Topeka Land Bank Ordinance/Pilot

Discussion (pt.2)
What is a Land Bank?

An independent agency of a city with authority to acquire, hold, manage, and convey abandoned, tax-foreclosed, or otherwise underutilized or distressed property in order to convert such properties to productive use.
What is a Land Bank’s Authority?

- Requested by City of Topeka during 2009 legislative session; State approved statute but never adopted by Topeka

- Statutory Authority found in K.S.A. 12-5901 et seq.

- Governing Body (GB) may establish a land bank by ordinance and dissolve a land bank by ordinance

- May be governed by a board of trustees appointed by the GB
What is a Land Bank’s Authority? (ctd.)

• Annual budget is approved by the GB

• Annual reports are required to GB on or before January 31st

• Subject to cash basis law, KOMA, and KORA

• Board may accept or refuse any property

• The Board can sell property subject to any restrictions or covenants deemed necessary for effective re-utilization
What is unique about a Land Bank?

- Forgiveness of outstanding ad valorem taxes
- Property is exempt from ad valorem taxes while in land bank
- Can require or cause rehabilitation of property to further ultimate goal of getting property back on tax rolls
Ad Valorem Tax Forgiveness

• When a City acquires property for its land bank the county treasurer must remove from the tax roll all taxes, assessments, charges, penalties and interest that are due on the land.

• The only exception to that is special assessment. The City has the option of waiving specials.
How is property accepted in a Land Bank?

- Property can be acquired through purchase or donation

- Most land banks specify whether they will accept properties with structures, or limit acquisition to only vacant lots

- Key Takeaway: land banks can be whatever a city wants it to be; no two land banks look identical
State-wide Land Banks

- Wichita (est. in 2021)
- Overland Park
- Kansas City / Wyandotte
- Olathe
- Salina
- Fort Scott
- Atchison
- Concordia
- Arkansas City
- Pittsburg
- Abilene
- Ottawa
- Junction City
- Mankato
- Greensburg
- Marion County
- McPherson
- Moundridge
- Beloit
- Hutchinson
- Douglass
- Kechi
- Valley Center
- Stafford
- St. John
- Neodesha
- Arma
- Girard
- Greensburg
- Newton
- Bel Aire
- Leawood
<table>
<thead>
<tr>
<th>City</th>
<th>Board Members</th>
<th>Staffing</th>
<th>Property Types</th>
<th>Funding Mechanism</th>
<th>Number of Properties Held</th>
<th>Use of Tax Sale / Foreclosure</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wichita</td>
<td>9 members: Each member of Gov Body appoints 1 member. 2 of 9 considered &quot;at large&quot; representing neighborhoods north and south of US 54/Kellog.</td>
<td>X - 1 FTE</td>
<td>Vacant lots or vacant residential properties, and commercial property.</td>
<td>City budget, property donation</td>
<td>0</td>
<td>Acquires property through tax foreclosure</td>
<td>$377,000 - budget for the pilot program</td>
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<tr>
<td>Pittsburg</td>
<td>7 members: Real Estate Rep, Contruction, USD250 Rep, County Rep, Legal Rep, 3 non-voting, Financial Rep</td>
<td>X - Existing staff</td>
<td>Any property, with or without a structure.</td>
<td>City budget, property donation</td>
<td>58</td>
<td>Acquires property through tax foreclosure</td>
<td>$34,000 - 2021 budget</td>
</tr>
<tr>
<td>Hutchinson</td>
<td>5 members: 3 residents with operations expertise, 2 members from Housing Commission</td>
<td>X - Existing staff</td>
<td>Primary focus is vacant lots for new construction/productive use. Have looked into acquiring vacant homes recently.</td>
<td>Housing Trust Fund (city), city budget, proceeds from property sales</td>
<td>11</td>
<td>Acquires property through tax foreclosure</td>
<td>Annual $10,000 city budget allocation</td>
</tr>
<tr>
<td>Wyandotte County / KCK</td>
<td>11 members, the mayor/chief executive and the commissioners of the unified government</td>
<td>X - 1 FTE</td>
<td>Vacant land and properties with structures (residential and commercial).</td>
<td>City budget, property donation</td>
<td>7,800</td>
<td>Acquires property through tax foreclosure</td>
<td>$194,000 - 2022 budget</td>
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Residential Tax Sale Data (2016-21)*

*excludes vacant lots

- 103 properties sold OR 13% of all tax delinquent residential
- 36% At Risk (AR), 15% Intensive Care (IC), 27% Out Patient (OP)
- AR/IC properties
  - Average Sale Price = $8,465
  - Post Sale = 82% +value change BUT 76% under $20K, 48% under $10K
  - As of 2022 → 71% < $50,000 and 41% < $25,000
- OP properties
  - Average Sale Price = $20,431
  - Post Sale = 79% +value change BUT 77% under $20K, 55% under $10K
  - As of 2022 → 43% < $50,000 and 7% < $25,000
Pilot Land Bank – Models

**Model #1**
- Purchase residential tax sale property or accept donations
- Contract w/ housing partners (e.g. Cornerstone, Habitat, SENT)
- Land Bank funds rehab
- Housing partner may sell to homeowner to replenish land bank funds or rent

**Model #2**
- Purchase residential tax sale property or accept donations
- CoT Housing Services scopes work and contracts directly w/ builders
- Land Bank funds rehab
- Land Bank sells to homeowner and replenishes land bank funds for more purchases/rehabs
Pilot Land Bank – Models

• Board Options
  • GB as a whole serves as Board
  • GB committee serves as Board
  • GB appoints board – citizens, professionals, trust fund committee, etc.

• Budget Options
  • Staff capacity exists for both models (Housing Services + Planning)
  • Funds needed for purchase/rehab under both models @ $65-75,000 per property
  • $350,000 pilot budget
    • Model #1 approx. 7 units over 2 years (assumes 2 homeowner)
    • Model #2 approx. 9-10 units over 2 years (assumes all homeowner)
Key Benefits

• Adds tool to Topeka tool box to remove obstacles for re-utilization of vacant, abandoned, and foreclosed properties

• Can be strategic with purchases that are devaluing a block or neighborhood
Questions?