

Places for People – Land Bank Facebook Town Hall Questions & Website feedback

A Facebook town hall event took place on Tuesday, February 16th regarding the topic of the proposed establishment of a land bank. Below are a series of questions and answers related to the land bank and the questions that came through during the town hall event. Should you have additional comments or questions, please feel free to add them to the comment section on the website at www.wichita.gov/placesforpeople

1. How is a land bank formed?

A: The State of Kansas allows for a land bank to be formed by local governments by adoption of an ordinance (K.S.A. 12-5902). A draft ordinance creating the proposed Wichita land bank is available for review and comment at Wichita.gov/placesforpeople. In addition to passing an ordinance, the State of Kansas also requires that a board of trustees govern the land bank. The proposed Wichita land bank would have a board of trustees appointed by the City Council members.

2. Do we need a land bank?

A: Without a land bank, abandoned and foreclosed property that is not purchased through the real estate market will likely languish. Property often deteriorates and creates a maintenance problem for surrounding property owners. This sometimes attracts crime, blight, people residing in structures without heat or electricity, and other unfavorable situations in neighborhoods that can impact surrounding property values.

3. Touch on what a land bank can do and what a land bank can't do.

A: The State of Kansas provides land banks with the ability to purchase or sell property as well as accept donations of property or convey property. In addition to acquiring, or accepting property and transferring, or selling property, land banks are also allowed to manage, maintain, resolve title issues, and request special assessments forgiveness. It is important to note the following:

- *A land bank in Kansas does not have the authority to acquire property through eminent domain.*
- *The proposed Wichita land bank would have the authority to acquire/accept property or to sell/transfer property. The proposal for the Wichita land bank would require any purchase, sale, or transfer of property to be reviewed by the land bank board of trustees and to receive the approval of the Wichita City Council.*
- *The proposal for a Wichita land bank includes draft policies (available at Wichita.gov/placesforpeople) and any property transactions would be reviewed for consistency with those policies.*

4. What is the definition of productive use?

A. Productive use is changing the current condition and operation of property from something that harms, or distracts from the neighborhood to an asset for the

neighborhood. This could be occupied housing with owners who take care of their property, or a neighborhood park or other community asset.

5. What is the source of funding to operate the land bank.

A: The proposed land bank would be a subsidiary of the City of Wichita. Potential sources of funding include revenues from property sales, donations, and subsidies from the City of Wichita, grants and similar sources.

6. What does the land bank do that the market hasn't done?

A: The proposed land bank would have the ability to address property conditions or attributes that prevent it from selling through the real estate market process. These can include delinquent taxes, excessive debris and overgrowth, or other physical conditions of the site that prohibit investment due to excessive costs. The land bank can help remove some these obstacles that will enable a purchaser to invest in the property, help stabilize the neighborhood and create an asset for themselves.

Questions about Accountability & Transparency

7. How will there be accountability to the community and protection against back door deals?

- A. The proposal for the Wichita land bank includes multiple levels of transparency, including the following.
- i. The land bank trustees are voluntary positions, appointed by Council Members and serve at their discretion.
 - ii. The land bank board of trustee meetings will be public meetings and operated in compliance with the Kansas Open Records Act.
 - iii. Any acquisition or transfer/sale of properties must be approved first by the board of trustees and then approved by the Wichita City Council at a City Council meeting.
 - iv. The land bank will be required to provide an annual report to the City Council.
 - v. The land bank finances will be audited and controlled through the City of Wichita.
 - vi. A listing of the land bank properties will be available for public review.

8. How will conflicts of interest via relationship be avoided?

A: There will be multiple measures to prevent conflicts of interests, including that members of the Board of Trustees, City employees, and elected officials, will not be able to purchase land from the land bank. Any property acquisition, sale or transfer will require review by the board of trustees and approval by the City Council. All Wichita board members are subject to the Wichita Municipal Code's code of conduct and disclosures of conflicts. In addition there will be multiple transparency measures in place (please see previous answers).

9. Who would be the oversight committee to ensure arms-length transactions? , and ensure that the buyer has the adequate resources to rehabilitate the property that is aligned with the core mission of the land bank?

A: The oversight of the land bank will be provided by the board of trustees, appointed by Wichita City Council. The City Council will need to approve any property sale or transfer by the land bank. The land bank board of trustees will provide a recommendation to the City Council, including the proposal information. The Board of Trustees will be required to abide by the city's standards related to conflicts of interest.

Each property sale or transfer will require submission of a proposal by the person or organization that wishes to acquire the property. The proposal should describe how A: Any property transaction by the proposed Land bank will need to be recommended for approval by the board of trustees, and approved by the City Council at a City Council meeting. Each property sale or transfer will require submission of a proposal by the person or organization that wishes to acquire the property. The proposal should describe how the proposing buyer has the resources to accomplish what they are proposing. The proposing buyer has the resources to accomplish what they are proposing.

10. Weak controls of land banks is a concern with amounts paid per demolition. How those will be recorded and handled along with audit info?

A: The proposed land bank would require that the board of trustees review and the City Council approve all property transactions. The land bank would be required to provide to the City Council with an annual report, at a minimum; the Council could require reports more frequently, if they desire. The land bank resources will likely be limited. As a result, the number of demolitions initiated by the land bank would also be limited and the land bank will be more likely not to acquire properties where demolitions are needed. Instead, the land bank could assist with properties where demolitions have occurred through existing processes, and where assessments are levied against the property.

11. Who would be on the oversight committee?

A: The proposed land bank would have two oversight committees, the board of trustees and the City Council.

12. How are relationships with developers and contractors going to be kept transparent?

A: All transactions, or potential transactions will be presented at the Board of Trustee meetings. Technical assistance for the Board will assist in making sure all applications are reviewed and determined if they are complete applications that meet all the requirements, prior to the Board making a recommendation to the City Council. All of these meetings, and recommendations of the land bank are open to the public.

13. Can board members own companies that might purchase properties or would that be prohibited?

A: No, this would be prohibited by state law.

14. How will conflicts of interest via relationship be avoided?

A: Like any board or committee member on any city group, the Board of Trustees will need to abide by the city's standards related to conflicts of interest. Like other board members, they will be asked to take an oath and agree to meet these standards.

15. Can citizens be part of the screening or only city employees?

A: City employees will not have any part in screening applicants that desire to acquire or sell/donate property to the land bank. The Wichita Land Bank Board of Trustees will make determinations on qualified offers. The Board will also ask that ad hoc committees be formed to assist them with neighborhood related questions and issues.

16. Why not create a citizen based board to handle this instead of city council?

A: The proposed land bank would have a citizen board of trustees; this board is required by state of Kansas law and would be responsible for monitoring the operations of the land bank and making recommendations on property transactions. The City Council will be informed of the operations, financial status, and will be required to approve all property transactions. The Board of Trustees will also be required to provide period reports of all activity to the City Council.

17. Will residents in the neighborhood get a say in what happens with the properties.

A: All land bank Board of Trustees meetings and City Council meetings are open to the public. Furthermore, the Board of Trustees have the ability, and are encouraged to create ad-hoc advisory committees from neighborhood residents where land bank activity is likely to take place. All property has an assigned zoning district. With it are certain property rights that go with the zoning district whereby the property owner is entitled to the rights, including uses, associated with the zoning district.

Questions regarding transfer of property

18. How do you plan to bring properties into the land bank? Purchase, tax sale or other?

A: Properties can be acquired by the proposed land through tax sale, donations, and direct purchase by the land bank from a willing seller. The land bank will not acquire property that is occupied nor will the land bank have priority in purchasing property at a tax sale.

19. Will individual owner-occupant buyers be first in line? At acquiring properties that can be remodeled?

A: The proposed land bank will not be involved in doing construction projects, nor will it be acquiring properties that are occupied. Individuals interested in a land bank property for their own residence may submit an application whereby the Board of Trustees will evaluate their proposal. The evaluation of each proposal will be on a case by case basis.

Each proposal will be compared against others that have been received for the same property, and will be evaluated by how well they help achieve community goals.

20. How would an abandoned property get noticed and get added into a land bank?

A: The proposed land bank will become aware of abandoned properties through observations in the field, comments from the public, and may contact neighborhood inspections for information. Properties will only be acquired by the land bank if the land bank board of trustees and the City Council agree that the acquisition is in line with the goals and policies of the land bank; and if the land bank has the resources to maintain the property.

21. If a land bank transaction is a voluntary sale why would the owner or trustee of a dilapidated property use a land bank? Couldn't they transact directly with the investor?

A: Yes, a property owner can always transact directly with a willing buyer. It is anticipated that the land bank will be involved in locations where properties are not easy to sell, for a variety of reasons (i.e. substantial special assessments have been applied against the property, the property requires cleaning up, etc.).

22. Will the banked properties be put up for sale or rent? Who will determine the sale price /rental price?

A: The proposed draft mission statement and policies for the land bank do not envision leasing property being a focus of the land bank. The policies do not prohibit the land bank from leasing property, but this is not envisioned as a major activity of the land bank. Instead, a goal of the land bank is to get properties back to productive use. This includes getting properties back onto the tax rolls or into use for a community benefit by a non-profit or local government (i.e. park etc.). The sale price of property is determined by the land bank.

23. What is the difference between an individual/organization buying the property as opposed to a land bank?

A: Typically, the proposed land bank would be working with properties that individuals/organizations are not interested in. In Kansas, properties owned by a land bank do not accrue property taxes while they are owned by the land bank. The properties will accrue property taxes both before and after the land bank owns it.

24. If I have a property that I haven't been able to sell, could I sell, or donate my property to the land bank?

A. Any property owner can propose to donate their property to the land bank. The Board of Trustees, will evaluate the proposal to determine if the property is in alignment with the community goals and policies of the land bank and that they are reasonably certain of the end use for the property.

25. If a property is fast tracked to tax sale, will that mean that the land bank has first dibs? Or will the land bank committee have to bid the way the rest of potential action bidders have to?

A: The land bank competes with other bidders and receives no special treatment.

26. What incentives does it have to acquire properties that might not have attracted developers?

A: The land bank is interested in some property that the existing real estate market has little interest. The land bank is interested in properties that could support affordable housing and neighborhood revitalization

27. So if the land bank has to be strategic about what properties it acquires, what incentive does it have to acquire properties in lower income areas that might not have attracted developers in the past?

A: The proposed land bank would be focused on the creation of quality affordable housing and neighborhood revitalization. A significant way to help advance this focus will be working in areas where there is difficult properties to get back into the market. Land banks have the authority to request abatement of back taxes and some assessments. In addition, the land bank will be able to address site clean-up and debris removal.

28. Why not just incentivize the purchase of the properties and leave the government out of it? What benefit is there getting the city involved?

A: The involvement of the land bank is proposed because there are properties that are not in a marketable condition. A land bank is an organization solely focused on getting properties back into productive use and can help address these situations. Please note that as part of the implementation of the Places for People Plan, the City is considering a proposal to update the zoning code, a proposal to create a land bank, and is looking at the possibility of incentives for revitalization.

29. One question I would have is what will be the mechanics of how qualifying properties would come to the attention of the city and start the land bank process. I other works, how would an abandoned property get noticed and end up in a land bank?

A: The owner of qualified property could apply to the land bank (not the city) to have their property purchased, or donated to the land bank. The land bank could also reach out to a property owner if they are interested in the property and it supports their efforts in revitalization and affordable housing.

30. How will you ensure that the land bank won't be used to gentrify neighborhoods?

A: The purpose of the land bank is to support revitalization of existing neighborhoods, including neighborhood character, and the creation of quality affordable housing that are compatible with the surrounding neighborhood.

Questions about land bank operations

31. Can you give 2-3 example of properties that are in distress that would benefit from a land bank?

A: We cannot identify specific properties, however an example of someone benefits when a person inherits property and discovers there are potential liens, back taxes, and mitigation costs associated with the property. In this case, the person did not ask to receive the property and is not in a position to bring it to a marketable condition. Another example is when there are no heirs to a property, or none can be found and property languishes and no one is allowed to purchase the property. Back taxes accrue and the property falls into disrepair. A land bank can acquire this property through a voluntary purchase or tax sale and remedy the liabilities of the property and put it back into a useful condition.

32. How does this [land bank program] prevent slum owners?

A: Addressing properties that are not properly maintained and operated is largely a code enforcement activity. The proposed land bank can help encourage proper maintenance and operation of properties by encouraging investment in neighborhoods and quality affordable housing. The proposed land bank will be focused on getting properties back into productive use, providing capabilities for addressing properties with difficult issues like back taxes and significant special assessments. In addition, the proposed land bank process of selling/transferring property to a responsible property owner, with a specific proposal for improvements - will reduce the number of properties that remain in poor condition. Property sold through the land bank will require a legally binding agreement that includes stipulations, that ensures the property is used as originally planned.

33. Who will have access to the sold properties?

A: Once the sale of property is complete, it is now private property of the new owner.

34. There has been discussion about a slumlord with a poor reputation who wanted to develop an empty lot. Will there be screening for the integrity or responsibility of the purchaser?

A: Any organization or individual who wishes to acquire property from the land bank will need to submit a proposal. The proposal should include a description of their ability to obtain financing, a history of completing projects as promised, and proof of their ability to do what they plan to do. Additionally, should someone fail in meeting the terms of their contract, the land bank may be able to return the property to the land bank. So called 'slumlords' are not in the business of building homes. It is anticipated that the land bank will be primarily interested in vacant lots, rather than lots with structures, at least in the initial years of operation.

35. Is the County going into this program with the City? County takes over if taxes are not paid, so City get the property how.

A: Land banks are formed by either city or County governments, per Kansas law. Forming the Wichita Land Bank does not prevent or preclude the County from forming their own land bank.

36. Will there be any restrictions on what the property can be used for?

A: The Policies of the Land Bank will identify land uses that are considered counter-productive to the goals of revitalizing neighborhoods and supporting affordable housing. The land bank will have the ability to place conditions on property transactions and properties that it controls.

37. If the application is made stating one development intent before the sale, and later decides to change their development plans, will that void the sale contract? And require the new owner to gain re-approval for the new purpose?

A: Interesting question, it will depend on the conditions of the agreement. The proposed land bank will have the opportunity to include provisions in the purchase and other agreements. If it becomes apparent that the developer is not fulfilling their contract/legal agreement with the land bank, these conditions could allow the land bank methods to address the issue. It is also possible in some cases, that this could prevent the developer from conducting future business with the land bank. The developer may also be in a position to re-apply to the land bank for the new development plan and to explain the rationale / need for the change.

38. Who determines that a neighborhood, area, or property is blighted or needs help?

A: Normally, it is neighborhood residents that deem an area in need. The lack of investment and possible neglect or property abandonment could be considered an area that needs help. The land bank is one tool being proposed to help address this type of situation.

39. Will there be an inventory of properties available?

A: Yes, the land bank will maintain an inventory of property available for purchase or transfer. Those interested would submit an application with their proposal for redevelopment. The inventory will be available at all times.

40. Is there a anticipate launch date, or target date to launch the land bank?

A: The draft ordinance to establish the land bank is available now and could be presented for consideration and approval this spring. We are presenting this information to different organizations and groups to obtain feedback as we did tonight.

41. Doesn't the city already have to maintain (mow, remove trash, etc) from abandoned properties that are violating codes? So wouldn't the city already be paying for some of that work anyway?

Comment from citizen: (EXAXCTLY! This is like the city helping its favorite Real Estate investors!)

A: The Neighborhood Inspection Division of MABCD is engaged in mowing and removing trash from properties that are not maintained. Converting these properties, where we can, to productive use will reduce the need to continually maintain neglected property.

42. Who is responsible for upkeep/maintenance/insurance/liability of land bank properties?

A: The land bank is responsible for maintenance and insurance for all land bank owned property. Once a property is conveyed to a new owner, that owner is then responsible for the property.

43. How will the land bank ensure the buyer has the adequate resources to rehabilitate the property?

A: Each property sale/transfer will require a proposal to be submitted. The proposal will provide an opportunity to review resources and track record of the individual / organization proposing to receive the property.

44. Will the land bank partner with Homeownership 80?

A: The Homeownership 80 program is a federal HUD first time home buyers program administered by the City of Wichita Housing and Community Services. The land bank is not directly involved in this program nor mortgage lending to homebuyers.

45. Is this something that could be used on the Battin Apartment in South Wichita?

A: Only unoccupied property would be considered for acquisition by the land bank. The Battin Apartments appear to be occupied at this time.

Questions about Affordable Housing

46. Will affordable housing be the focus of the land bank?

A: Affordable housing is a top priority of the Land Bank and is outlined in the DRAFT Policy document located on the Places for People website at www.wichita.gov/placesforpeople

47. Will the primary focus/goal be to provide affordable housing to the community as opposed to approving more apartments or commercially zoned structures?

A: The draft mission statement of the proposed land bank describe that a primary focus of the land bank will be affordable housing and neighborhood revitalization. The land bank would not be involved directly with construction projects. However, as part of its function to get properties back into productive use – it will be assisting with preparing properties for the marketplace (i.e. cleaning up debris, resolving title issues) to be purchased/transferred for projects that benefit the community. Apartments and commercial property may be part of what contributes to the revitalization of a neighborhood. The existing zoning will determine what uses are allowed on a particular lot.

Questions about Legal and tax issues

48. Will a donation to the land bank be tax deductible, or help avoid capital gains taxes?

A: This is a question for a financial or tax advisor. In general, donations to land banks in Kansas are eligible for tax deductions, please consult your financial or tax advisor for information.

49. What about properties tied up in probate court?

A: The WLB would seek to purchase a property that is in probate the same as any other purchaser. If a property has been designated in a will to go to the Wichita land bank, that property will go through the same analysis before the land bank agrees to accept the donation.

50. Could TIFs be implemented for land bank projects?

A: TIF (Tax Increment Financing) projects are done through a separate application process and does not involve the land bank. A project may or may not be eligible for TIF.

51. What happens to people who get behind on taxes and maintenance, but have equity, is it a property a land bank would want? And are the typical title issues mortgage-related? Who pays off the mortgage?

A: The WLB will consider all applications, however, it would generally be the case that properties with an existing mortgage would not be economically viable to purchase. Furthermore, the land bank will not accept property that is currently occupied.

52. If there are issues with the title, doesn't that invalidate the claim that it must be voluntary?

A: Existing title issues has no bearing on whether the acquisition or donation of property is voluntary. The WLB will not acquire any property from an individual that is not voluntary. There are many factors that can be considered to be title issues. The WLB will evaluate those issues and make a determination as to whether it is feasible to attempt to remove those issues in court.