

The Partnership Potential of Municipal Land Banks and Community Land Trusts

Land banking and land trusting are complementary strategies being utilized by local governments and nonprofit organizations across the United States to return vacant lands and derelict buildings to productive use. When operated in tandem, these strategies avoid the most serious problems that have plagued urban renewal programs of the past. Working together, they can redevelop lower-income neighborhoods equitably and sustainably without displacing lower-income people.

Land banking is a governmental strategy for acquiring vacant and blighted property, removing debris, clearing title, and returning the property to private ownership. Responsibility for performing these remedial tasks is sometimes assigned to an existing municipal agency like a redevelopment authority. More often, responsibility is delegated to a newly established “land bank authority,” chartered and controlled by the municipality. Under either organizational structure, the “banking” of land is temporary. The cycle of acquisition, remediation, and disposition is typically completed within three to five years. When conveyed to private owners, the properties are sold for either a market price or a discounted price. It is rare under either scenario, however, for the conveyance to be accompanied by long-term restrictions on a property’s future pricing, condition, or use.

Land trusting is a nonprofit strategy for giving local residents lasting control over lands in their neighborhood, while permanently protecting the affordability, condition, and security of the neighborhood’s buildings. These stewardship responsibilities are sometimes assigned to an existing nonprofit organization like a community development corporation (CDC). Alternatively, they are assumed by a new nonprofit, governed by local residents, called a “community land trust” (CLT). Whether a program of a long-established CDC or the purview of a newly created CLT, land trusting is a permanent responsibility, not a remedial fix. Lands are held in trust forever; they are never re-sold. They are put into private use, however, via 99-year ground leases. Any buildings on these leased lands that were already there when the nonprofit acquired the land *are* sold, as are any buildings that are constructed afterwards. They are sold to individual homeowners, limited partnerships, housing cooperatives, small businesses, or nonprofit corporations, each of which receives a deed for their building and a lease for the underlying land. Embedded in the ground lease are restrictions over the future use and resale of all buildings, giving the nonprofit landowner a durable right to preserve the affordability of these buildings and to intervene, if necessary, to prevent deferred maintenance, absentee ownership, or mortgage foreclosure.

Land banks and land trusts are more effective when they are developed and operated in partnership, rather than in competition. Each complements the other.

- A land bank, as a governmental entity, is able to acquire and to remediate abandoned, blighted, and tax-delinquent properties, using tools and resources unavailable to a nonprofit land trust.
- A land trust, as the permanent steward for lands and buildings put under its care, is able to protect the affordability, condition, and security of properties long after development is done.
- A land bank, as an arm of government, is able to engage other city departments in planning for the reuse of vacant and blighted lands, while ensuring compatibility with municipal zoning, district plans, and fair housing laws.
- A land trust, as a community-based organization, is able to engage local residents in planning for the reuse of vacant and blighted lands, while garnering support for equitable development.