



Frequently Asked Questions (FAQs)

The first Land Banks in the United States were established in St. Louis and Cleveland in the 1970's. There are now more than 80 land banks in the United States and the number of communities using this tool is increasing. In Kansas, Legislature authorized a Land Bank in Wyandotte County in 1996, and in 2009 approved legislation that allowed Land Banks to be established in cities and counties statewide (K.S.A. 12-5901.) The most active land bank in Kansas is in Wyandotte County; the nearest Land Bank to Hutchinson is in Lyons, Kansas.

The Hutchinson Housing Commission researched and studied land bank programs in other communities and found that a land bank is an effective resource to use in addressing blight and strengthening neighborhoods. In mid-2013, the Housing Commission recommended to the City Council that a land bank be established in Hutchinson. The City Council concurred, and on September 17, 2013, approved an Ordinance establishing the Hutchinson Land Bank. Appointments were made by the City Council to the Land Bank Board of Trustees, and the Hutchinson Land Bank formally began operation in January 2014.

What is a Land Bank?

According to Kansas statute (K.S.A. 12-5902), a land bank is an entity created by local government to "efficiently hold, manage, and transform vacant, abandoned, and tax-foreclosed property back into productive use."

How does a Land Bank work?

Land Banks are governed by a Board of Trustees (BOT); BOT members are appointed by the City Council. Properties can be acquired by the Land Bank through donation, acquisition of tax foreclosed property, purchase, or transfer from the City; the BOT has the power to accept or refuse any property.

A significant feature of the Land Bank is that any property held by the Land Bank is exempt from all ad valorem taxes while in Land Bank ownership. In addition, all taxes, assessments, charges, penalties and interest that may be due on a property are removed or

abated through Land Bank ownership--except special assessments that have been levied to finance public improvements. (Even then, the governing body levying those special assessments has authority to abate all or part of the assessment.) By statute, the Land Bank may then transfer property back into productive use, and the property is not burdened by debt and obligations incurred prior to Land Bank ownership.

It is the Land Bank's responsibility to maintain the property and to evaluate current and potential uses. They may sell the property without competitive bidding to any person willing to agree to conditions set by the BOT. The Land Bank may consolidate or subdivide individual parcels of land in the inventory as most appropriate for sale or reuse. Proceeds from the sale of property are retained by the Land Bank to fund its operation.

What happens to the properties in the Land Bank?

Each property has different strengths and opportunities for productive re-use. If a property has a structure on it, options could be:

- If the structure is derelict, the Land Bank could have it demolished.
- If the structure is worth rehabilitating, the Land Bank could contract for renovation and sell it at market rate; or the property could be transferred to a not-for-profit housing organization for renovation and use as an affordable rental or for resale.
- If the structure is in good condition, the Land Bank could sell it at market rate.

If the property is vacant, successful experience in other communities has been:

- The property can be sold to an adjacent land owner, commonly known as a "side lot" sale.
- If a house suitable for the neighborhood can be built upon the lot, then "infill construction" is encouraged.
- The vacant lot could be converted temporarily or permanently into a park or community garden space.
- The lot could be held by the Land Bank while adjacent properties are assembled to make the property feasible for redevelopment.

What about accountability to the public, the taxpayer, and the neighbors?

Kansas statutes are very specific about Land Bank operations being open and transparent. The City Council can create or dissolve a Land Bank at any time, and the Council

appoints the BOT members, who serve without pay. In addition, the following requirements are in statute:

- City Council must approve the Land Bank budget
- The budget and finances will be audited every year and results included in the annual report.
- All records and accounts are subject to public inspection.
- An annual report is required and must be published in the local newspaper by January 31 of each year for the previous year.
- BOT meetings are established and are open meetings.
- There must be a quorum of the BOT for any transaction of business.
- The Land Bank must maintain an inventory of all properties in the bank.

The City Council may add additional requirements and responsibilities.

How is the Hutchinson Land Bank organized?

The Land Bank is governed by a five-member Board of Trustees, each of whom is appointed by the City Council. The Hutchinson Housing Commission nominates two of its members for appointment by the City Council. The remaining three members appointed by City Council are required to have expertise in land development, construction, development finance, real estate sales or marketing, real estate law, neighborhood growth and development, or expertise related to the responsibilities of Land Bank operation.

Staff support for the Land Bank is provided by the City of Hutchinson Department of Planning and Development, primarily the existing Housing staff. An internal City staff working group with expertise in legal, property maintenance, planning/community development, historic preservation, and building codes provides technical and program support for land bank operation. The Reno County Appraiser is also a member of the working group and provides technical advice and expertise. Occasionally it will be necessary to hire outside expertise and services such as property appraisal, demolition, survey, real estate sales, and property maintenance.

The Land Bank's focus will be on residential properties and strengthening residential neighborhoods by returning vacant, abandoned, foreclosed and unwanted properties to productive use. There may be a time where the Land Bank may consider commercial or industrial property, but current priorities are solely on residential properties.

Annual funding will be required for operation of the Land Bank to provide for operational expenses such as insurance, property maintenance, publication of legal notices, audit, legal and title expenses, and acquisition of property. It is not anticipated that the Land Bank will be self-supporting through lease or sale of property; if the real estate market could make a profit from vacant and abandoned property, then a land bank would not be needed.

Where can I get more information about Land Bank operation?

The Land Bank Board of Trustees usually meets the first Tuesday of the month at 3:00 pm, in Hutchinson City Hall. More information about the Land Bank, its policies and procedures, and property inventory is available at www.Hutchgov.com/Housing.

04/22/2014