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. Established in the mid-twentieth century out of concern about urban disinvestment and to counteract the negative community impacts of property abandonment, land banks are being re-examined as an anti-displacement tool. By leveraging their legal powers to hold and transfer land title, land banks have the potential to boost affordable housing stocks when paired with other anti-displacement policies.

**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 to 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.

**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.”

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.
CONSIDERATIONS

Not Explicitly about Affordability

Land banks were not established nor are they explicitly designed to build affordable housing and combat displacement. In fact, they participate in many of the real estate processes tightly linked with gentrification: raising property values, unregulated private market sales, and neighborhood revitalization with 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.

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 white urban abandonment and disinvestment during the 1970s-1990s. St. Louis, Cleveland, Louisville, and Atlanta established the first land banks during that time to address large quantities of vacant properties 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 country. 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 newly adopted in several states. The role of land banks was expanded to act on a multijurisdictional level through newly developed financing mechanisms. As of late 2016, there were roughly 150 land banks operating across 20 states.

Land Banks and Environmental Remediation

Land banks are well equipped to address sites in need of environmental clean up. They can use their special powers to clear title to contaminated land where remediation steps are not being taken by the parties responsible. In some states, brownfield-specific land banks have been established explicitly for this purpose. When it comes to brownfields, however, land banks often don’t take a very proactive approach to land acquisition. Barriers include finding suitable buyers for contaminated sites, the fear of liability, and securing funding for remediation costs.

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.