’s jurisdiction is a minimum of 10,000.

The thought behind the concept is that it will be singularly focused on returning the types of property it obtains, whether by donation or purchase, to the category of productive and taxpaying use. According to those in favor of land banking, the responsibility of handling the task of vacant and underutilized property is often spread between redevelopment authorities, municipalities, sub-departments of both, non-profit development corporations, etc. and, due to legal restraints, lack of expertise, and “mission creep” the problematic properties become, in essence, no one’s responsibility.

As described by the Housing Alliance of Pennsylvania, land banks will be able to “discharge and extinguish real property tax liens and claims, with the approval of taxing bodies, and pursue a quiet title action through an expedited procedure”. Those appear to be the main advantageous powers of a land bank in the battle to eliminate blight—and they are powers not possessed by redevelopment authorities, which would logically be the existing entity one would believe is charged with the role of eradicating blight and doing the job land banks are now charged with. Land banks are prohibited from using eminent domain and are permitted to operate only in the territorial limits outlined in the ordinance creating it. The state law does not authorize or establish a funding mechanism for land banks. Funding is left up to the municipalities or counties that establish them.

If taxing bodies and those with claims against a property agree to it, a land bank can discharge or eliminate liens and thus make the property free and clear of the troublesome

things that tie up a property and keep it from moving to productive reuse. The land bank has to maintain an inventory of the property it has acquired and make the information available on its website and at its business office.

Once a land bank ordinance is passed, the Pennsylvania Department of State must grant it a certificate of incorporation. As of August 1st four such land banks have been incorporated: Dauphin County, Westmoreland County, Philadelphia, and the City of Pittsburgh.

As these land banks are still getting up and running we cannot perform an evaluation of how well they have carried out the mission of taking problem properties and eradicating blight. However, it is instructive to examine how these land banks will be governed. The ordinances creating these four land banks describe the composition of the board of directors, which vary in size and appointment method. State law stipulates that the board must be an odd number no less than five and no more than eleven.

Elected municipal officials and municipal employees are eligible to serve on the board, but one member must be a resident of the land bank jurisdiction, not be either an elected official or a municipal employee, and must be a member of a civic organization within the land bank jurisdiction. The board is responsible for the by-laws of the land bank, incurring debt, hiring and firing employees, adoption of annual budgets, and property acquisition and disposition. They are to serve without compensation except for reimbursement for expenses incurred related to the land bank.

Two land banks (Dauphin and Westmoreland) set aside seats for the board of the redevelopment authority in each respective county (meaning a seat on the redevelopment authority board means a seat on the land bank board) and the appointment of the board is vested solely in the county commissioners. Having redevelopment authority board members constitute a majority of the land bank board could go one of two ways: it could lead to cooperation and collaboration since both deal in the world of redevelopment, but since the state opted not to vest redevelopment authorities with land banking powers and instead allowed for the creation of separate entities, there could be issues with jurisdiction and responsibilities that these board members will have to navigate. It seems a better legislative solution would have been to grant redevelopment authorities the powers given to land banks and thereby avoid unnecessary duplication of efforts and potential conflicts.

	Pittsburgh	Philadelphia	Westmoreland	Dauphin
How Many Members of the Land Bank Board Are There?	9	11	7	7
Are Redevelopment Authority Board Members Guaranteed Seats?	No	No	Yes, 5 Seats	Yes, 5 Seats
Who Appoints the Land Bank Board? ¹	Mayor (3) Council (3) Land Bank Board (3)	Mayor (5) Council (5) Land Bank Board (1)	County Commissioners	County Commissioners
What is the Length of Term (not counting interim board)? ²	Three Years	Concurrent with term of appointing authority and at pleasure of appointing authority	Five Years	Four Years

In Pittsburgh and Philadelphia appointment is shared between the executive and the legislative body and their appointees likewise get a say in the rest of the composition of the board. The land banks in these two municipalities add additional requirements: in Philadelphia board membership is to include people with a background in real estate, planning, and architecture and four members of the board have to have association with a housing or community development organization. In Pittsburgh six of the appointees must have background in those areas and are to be reflective of the geography of the City. The three members that are selected by the board have to be selected from Council districts based on the level of distressed and vacant parcels.

There will certainly be more land banks that will come on line as time progresses, and as properties are acquired and disposed there will be plenty of opportunity to examine the work of these new entities.

Eric Montarti, Senior Policy Analyst

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www.alleghenyinstitute.org

Allegheny Institute for Public Policy
305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234
Phone (412) 440-0079 * Fax (412) 440-0085
E-mail: aipp@alleghenyinstitute.org

¹ In Pittsburgh and Philadelphia, the appointees of the Mayor and Council will in turn select the remaining members of the board.

² Pittsburgh's ordinance specifies that appointees will serve staggered terms; in Dauphin and Westmoreland Counties, those serving on the redevelopment authority board are already serving staggered terms, so the non-redevelopment authority board members will also serve staggered terms.