





September 20, 2024

FISCAL AND POLICY NOTE

TO: Jennifer A. Jenkins,
Council Administrator

Colette R. Gresham, Esq.
Deputy Council Administrator

THRU: Josh Hamlin 
Director of Budget and Policy Analysis

FROM: Shalene Miller-Whyte 
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CB-065-2024 Landbank Authority of Prince George's County

CB-065-2024 (*proposed by*: Councilmembers Blegay and Oriadha)

Assigned to the Committee of the Whole (COW)

AN ACT concerning Land Bank Authority of Prince George's County. For the purpose of amending the Prince George's County Code to establish the Land Bank Authority of Prince George's County in accordance with the Annotated Maryland Code to acquire, manage, maintain, and repurpose blighted, abandoned, and distressed properties in Prince George's County and have other powers and authority conferred by Maryland law upon land banks generally.

Fiscal Summary

Direct Impact:

Expenditures: Significant additional administrative expenditures will be required for initial program implementation; recurring expenditures likely smaller.

Website: <https://pgccouncil.us> | Wayne K. Curry Administration Bldg.
Office: (301) 952-3431 | 1301 McCormick Drive, 3rd Floor
FAX: (301) 780-2097 | Largo, Maryland 20774

Revenues: No anticipated revenue impact.

Indirect Impact:

Favorable indirect impact likely.

Legislative Summary:

CB-065-2024¹ Sponsored by Councilmember Blegay and Oriadha was presented to the Council on September 10, 2024, and referred to the Committee of the Whole. It would add a new Division 16, Land Bank Authority, to Subtitle 13, Housing and Property Standards, of the Prince George’s County Code to establish the Land Bank Authority or Prince George’s County, which will manage and maintain blighted, abandoned, and distressed properties to protect renters against excessive rents.

Resource Personnel:

- Januari McKay, Legislative Director, District 6
 - Reese Espy-Glassman, Legislative Officer
-

Current Law/Background

CB-065-2024 was introduced to authorize the establishment of a Land Bank Authority, which will help to protect the public health, safety, and general welfare of Prince George’s County and its residents. This bill creates Division 16, which outlines this quasi-government entity's authority, structure, and role. Currently, the Code assigns authority and structure similar to the Redevelopment Authority's.²

According to Subtitle 14 of the Maryland Local Government Code § 1-1403, by ordinance, the governing body of a local government, including Prince George’s County, may establish a land bank authority. Pursuant § 1-1403, the Authority should include a board, the purpose and powers of the Authority, as well as limitations. The Authority must file the articles of incorporation for recordation with the State Department of Assessments and Taxation. Upon acceptance of this recordation, the authority becomes “a body politic and corporate and an instrumentality of the incorporating local government.”³

¹ [Prince George's County Council - Reference No. CB-065-2024 \(legistar.com\)](#)

² [SUBTITLE 15B. - REDEVELOPMENT AUTHORITY. | Code of Ordinances | Prince George's County, MD | Municode Library](#)

³ [Maryland Code, Local Government Article, Subtitle 14 – Establishment of land bank authorities](#)

The state of the County regarding blight, home vacancies, and tax-foreclosed properties is important to note when considering a land bank authority. Council staff has acquired information from the corresponding agencies and is still waiting for data regarding the number of residential vacancies as well as tax-foreclosed properties within the County. While the current state of residential home vacancies is unknown, CB-080-2023⁴ seeks to address this issue by establishing a vacant property registry program to capture the County's amount of vacant and unmaintained residential, commercial, and industrial dwellings. Data from the Economic Development Corporation demonstrates a 1% vacancy rate in commercial buildings.

Provisions of the Bill

Sections 13-1157 outlines the Authority's power which includes the ability to:

- (1) Adopt, amend, and repeal bylaws for the Authority's business;
- (2) Sue and be sued;
- (3) Maintain an office at a place the Authorities designates;
- (4) Borrow money;
- (5) Issue bonds and other obligations for a corporate purpose
- (6) Invest money of the Authority
- (7) Participate in a program of the federal government, the State, or property
- (8) Contract for goods and services;
- (9) Study, develop and prepare reports or plans to assist in the Authority's exercise of powers and to monitor and evaluate the Authority's progress;
- (10) Contract with public or private entities for services
- (11) Create, own, control, or be a member of a corporation, limited liability company
- (12) Exercise a power usually possessed by a private corporation;
- (13) Insure against losses in connect with real property, assets, or activity of the Authority;
- (14) Design, develop, construction demolish, rehabilitate, renovate relocate, and otherwise improve real property or interests in real property.
- (15) Raise revenue by any legal means required to make the operations and activities of the Authority self-sustaining.
- (16) Delegate to a member or officer a power granted to the Authority

Discussion/Policy Analysis

Purpose of Land Banks

A land bank is described as a "public authorities or non-profit organizations created to acquire, hold, manage, and sometimes redevelop property in order to return these properties to productive use to meet community goals, such as increasing affordable housing or stabilizing property values".⁵ Through this, land banks often acquire properties through tax foreclosures, auction

⁴ [Prince George's County Council - Reference No. CB-080-2023 \(legistar.com\)](#)

⁵ [Land banks - Local Housing Solutions](#)

processes, and donations. In some New York and Nebraska jurisdictions, land banks are giving a super bid power to acquire tax-delinquent properties before an auction to meet the community's goals further. Some land banks have access to property acquisition funds, which are funds provided to developers for affordable housing to acquire land immediately instead of waiting for a public funding cycle⁶. In doing so, land banks can maintain properties tax-free. Some common functions of land banks include⁷:

- Acquire and hold properties.
- Demolish properties.
- Rehabilitate properties.
- Sell or transfer title of properties.
- Lease or rent properties.

When considering the effectiveness of a land bank, research shows that the following powers must be granted to a land bank⁸:

- Obtain property at low or no cost through the property tax foreclosure process.
- Clear title and/or extinguish back taxes on properties.
- Hold land tax-free.
- Lease properties for temporary uses.
- Negotiate property sales based on community needs without seeking additional approval from other levels of local government.

All of these characteristics of a Land Bank Authority are described in this bill.

Prince George's County's Goals for a Land Bank

Concerning the goals of a land bank authority in many jurisdictions, one of the Plan 2035 goals is to adequately fund neighborhood revitalization programs and coordinate resources to revitalize neighborhoods.⁹ Plan 2035 policy goals encourage the following:

- Identify and apply existing County, state, and federal programs to address housing blight, commercial disinvestment, vandalism, and related issues.
- Evaluate identified Neighborhood Reinvestment Areas to determine if new neighborhoods should be designated and if existing designated neighborhoods should be removed as they stabilize.
- Develop implementation plans for designated Neighborhood Reinvestment Areas with specific goals and action items to ensure recommendations are enacted.
- Establish a long-term plan to commit County funding and resources, such as those from the Redevelopment Authority, to stabilize neighborhoods and municipalities and

⁶ [Property Acquisition Funds](#)

⁷ [Land banks - Local Housing Solutions](#)

⁸ [Land banks - Local Housing Solutions](#)

⁹ [Plan 2035 Neighborhood Reinvestment Areas](#)

rehabilitate transitional communities before they qualify as Neighborhood Reinvestment Areas. Incorporate grant application partnerships and coordination with County agencies on critical infrastructure.

Further, the Comprehensive Housing Strategy includes creating a land bank authority as one of the targeted actions. The CHS describes this as something that can be created as a separate entity, an extension of the Redevelopment Authority, or have the Redevelopment Authority granted the same function as a land bank authority. Please see below the reason for establishing a land bank within the county and how this could be done. Starting a land bank could cost the County \$800,000 to \$2,000,000.¹⁰

111

TARGETED ACTION 3.2. CREATE A LAND BANK TO SUPPORT REDEVELOPMENT OF ABANDONED RESIDENTIAL PROPERTIES (OR EXPAND POWERS GRANTED TO THE REDEVELOPMENT AUTHORITY TO PROVIDE THE SAME FUNCTION).

WHY? Given the number of vacant and abandoned property in the county, establishing a land bank to acquire and return these properties to productive use provides the County an effective tool to combat blight and vacancy. A land bank is a public entity that is focused on converting vacant or abandoned properties from liabilities into assets for a community and jurisdiction. Maryland law allows a county or municipality, or two or more acting together, to create a land bank authority. The land bank can take ownership of property that has tax or water and sewer liens on it as an alternative to the traditional tax sale system. If the property is determined to be vacant or blighted, the taxing authority is authorized to forgive the tax liens, enabling the land bank to sell or otherwise transfer that property to a new owner.

WHAT? This action establishes a land bank by granting additional authority to the RDA to perform this function countywide. The County can leverage RDA's existing redevelopment capacity and focus on inner-Beltway communities to strategically acquire vacant and abandoned properties in support of redevelopment efforts and then expand focus to other targeted areas of the county in anticipation of future development. Engaging municipalities to support the land bank's efforts will help align local priorities with redevelopment. Establishing land banks are typically costly undertakings due to the staffing, systems, and resources required to launch. The County can reduce these barriers by providing initial operating and funding support to RDA.

WHO? Prince George's County Executive's Office; Prince George's County Council; Department of Housing and Community Development; Redevelopment Authority; Office of Central Services; Housing Authority of Prince George's County

WHERE? TNI areas; areas with large inventories of vacant and/or abandoned property; areas with lower-than-average home values; areas with weaker social capital



CORE PRINCIPLES
 Comprehensive; Market-informed; Asset-based; and Coordinated & transparent



ESTIMATED INVESTMENT
 \$800,000 to \$2 million to support start-up (including land acquisition and staffing)



TIMELINE
 Short (years 1-3)



BENEFICIARIES
 All county residents; residents of neighborhoods with large inventories of vacant and/or abandoned properties



KEY SUPPORTIVE TOOLS
 CDBG; HOME; HITF; code enforcement; land inventory; and parking revenue



REQUIRED APPROVAL(S)
 Executive; Legislative

INITIAL IMPLEMENTATION STEPS

Adopt legislation granting RDA, or another selected entity, the authorities of a land bank (namely, property acquisition, management, and disposition, plus the ability to waive delinquent taxes at the time of property disposition).



Pursue an inter-local agreement with municipalities, as necessary, to ensure land bank has full authorization across the county.



Allocate initial operating funding to the land bank entity.



Prioritize among DPIE's current inventory of abandoned properties and among Office of Central Services' inventory of excess properties for acquisition by the land bank.



Leverage Revenue Authority resources to support property acquisition.

¹⁰ [Housing-Opportunity-for-All Report, pg. 111.](#)

Land Banks in Other Jurisdictions

In multiple jurisdictions, land banks are used to address common issues. Some purposes include dealing with the effects of blight and vacant properties, especially due to disinvestment and economic decline; in many cases, these are the lasting effects of the foreclosure crisis. Many jurisdictions have used land banks to help return properties to productive use and create inventories of tax-foreclosed properties that have exceeded their fair market value. Within these inventories, land banks can get properties to responsible owners who will, in turn, enforce municipal codes, demolish vacant structures, and refurbish them for use.¹¹

This often contributes to the goals of jurisdictions that incorporate them, including developing additional green space and increasing the supply of affordable housing. When dealing with blight in local jurisdictions, authorities have been shown to enhance public safety, rehabilitate properties, and increase market value within local areas, eventually contributing to local property tax. They may serve as beneficial by offering incentives for renovation and owner occupancy, loans for rehabilitation, and discounted closing costs. They may also serve as homes for social services purposes for residents.¹²

Detroit, Michigan

The city of Detroit used a Land Bank Authority to address vacant properties and blighted neighborhoods due to foreclosures. As a result, the city created a program, ‘Rehabbed & Ready,’ which has increased home sales in neighborhoods by 11.55%, and mortgages in Detroit grew by 5.6% between 2016 and 2018. The Rehabbed & Ready program offers a solution to demolition by rehabbing homes and selling them for market value to homeowners instead of landlords.¹³ This allowed for blight mitigation and increased investment in targeted Detroit neighborhoods.

Montgomery County, Ohio

The Montgomery County Board of County Commissioners created the Montgomery County Land Bank to deal with the effects of the housing crisis, which led to exponential amounts of tax foreclosures and abandoned properties.¹⁴ Their mission is to reposition distressed real estate to support the County’s communities by building vibrant neighborhoods and increasing the quality of life.¹⁵ Programs included a DIY renovation program that made homes available to buyers to tackle blight and low inventory. In Dayton, Ohio, this was helpful because one in six homes was vacant.¹⁶

¹¹ [HUD PD&R article about countywide land banks from 2014](#)

¹² [HUD PD&R article about countywide land banks from 2014](#)

¹³ [Good-Deeds-An-Analysis-of-the-Rehabbed-Ready-Program.pdf \(rocketcompanies.com\)](#)

¹⁴ [Montgomery County Land Bank | Repositioning distressed real estate to support local communities \(mclandbank.com\)](#)

¹⁵ [Frequently Asked Questions | Montgomery County Land Bank \(mclandbank.com\)](#)

¹⁶ [Renovators help tackle low inventory and aging housing stock \(spectrumnews1.com\)](#)

Local Land Banks

Cambridge, Maryland

On March 25, 2024, Cambridge, Maryland, approved ordinance No. 1234 to establish a Land Bank Authority.¹⁷ It was the first Maryland entity to do so. The entity was several years in the making and started with \$1 million in funding to offer affordable housing units. Overall, the goal is for the City to start up the Authority, but it should be self-sustaining. The City Manager cites code enforcement as key to the success of the Land Bank because code enforcement officers must have good data and be able to move citations through the legal system before they can be made available to the Authority.¹⁸

Baltimore City, Maryland

The Baltimore City Council introduced land bank authority legislation with Council Bill 23-0363¹⁹ on March 13, 2023, but it has remained in committee and has not been passed yet. This Bill seeks to address the issues of blight and disinvestment in Baltimore City and their abandoned multi-family buildings. Baltimore City highlights several purposes of land banks within 23-0363, which include:

- Eliminating abandoned property through redevelopment and demolition
- Sustaining neighborhood viability.
- Creating affordable and mixed-income home ownership and rental opportunities
- Minimizing displacement.
- Facilitating economic and community development.
- Redeveloping neighborhoods that have been historically overlooked by investors and revitalization initiatives.
- Increasing the population.

Fiscal Impact:

- *Direct Impact*

Enactment of CB-065-2024 will have an adverse fiscal impact as it will add significant administrative responsibilities to the County to create the Authority. This legislation outlines the structure of the Authority, which will require staff, facilities, and a board, all of which will require expenditures for personnel and operations, which were approximately \$800,000 to \$2,000,000 as described in the County's Comprehensive Housing Strategy. These are merely start-up costs and there will likely be a recurring County contribution to cover operating costs after the initial setup.

¹⁷ [Chapter 9 - LAND BANKING | Code of Ordinances | Cambridge, MD | Municode Library](#)

¹⁸ [Cambridge Launches Innovative Land Bank Authority to Transform Blighted Properties - Talbot Spy](#)

¹⁹ [City of Baltimore - File #: 23-0363 \(legistar.com\)](#)

For reference, the Redevelopment Authority, which outlines that one of its primary objectives is to acquire vacant and underutilized commercial and residential properties for redevelopment in targeted areas, has an operating budget of \$523,900 for FY 2025, with \$300,000 of that coming from the County's grant.²⁰

It may be possible to reduce the start-up costs associated with establishing an entirely new entity if a Land Bank Authority is established by designating the existing Redevelopment Authority to serve as the Land Bank Authority, or by amending the Code to give the Redevelopment Authority the same functions as a Land Bank Authority described in this legislation.

- *Indirect Impact*

Enactment of CB-065-2024 is likely to have a favorable indirect impact. In the long term, its impact may be favorable to the extent that the entity succeeds in its mission to secure and assemble vacant properties and improve the appearance and condition of vacant and blighted properties. This would likely result in higher property values and property tax receipts, and a generally more robust residential real estate market.

- *Appropriated in the Current Fiscal Year Budget*

No.

Questions for Committee Consideration:

1. In what way does the Redevelopment Authority work with DPIE in sharing information to secure vacant and abandoned properties?
2. What is the current level of staffing tasked with acquiring vacant and underutilized commercial and residential properties?
3. The Redevelopment Authority's primary objective is to acquire vacant and underutilized commercial and residential properties for redevelopment in targeted areas. Starting in FY 2020, how many properties has the Authority secured yearly?
4. Does the Redevelopment Authority have any obstacles to expanding the program and the Authority to acquire vacant properties year to year?
5. What is the status of the vacant property registry as established by CB-080-2023? Has a report been produced? If so, can data be provided to understand the current state of vacant property in the County?

Effective Date:

CB-065-2024 shall be effective forty-five (45) calendar days after it becomes law.

²⁰ [Redevelopment Authority FY 2025 Budget](#)

If you require additional information or have questions about this fiscal impact statement, please call me.