

# Philadelphia Land Bank: Case Study for in Affordable Housing Construction in Philly

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The Philadelphia Land Bank is a quasigovernmental agency that was authorized by city legislation in 2013. After strategic planning, with the first strategic plan released in 2015, it became fully operational in 2016 and has been a clearing house for transferring publicly owned land, and acquiring vacant land for transfer, back to productive land within the City's tax roll.

## Goal/Mission

At the start of the organization the original mission statement was:

*"The mission is to return vacant and underutilized property to productive use through a unified, predictable, and transparent process."*

The 2015 Strategic Plan reinforced this concept and laid out a vision for the organization that was rooted in community benefit. The plan outlined creative ways for derelict land, in various sizes and configurations, to be returned to uses that could benefit the community including agriculture, personal property extensions, pocket parks and playgrounds, and affordable development. The 2015 plan, in words and optics, presented an organization whose soul purpose was community benefit and demonstrated a "for the community, by the community" mentality. In reviewing the 2017 Strategic Plan, a noticeable difference can be seen in the way the document reads and the sorts of information that is presented. This latest plan represents the organization quite differently than the preceding plans, with more corporate optics and a 'revenue positive language' that leads a reader to believe city tax revenue may be a more important goal than community betterment. While a formal mission or vision statement does not exist within the 2017 Strategic Plan, a paragraph that seems to demonstrate those concepts reads:

*"The Philadelphia Land Bank offers opportunities to redevelop vacant properties and improve the quality of life in the city's neighborhoods. It can help to preserve community assets, create new amenities and support affordable housing, urban gardening and economic development."*

While the overall 2017 document presents a more formal organization, perhaps jaded by trial an error, the opportunity that it presents the Monumental Baptist CDC is no less relevant.

## Abstract and Keywords

The Land Bank represents a key link in the partnership chain that CDC's can use to initiate community development projects. The land bank's capabilities to participate in property assembly is absolutely necessary for an organization having to compete with capitol rich members of the private development community. The land bank outlines two vacancy attributes that the CDC would most likely utilize in their targeting of potential projects. Moderate vacancy blocks could be utilized for small scale infill projects that might serve as a block stabilization program where high vacancy blocks would offer an opportunity for large scale development of affordable rental and for-

sale housing and commercial development. In general, the relationship of the Land Bank to the CDC, and the role in which it would play, is removing vacant parcels from the unpredictable sheriff sale process and providing for a streamlined path for acquisition.

## **Size of Community**

The scale of the vacancy and tax delinquent properties in Philadelphia is quite substantial. The land bank, as of 2017, was in possession of 7,287 parcels scattered through the community with concentrations in north-central, south central, and west Philadelphia. As an anecdote, these concentrations of publicly held land present a nearly one to one spatial correlation with areas of redlining in Philadelphia's past. Of these publicly owned parcels over 5,000 of them are ready for transfer with over 1,000 already accounted for through statements of interest.

During a 2017 market study of Philadelphia, in which block groups were categorized on a stability gradient ranging from strong to stressed it was found that 42% of parcels help by the land bank were within stressed areas more susceptible to gentrification and displacement issues.

## **Origins, Organization, and Operation**

Going back to the original bill that was past by City Council one can see that grassroots efforts by existing CDCs that were working in neighborhoods of high vacancy assisted in the creation of the Land Bank. The originally legislation calls for the disposition of properties based on reduced cost to organizations working to develop affordable housing and provide community benefits. Additionally, it calls for active participation from communities experiencing high rates of vacancy within their neighborhoods. This original enacting legislation speaks to what the possible goals of the Monumental Baptist Church could be.

The Land Bank is an organization which consist of both staff and a board of directors. As of 2017 there were four staff that consisted of a lawyer, a director of property management, a director of property disposition and an executive director. The board of directors consist of representatives from city council, city government, and members of the public. The technical aspects of analysis and identification of parcels is assisted by city staff, thus increasing the operational capacity of the Land Bank staff.

The operation of the Land Bank is very much tied to City Council, which retains the rights of approving both strategic planning as well as direct oversight of policies and procedures. Given the make-up of the board, which consist of three representatives from the City Council offices, that seems to be a key aspect of its operations and one that is not likely to change.

## **Programs**

The main program of the Land Bank is to intervene in the current cycle of vacancy, land speculation, and sale at auctions. The basic premise is that when land goes vacant and is foreclosed on it ends up at sheriff sale. This process tends to lead to that property remaining vacant through speculation and land holding. Additionally, the city and community have no control over what happens with those properties. The creation of the land bank allows for properties which are foreclosed on to be removed from the sheriff sale process based of a request by an individual developer, a private property owner, or community organization such as a CDC. When this request is received the land is removed from the sheriff sale and with a council resolution the property can be directly sold to the individual or group that initially requested it. This process is depicted below.

# EXISTING CYCLE

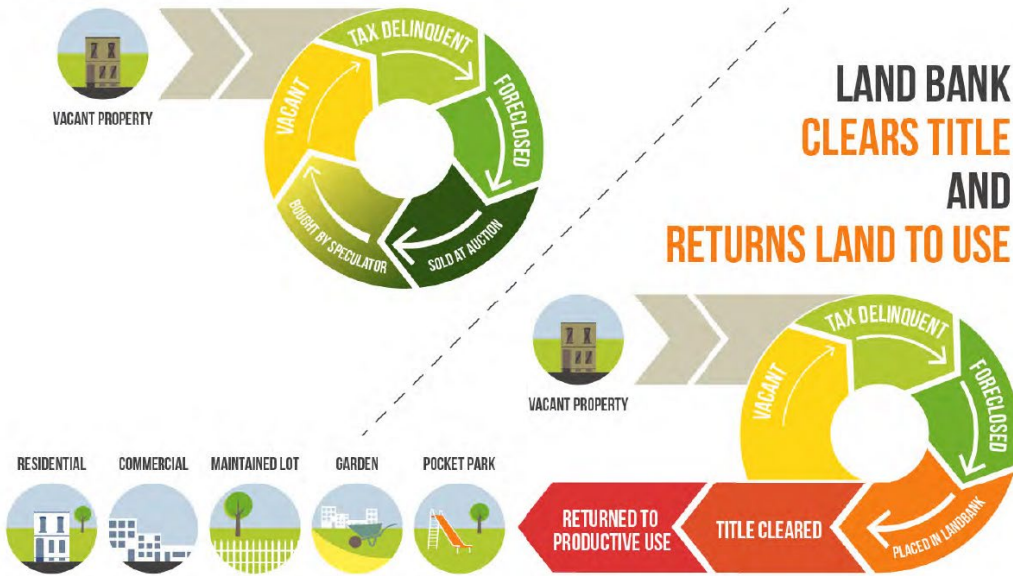
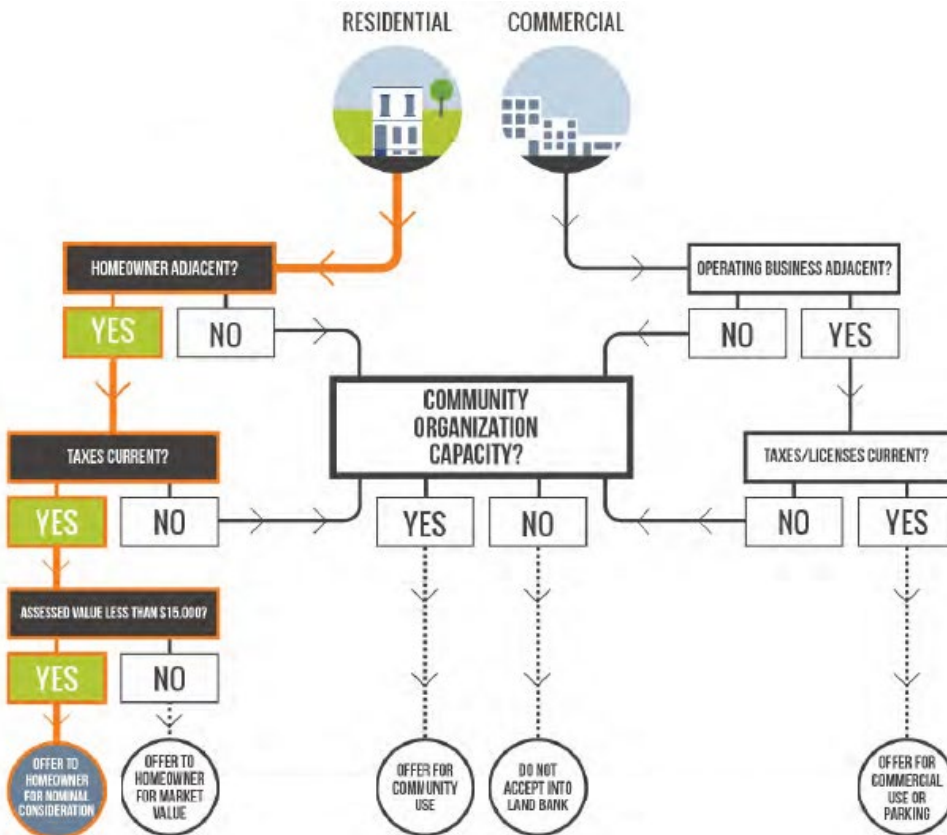


FIGURE 13: Cycle of vacancy in Philadelphia

The land bank and city council utilize the below decision tree to make decisions about each parcel.



This process requires that interested parties make a request for properties that are not currently within the land bank's control. For properties already within the land bank control the buyers' likelihood of returning the land to a productive state are taken into account prior to the sale.

With such a large existing database of properties and the ability to identify new properties, the Monumental Baptist CDC can utilize the Land Bank to identify a potential pilot project and acquire the land.

## **Financing and Resources**

The main financial burden to the land bank is the acquisition of new properties. For each property this can be different because the land bank, as a part of the city, is only responsible for clearing liens and paying any taxes not directly owed to the city. It has the ability to negotiate with organizations like the school board to waive back taxes and can effectively eliminate other outstanding taxes on a property. This means that land is acquired by the city for a fraction of the market rate and substantially less than what is transacted at a sheriff sale. The money to do this comes from the city and from the operational reserve of the land bank. This operational reserve is created through the sale of properties to both for-profit and not-for-profit entities. Non-profit organizations are eligible for reduced sale price for vacant land and buildings.

An economic model constructed by a team of researchers at University of Pennsylvania as part of the 2017 Land Bank Strategic Plan demonstrated that while the immediate upfront cost to the city does exist, both the short term and long-term payoffs for land banking as opposed to sheriff sale are immensely lucrative and beneficial. This is because land is generally put back into a more productive use by an organization or individual which results in higher tax revenue and additional spill over effects within the community.

## **Assessment**

Since full operation was achieved in 2016, the Land Bank has been generally successful at meeting its goals and metrics. The land bank has transferred hundreds of properties that were vacant and tax delinquent to new owners. The 2016 milestones include 1600 properties that have been acquired, over 200 properties sold, 400 properties that have been cleaned, three workforce housing RFPs have been issued, and over 500 properties that were under consideration.

While there has been significant movement within the land bank it does seem that the onerous council oversight does limit the activities and slow down the process. Having each property go through City Council Resolution seems quite burdensome. Perhaps a threshold of size or value could be established to make this process go more quickly but that is outside the scope of this project.

Also, it should be noted that much of the land that has been sold has been side lots that have not necessarily increased affordable housing. However, there have been active CDCs that have utilized the land bank to acquire properties including the Nicetown CDC which has built two affordable housing projects in north central Philly.

## **Lessons for West Philadelphia**

The lessons learned here are how the land bank can serve as a strategic partner during the front end of a redevelopment process that is initiated by the Monumental Baptist CDC. The land bank

offers a way for the CDC to assemble parcels and acquire them at a greatly reduced cost. Additionally, research into land trust within Philadelphia demonstrate a possible partnership on the back end of the process which has been utilized by other CDCs within the city. The Community Justice Land Trust offers this possible outlet. Utilizing these strategic partnerships and enough will from the CDC leadership, whomever that may be, there is an opportunity to deliver a great pilot project for affordable housing within the West Philly area.

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