Land banks are public or quasi-public entities that acquire and repurpose vacant, abandoned, or foreclosed properties in order to transform them into productive use and counteract the negative community impacts of property abandonment. Established in the mid-twentieth century out of concern about urban disinvestment, land banks are now being re-examined as an anti-displacement tool by leveraging their legal powers to hold and transfer land title. While not inherently an anti-displacement tool on their own, land banks hold potential when paired with other affordable housing mechanisms.

**HOW LAND BANKS WORK**

Land banks are entities with state-sanctioned powers to bypass legal and financial barriers for the acquisition and redevelopment of vacant or abandoned properties. These special powers include: the right of first refusal for purchase, holding the land tax-free, clearing land titles, extinguishing back taxes, and temporarily leasing the property before resale.

Land banks have traditionally been used as a tactic to revitalize areas with high rates of property vacancy or abandonment and increase local property values. These properties are often facing legal issues connected to tax delinquency or land title – issues which may prevent the property from being repurposed and used.

Land banks are not long-term land owners; they are short-term stewards. Once it acquires and remediates a property, a land bank will maintain stewardship until it can identify a “responsible” owner to sell to. Once sold, the land bank has no further relationship with the property; there are no conditions placed on affordability or property upkeep.

Land banks have little restriction placed on who they can sell property to; sometimes they sell to individual buyers or larger housing entities (both nonprofit and for-profit). The only restrictions involve standards regarding past code violations and tax histories.

**HISTORY OF LAND BANKS**

Contemporary land banks (as opposed to colonial-era land banks) were first established as an urban planning tactic to combat the effects of mass urban abandonment and disinvestment during the 1970s-1990s. In that time period, St. Louis, Cleveland, Louisville, and Atlanta all established land banks to address large swaths of properties sitting vacant as a result of property foreclosure laws. The powers and activities of these early land banks were fairly limited in scope, dealing with up to only a few hundred properties annually. In a second wave of land bank legislation, Michigan and Ohio expanded land bank powers in the early to mid-2000s.

The creation of land banks was greatly accelerated after the 2008 financial collapse, resulting in foreclosures en-masse across the real estate landscape. Land banking was explicitly recognized as part of the Housing and Economic Recovery Act of 2008 which allocated federal funding towards the redevelopment of foreclosed homes. In rapid succession, land bank legislation was adopted in several more states. Again, the role of land banks was expanded to act on a multijurisdictional level and develop their own financing mechanisms. As of late 2016, there were roughly 150 land banks operating across 20 states.
LAND BANKS AND COMMUNITY LAND TRUSTS

When land banks and community land trusts work together, they can mutually address the weaknesses in the other: land banks are better equipped to acquire properties while land trusts are better structured to maintain affordability over time. In this collaborative model land banks can use their specially-sanctioned acquisition powers to pass off abandoned land holdings directly to the stewardship of local land trusts. Some have termed this partnership model “The Co-operative Land Bank.”

Spotlight on the Detroit People’s Platform

When the Great Recession hit, Detroit absorbed the blow particularly hard. As of 2015, one in six Detroit homes were facing foreclosure. As families were evicted and speculative developers bought up large swaths of the city, local activists organized around community land trusts as a mechanism to help themselves and their neighbors stay in their homes. The young CLT movement called on the Detroit Land Bank Authority to transfer its property assets to a Community Land Trust model - a call which went unmet. Still, as a member of the Detroit Community Land Trust Coalition, the Detroit People’s Platform has offered land policy recommendations for the Land Bank, and the two entities are increasingly finding ways to collaborate.

CONSIDERATIONS

Not Explicitly about Affordability

Land banks were not established nor are they explicitly designed to build housing affordability and combat displacement. In fact, they participate in many of the real estate processes tightly linked with gentrification: unfettered private market sales, neighborhood “revitalization,” and no long-term accountability.

Difficult to Enact on a Local Level

Most local governments do not have the legal authority to establish land banks because foreclosure law and code enforcement is often applied statewide. This means that to establish a land bank requires state-level legislative efforts.

Potential Conflict with Community Land Trusts

While the collaborative framework between land banks and community land trusts is promising, land banks don’t always have the best track record supporting land trusts. To a certain degree, this is rooted in the fact that the two types of entities have conflicting ideologies and governance structures: the mission of a land bank is revitalization while the mission of a land trust is cooperative and affordable land ownership. Making use of land bank powers to combat gentrification will require building mutual knowledge and understanding between land bank and land trust entities.

LEARN MORE

Visit the Resources page at create.umn.edu to identify local land banks and their property holdings, and to read more about collaboration with community land trusts.