

Testimony of

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Pennsylvania Legislature
Senate Urban Affairs and Housing Committee Public Hearing
September 16, 2010

House Bill 712
The "Pennsylvania Land Bank Act"

Chairman Yaw, members of the Senate Urban Affairs and Housing Committee, it is my pleasure and honor to be invited to meet with you today to discuss the pending legislation on land banks.

Communities across the state of Pennsylvania are struggling to cope with vacant, abandoned and tax delinquent properties. Land banks are a unique tool that can be used by communities and municipalities to facilitate the return of problem properties to productive use.

One of the fascinating characteristics of land banking in the United States over the past four decades has been that each successive land banking program has built upon lessons learned from its predecessors. The Louisville, KY land bank statute (1989) and the Atlanta, GA land bank statute (1991) were each premised upon the need to reform tax foreclosure laws and to create mechanisms for the return of properties to productive use, and built in part upon the earlier land bank legislation in St. Louis, MO and Cleveland, OH. The Genesee County, MI land reutilization council (2002) was at that time the strongest and most productive land bank in the country, and the comprehensive Michigan Land Bank Fast Track Authority Act of 2003 represented a major turning point in the efficiency and effectiveness of land banking programs.

In April 2010 the Pennsylvania General Assembly built upon the lessons learned from strengths and weaknesses of the statutes and programs of land banks across the country, in drafting House Bill 712. House Bill 712 draws upon the experiences of land banks throughout the United States in selecting the tools and powers that are most productive, most efficient, and

most consistent with the overarching structure of state and local laws in Pennsylvania. As in the cases of Michigan and Ohio, this legislation is closely tied to the tax foreclosure system.

Sections 2 through 6 of House Bill 712 describe the basic creation of land banks in Pennsylvania. Under this legislation land banks would be created as separate legal entities and not simply as programs internal to an existing city department. House Bill 712 is permissive enabling legislation – no local government is required to create a land bank. The power to create a local land bank is vested in those cities and counties that have the power under existing state law to create a redevelopment authority. Such local governments may create their own land banks, or they may enter into intergovernmental agreements for the joint creation and operation of a land bank. School districts are granted the authority to participate in the creation and operation of land banks, but are never required to do so. Land banks would be governed by a separate Board of Directors, yet one which would be fully politically accountable to local government elected officials.

Sections 7 through 12 of House Bill 712 set forth the basic operational powers of land banks. These include relatively standard powers of public authorities, specific provisions relative to the acquisition, management, and disposition of real property, and provisions related to the financing of land bank operations. Land banks would be funded by their own operations, by general revenues and by the possible recapture of future property taxes, should the enabling local governments permit. Land banks would acquire properties through the tax foreclosure process, but could also receive voluntary donations of properties or acquire them on the open market. Land banks could clear title, engage in expedited and bulk quiet title proceedings, and preempt speculators at an auction. Land banks could have discretion in establishing disposition pricing policies subject to whatever policies and guidelines are established by the local governments in creating the land banks. Each and every one of these characteristics can be found in one of the other land banking statutes currently existing in this country.

House Bill 712 includes various protections as well. The exercise of eminent domain power is expressly prohibited in Section 8 of this legislation. All of the operational powers, policies, and priorities of a land bank are subject to whatever limits and conditions are

established by a local government at the time the land bank is created. In this manner local governments are given discretion and flexibility to structure land banks that meet their specific needs. Sections 13 and 15 of House Bill 712 make it clear that the activities of a land bank are subject to the Pennsylvania public meetings, public records, and conflict of interest statutes.

Section 17 of House Bill 712 sets forth the connections between land bank activities and property tax foreclosure statutes. Separate subsections specify the applicable connections to the Real Estate Tax Sale Law, to the Municipal Claim and Tax Lien Law, and to the Second Class City Treasurer's Sale and Collection Act.

Since 2003 the Michigan Land Bank Act has been viewed as the "model" land bank legislation in this country, and in the past seven years over 30 new local land banks have been created in Michigan pursuant to this authority. Pennsylvania House Bill 712 is a significant step forward both for Pennsylvania, and for the entire country, in the development of the key tools we need to address the devastating costs imposed on our communities by vacant, abandoned and tax delinquent properties.

The key to each and every land banking program is the conviction that vacant and abandoned properties are not "victimless crimes". These properties impose costs on neighbors, on local governments, and indeed on each and every resident. The goal of a land banking program is to stop the harms that are being caused by irresponsible property owners and to convert these liabilities into assets for the community. Land banks are designed to protect property rights rather than undercut them; to stabilize communities rather than undermine them; to provide the possibility of a future rather than a despair of the past.

I deeply appreciate the work of your Senate Committee in reviewing carefully pending House Bill 712. I thank you also for the privilege and honor of appearing before this Committee to share these thoughts.

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