Questions Presented
1. What are the purposes and priorities of land banks?
2. How and when are they established?
3. Is there one way they are traditionally organized?
4. How do they acquire land?

Brief Answer
1. According to the US Department of Housing and Urban Development, “land banks are governmental or nongovernmental nonprofit entities that focus on the conversion of vacant, abandoned properties into productive use.” The priority of land banks is to develop properties historically impossible due to complicated liens and confusing ownership records so they can benefit the community at large.
2. Land banks generally are created in older communities facing high quantities of abandoned or dilapidated properties that no longer contribute to the tax base.
3. No, there is no prescribed method for establishing land banks, which allows for flexibility in their range of power and ability to meet the community’s needs.
4. Methods of land acquisition vary among states and municipalities depending on the organizational agreements and priorities.

Statement of Facts and Key Definitions
In 1971 the St. Louis Land Reutilization Authority was established as the first major land bank. The city experienced a sharp population decline of 27% between 1950 and 1970. By 1972, 9% of the 2,600 abandoned buildings were tax delinquent. Tax delinquency is when the taxes levied and assessed are partially or wholly unpaid on the due date. The vast numbers of abandoned properties were contributing to an unhealthy quality of life. Over the next thirty years, multiple cities including Louisville, KY, Atlanta, GA and Flint, MI adapted land bank models to address vacant and abandoned properties. With each new creation, previous policies and structures are evaluated and perfected. Variations of the land bank in Georgia have been established in Macon, Savannah, Valdosta and Augusta.

Discussion
Despite the many approaches to establishing and managing a land bank, there are five distinct aspects each community must address: Organization, Staffing, Function, Pricing Policy, and Future Use. Depending on the municipality’s resources, the land bank could be established as an intergovernmental agreement or operate within existing local governmental agencies. The land bank may have its own staff or a combination of employees from the planning, engineering and other applicable city agencies may serve as staff. It may also rely on a board of directors to provide oversight.

The function of land banks may vary depending on the volume of vacant properties. Local governments are often responsible for the maintenance and security of all abandoned properties and can even manage the occupied sites. They can also serve as a “bank” holding certain properties for future public purpose development. Land banks can generate revenue from the rehabilitation of properties and generally transfer property for no cost or below market values as an incentive or subsidy for future development. State statutes or interlocal agreements can set the priorities of future use of the land bank properties such as for parks or commercial or residential uses.
The Georgia legislature has enacted statutes detailing land bank authorities. Georgia Code 48-4-60 states interlocal agreements may be formed between cities and counties to adopt resolutions establishing a land bank authority. GA Code 48-4-61 establishes the powers of the land bank including the right to sue and be sued and acquire tax delinquent properties in order to provide housing, new industry, and jobs for the citizens of the county. GA Code 48-4-62 lays out guidelines for the board for the land bank authority. In consolidated governments, the mayor appoints two members for city representation and the county commissioner selects the other two for county representation. The board serves for an unpaid four-year term. The decision making process requires three members to be present for all public meetings, and the meetings must be recorded. This statute also grants the authority power to employ its own staff.

The duties of land bank authorities are outlined in GA Code 49-4-63, which states they have the ability to act as a “bank.” An accurate public record of the land bank’s properties shall be kept, a classification of land suitability conducted for each property, and maintenance of the site must be in accordance with applicable codes and laws. The authority has sole discretion in the sale, trade, or disposal of all properties if in compliance with the majority vote of the board. In Georgia, land banks have the power to bid once on properties ordered to be sold at a tax sale under GA Code 48-4-64. The authority assumes all tax liabilities for the property at that time but have the authority to extinguish all county and city taxes. The authority must receive the consent of the board of education prior to relinquishment related to school district taxes. This statute also establishes the procedure for disposal of properties and grants full discretion in determining the sale price. Priority is given to nonprofits and low-income housing. GA Code 48-4-65 establishes a conveyance process between property owners and the land bank authority.

Full statutes are located in Appendix A.
Case Studies

Atlanta Land Bank
The City of Atlanta spans four separate counties which creates a complicated infrastructure in addressing the abundance of abandoned properties within city limits. The Atlanta Land Bank was created in 1991 in conjunction with Fulton County by authorizing an interlocal cooperation agreement with an independent legal corporation. This means they have an independent Board of Directors and a full-time staff but their funding is provided by local governments. When it was first established, Fulton County and the City of Atlanta provided equal funding for the land bank. However, given the recent economic situation, Fulton County is now the primary funding source.

The Atlanta Land Bank will accept any type of property and accepts transfers from non-profits. It does not automatically receive title on unsold foreclosed properties but has the option to bid on them. Generally it exercises this option when an immediate reconveyance is anticipated by a developer. The disposition pricing is set by the Land Bank Authority with an emphasis on immediate transfers. One of their primarily priorities is the creation of affordable housing, new industry and jobs for residents. One unique power of the Atlanta Land Bank Authority is its ability to extinguish all delinquent property taxes, including school district taxes, on properties it acquires.

Augusta-Richmond County Land Bank Authority
The Augusta Land Bank Authority is a nonprofit corporation established in 1997 as an interlocal agreement within the unified government. The Board is compromised of the Director of License and Inspection, Tax Commissioner, Executive Director of Planning and Zoning, an Administrator and one member of the Augusta-Richmond County Commission. The main objective is to acquire tax delinquent properties, extinguish taxes owed and convey it to a responsible developer. The Authority may request that the School Board extinguish outstanding taxes but no federal tax liens or utility liens may be extinguished. The main priority of the land bank is to provide for housing and the creation of jobs for low to moderate income citizens through residential, commercial or industrial development. Land may be acquired through the donation or purchase of tax delinquent property, conveyance by the City or County in conjunction with a tax foreclosure, bidding at a tax foreclosure or requesting a judicial foreclosure on a tax delinquent property for a period of 12 months and then bidding at the foreclosure. Disposal of the properties follows this preference: non-profits providing low-income housing, other entities providing low-income housing, community improvement projects, and lastly for-profit and commercial developers.

(Case studies based on Land Bank Authorities, A Guide for the Creation and Operation of Local Land Banks, Reference 2)
Conclusion
Land banks are key players in the revitalization of vacant or abandoned properties. Their ability to adapt to a particular community’s needs and resources is one of their greatest strengths. It is likely that more communities will begin to establish land banks to address the influx of foreclosures in the current economic climate. There are impediments to establishing land banks that can easily be addressed with legislation. Agreements between multiple taxing bodies that lack common policies and goals should be established and an effective way to inspect and enforce codes will prevent properties from declining and potentially becoming abandoned.

Land trusts are organizations that own properties, or interests in property (conservation easements) and ensure they are managed to benefit the general public; that management might consist of protecting natural resources or of providing affordable housing, pursuant to a legal agreement. In these situations, the nonprofit land trust owns the tract of land while the private individual owns the built structure on the parcel. The homeowner pays taxes on the structure only, alleviating some of the financial strain associated with homeownership. The house can be sold with a 10% profit made and the property remains in the land trust so later families can receive further assistance. If a community is well established, donations from land banks to a land trust are appropriate and can serve as a form of community empowerment, decreasing the likelihood of the properties becoming tax delinquent again. On the other hand, local governments often have more resources for rehabbing, maintaining, and selling properties than nonprofits such as land trusts.

References
Appendix A

Georgia Code 48-4-60

As used in this article, the term:
(1) 'Agreement' means:
   (A) An interlocal cooperation agreement entered into by the parties pursuant to this article; or
   (B) A resolution of a consolidated government establishing an authority pursuant to this article.
(2) 'Authority' means the land bank authority established pursuant to this article.
(3) 'Parties' means the parties to the agreement, which shall include one or more cities and the county containing such cities, or a consolidated government which has adopted a resolution establishing an authority.
(4) 'Property' means real property, including any improvements thereon.
   'Tax delinquent property' means any property on which the taxes levied and assessed by any party remain in whole or in part unpaid on the date due and payable.

Georgia Code 48-4-61

(a) One or more cities and the county containing such cities may enter into an interlocal cooperation agreement, or a consolidated government may adopt a resolution, for the purpose of establishing a land bank authority pursuant to this article.
(b) The authority shall be a public body corporate and politic with the power to sue and be sued, to accept and issue deeds in its name, including without limitation the acceptance of real property in accordance with the provisions of paragraph (2.1) of subsection (u) of Code Section 16-13-49, and to institute quia timet actions and shall have any other powers necessary and incidental to carry out the powers granted by this article.
(c) The authority shall be established to acquire the tax delinquent properties of the parties and any property deeded to it pursuant to paragraph (2.1) of subsection (u) of Code Section 16-13-49 in order to foster the public purpose of returning land which is in a nonrevenue-generating, nontax-producing status to an effective utilization status or of returning real property forfeited pursuant to Code Section 16-13-49 to such status in order to provide housing, new industry, and jobs for the citizens of the county. The authority shall have the powers provided in this article and those necessary and incidental to the exercise of such powers.
(d) Any authority established pursuant to this article may be dissolved by any party to the agreement or by resolution of a consolidated government or, where multiple cities are involved, any city may withdraw from the agreement which established the authority, or such authority may be dissolved by local Act of the General Assembly.
(e) An authority whose parties form a consolidated government after entering into an interlocal cooperation agreement shall thereafter operate under and be governed by the provisions of this article applicable to authorities of consolidated governments as if created by resolution of a consolidated government. The board governing such an authority shall be reconstituted by resolution of the consolidated governments in conformity with the provisions of subsection (a) of Code Section 48-4-62 prior to the first meeting of such board subsequent to the effective date of consolidation of the party governments.
**Georgia Code 48-4-62**

(a) The authority shall be governed by a board composed in such a manner as to provide two members to represent each party: two appointed by the mayor of each party city and two appointed by the county commission of the party county. An authority established by resolution of a consolidated government shall be governed by a board composed of four members to be appointed by the governing authority of the consolidated government. Each member shall serve at the pleasure of the respective appointing authority for a term of four years and shall serve without compensation. The members shall be residents of the county and may be employees of the parties. Any vacancy shall be filled for the remainder of the unexpired term in the same manner as the original appointment.

(b) The board of the authority shall meet from time to time as required, and the presence of either (1) three members, if there are only two parties to the agreement or if the authority was created by a consolidated government or (2) 50 percent of the members then in office, if there are more than two parties to the agreement, shall constitute a quorum. Approval by a majority of the membership then in office shall be necessary for any action to be taken by the authority. All meetings shall be open to the public, except as otherwise provided by Chapter 14 of Title 50, and a written record shall be maintained of all meetings. A chairperson shall be elected from among the members, and he or she shall execute all deeds, leases, and contracts of the authority when authorized by the board.

(c) The authority may employ its own staff or may utilize employees of the parties, as determined by the agreement.

**Georgia Code 48-4-63**

(a) The authority shall hold in its own name, for the benefit of the parties, all properties conveyed to it by the parties, all tax delinquent properties acquired by it pursuant to this article, and all properties otherwise acquired.

(b) It shall be the duty of the authority to administer the properties acquired by it as follows:

1. All property acquired by the authority shall be inventoried and appraised, and the inventory shall be maintained as a public record;
2. The authority shall organize and classify the property on the basis of suitability for use;
3. The authority shall maintain all property held by it in accordance with applicable laws and codes; and
4. The authority shall have the power to manage, maintain, protect, rent, lease, repair, insure, alter, sell, trade, exchange, or otherwise dispose of any property on terms and conditions determined in the sole discretion of the authority. The authority may assemble tracts or parcels of property for public parks or other public purposes and to that end may exchange parcels and otherwise effectuate the purposes determined by agreement with any party.

(c) The acquisition and disposal of property by the authority shall not be governed or controlled by any regulations or laws of the parties unless specifically provided in the agreement, and transfers of property by parties to the authority shall be treated as transfers to a body politic as contemplated by subparagraph (a)(2)(A) of Code Section 36-9-3.

(d) Property held by the authority may be sold, traded, exchanged, or otherwise disposed of by the authority so long as the disposition is approved by a majority of the membership, as required in subsection (b) of Code Section 48-4-62 for any action by the authority, and approved as follows:

1. If the property is located within a party city and the party county, approved by both authority members appointed by the mayor of such city and one of the authority members appointed by the county commission;
2. If the property is located within the county party but outside all the party cities, approved by both authority members appointed by the county commission;
(3) If the property is located within a party city but outside the party county, approved by both authority members of such city; or
(4) If the property is located within the boundaries of a consolidated government, approved by a majority of the authority members.

**Georgia Code 48-4-64**

(a) If any party obtains a judgment for taxes against a tax delinquent property within the party county, any of the party cities, or the boundaries of the consolidated government and the property is ordered sold at a tax sale to satisfy the judgment, the authority may tender one bid at such sale, and such bid shall comprise the authority’s commitment to pay not more than all costs of the sale and its assumption of liability for all taxes, accrued interest thereon, and penalties, and, if there is no other bid, the tax commissioner shall accept the authority’s bid and make a deed of the property to the authority.

(b) In accordance with the provisions of Code Section 48-4-45, the authority shall have the right to foreclose the right to redeem property at any time after the 12 month redemption period has expired pursuant to Code Section 48-4-65. Notwithstanding the foregoing provisions of this subsection, the right of redemption shall automatically terminate and expire upon failure to redeem in accordance with Code Section 48-4-81 where the tax sale was conducted pursuant to Article 5 of this chapter.

(c) When a property is acquired by the authority, the authority shall have the power to extinguish all county and city or consolidated government taxes, including school district taxes, at the time it sells or otherwise disposes of property; provided, however, that, with respect to school district taxes, the authority shall first obtain the consent of the board of education governing the school district in which the property is located. In determining whether or not to extinguish taxes, the authority shall consider the public benefit to be gained by tax forgiveness with primary consideration given to purchasers who intend to build or rehabilitate low-income housing. The decision by the authority to extinguish taxes is subject to the vote requirements for dispositions of property under subsection (d) of Code Section 48-4-63.

(d) At the time that the authority sells or otherwise disposes of property as part of its land bank program, the proceeds from the sale, if any, shall be allocated as determined by the authority among the following priorities: (1) furtherance of authority operations; (2) recovery of authority expenses; and (3) distribution to the parties and the appropriate school district in proportion to and to the extent of their respective tax bills and costs. Any excess proceeds shall be distributed pursuant to the agreement of the parties or by resolution of the consolidated government in accordance with the public policy stated in this article.

(e) The authority shall have full discretion in determining the sale price of the property. The agreement of the parties shall provide for a distribution of property that favors neighborhood nonprofit entities obtaining the land for low-income housing and, secondarily, other entities intending to produce low-income or moderate-income housing.

**Georgia Code 48-4-65**

The authority may foreclose the right of redemption to the property conveyed to the authority pursuant to a tax sale conducted in accordance with Article 1 of this chapter in the following manner:

(1) The record title to the property shall be examined and a certificate of title shall be prepared for the benefit of the authority;

(2) The authority shall serve the prior owner whose interest was foreclosed upon and all persons having record title or interest in or lien upon the property with a notice of foreclosure of this right to redeem in conformance with Code Section 48-4-46;

(3) In the event persons entitled to service are located outside the county, they may be served by certified mail or statutory overnight delivery; or
In the event the sheriff is unable to perfect service or certified mail or statutory overnight delivery attempts are returned unclaimed, the authority shall conduct a search for the person with an interest in the property conveyed to the authority, which search must, at a minimum, have included the following:

(A) An examination of the addresses given on the face of the instrument vesting interest or the addresses given to the clerk of the superior court by the transfer tax declaration form. The clerk of the superior court and the tax assessor of the county are required to share information contained in the transfer tax declaration form with one another in a timely manner;

(B) A search of the current telephone directory for the county in which the property is located;

(C) A letter of inquiry to the person who sold the property to the defendant in the tax sale at the address shown in the transfer tax declaration form or in the telephone directory;

(D) A letter of inquiry to the attorney handling the closing prior to the tax sale if provided on the deed forms;

(E) A sign being no less than four feet by six feet shall be erected on the property and maintained by the authority for a minimum of 30 days reading as follows: ‘THIS PROPERTY HAS BEEN CONVEYED TO THE ____________________ LAND BANK AUTHORITY BY VIRTUE OF A SALE FOR UNPAID TAXES. PERSONS WITH INFORMATION REGARDING THE PRIOR OWNER OF THE PROPERTY ARE REQUESTED TO CALL ________________.’; and

(F) If the authority has made the search as required by this paragraph and been unable to locate those persons required to be served under paragraph (2) of this Code section or, having located additional addresses of those persons through such search, attempted without success to serve those persons in either manner provided by paragraph (2) or (3) of this Code section, the authority shall make a written summary of the attempts made to serve the notice, in recordable form, and may authorize the foreclosure of the redemption rights of record.