



LD 1694 – An Act to Create the Maine Redevelopment Land Bank Authority

Updated January 21, 2022

Sponsored by Representative Melanie Sachs, Freeport

Working Group Included: AVCOG, Build Maine, City of Caribou, City of Sanford, KVCOG, NMDC, Town of Rumford. Input provided by MDEP.



States with comprehensive land banking legislation

2004- Michigan

2009- Ohio

2011- New York

2012- Georgia, Missouri,
Pennsylvania, Tennessee

2013- Alabama, Nebraska

2014- West Virginia

2015- Delaware

2016- Virginia, Indiana

2019- Connecticut, New Jersey
Maryland

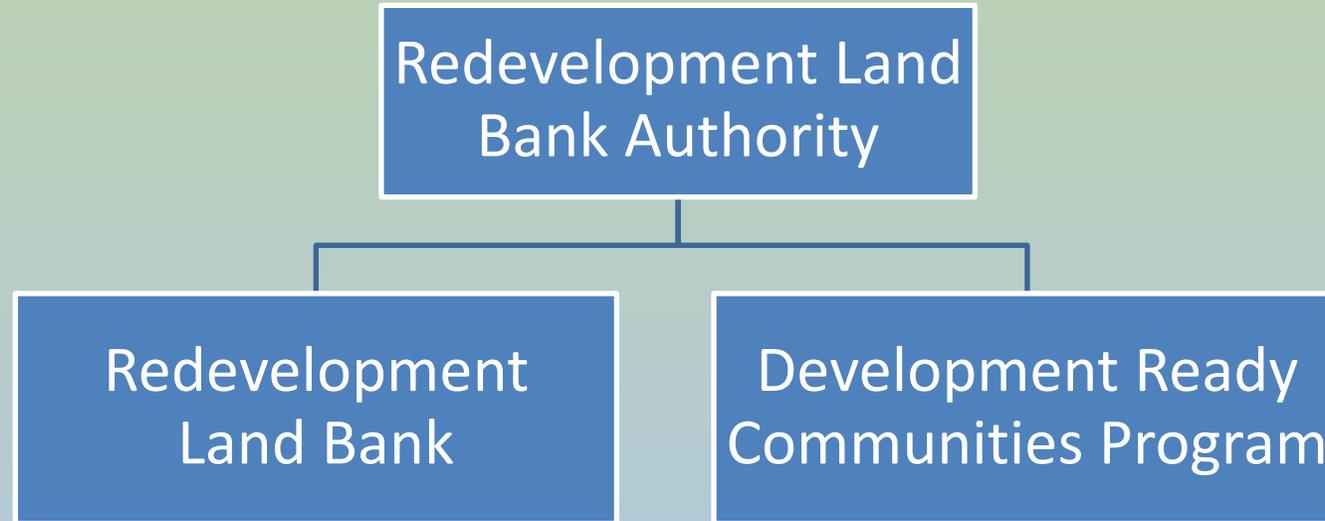
2022 - **MAINE**



Issues Legislation Addresses

1. Maine has a large number of blighted and vacant buildings which causes problems in our communities. Most localities don't have the tools or funding to address this problem. Other states are using **Land Banks**, a powerful redevelopment tool effective at putting them back into productive use. There is federal funding to do this work; *Maine is missing out.*
2. Some properties made ready for redevelopment by Land Banks, sit idle due to financing or other issues. Other states with land banks have successfully added a redevelopment function which actively seeks to help the redevelopment process and provides funding to bridge the gap on projects with a community benefit.

Redevelopment Authority



Enables a State land bank which can then make agreements to enable regional and local land banks. These land banks then work to move property that is “stuck” into productive reuse.

Provides funding for redevelopment projects that meet community goals and needs. Incentivizes communities to identify priority areas for redevelopment. The program requires cooperation among state funding agencies.

Why Land Banks?

Land Banks

Land Banks are governmental entities that specialize in the conversion of *vacant, abandoned, environmentally hazardous, or foreclosed* properties back into productive reuse.

Typical Process:

1. Acquisition of title to such properties;
2. Elimination of liabilities;
3. Transfer of properties to new owners in a manner most supportive of *local needs and priorities*

Why property doesn't get redeveloped

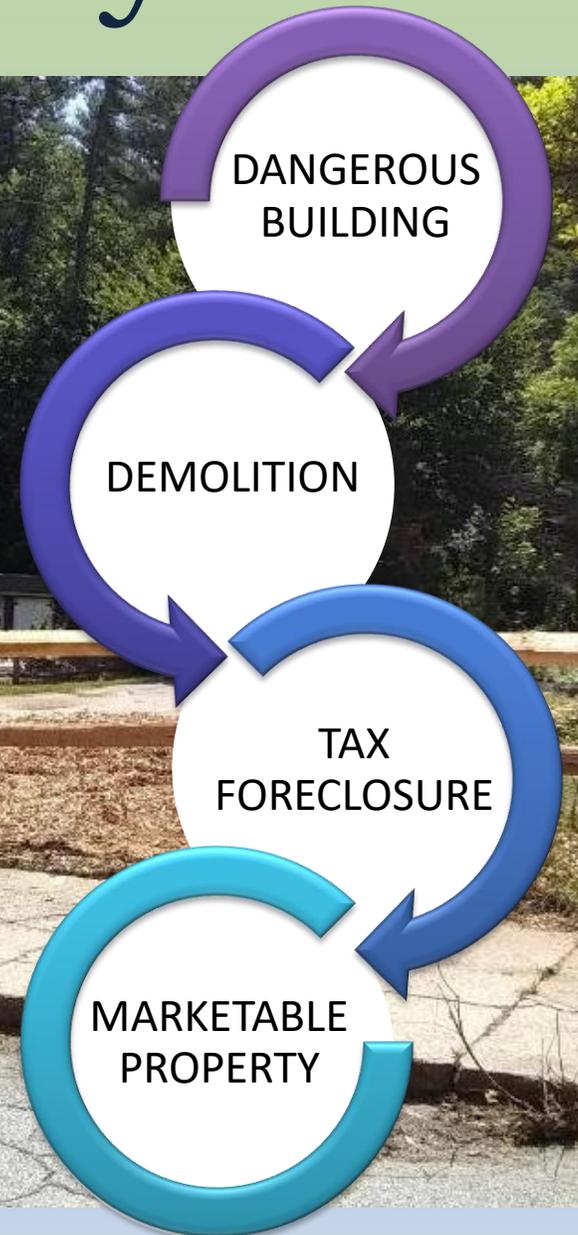
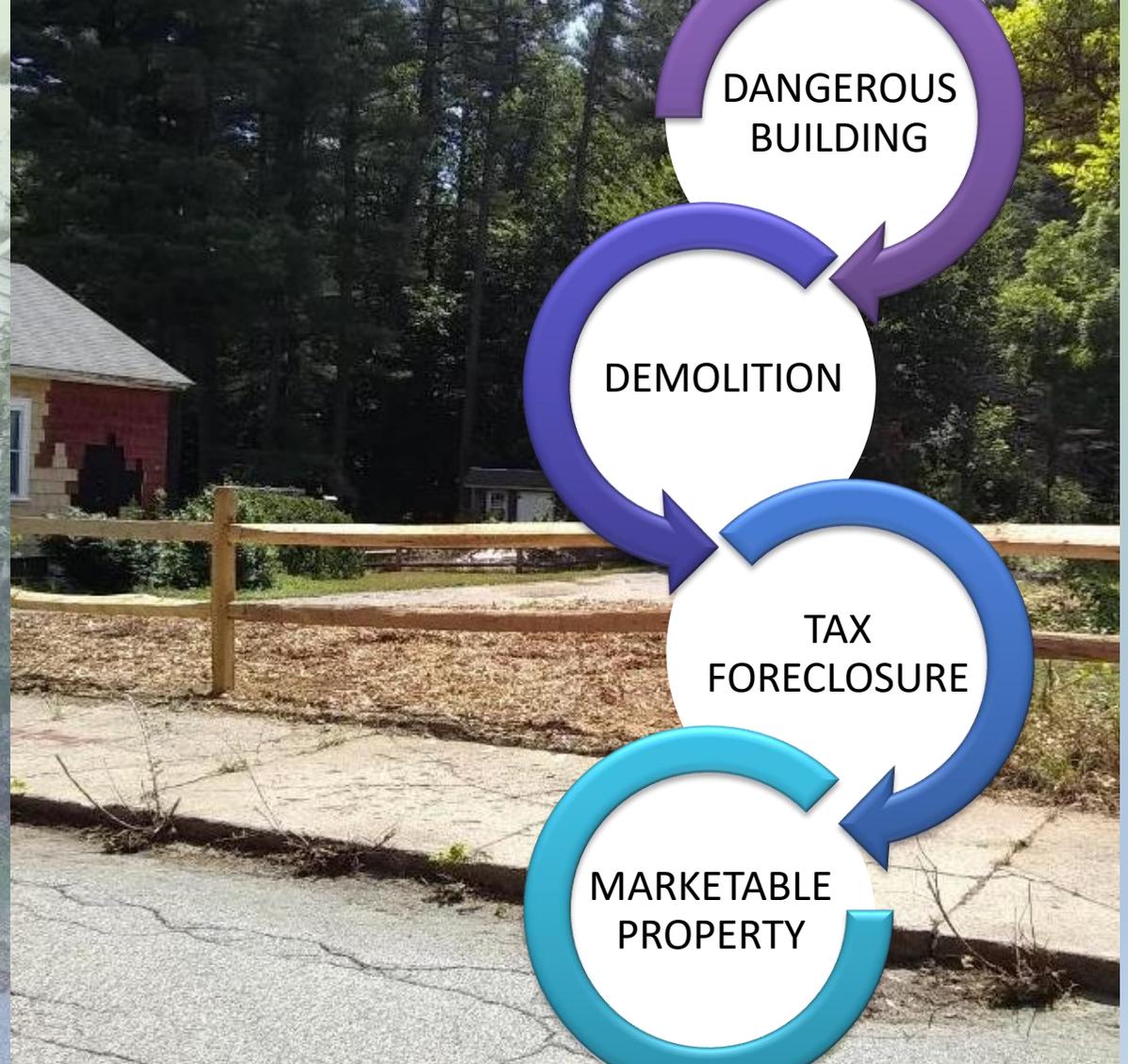
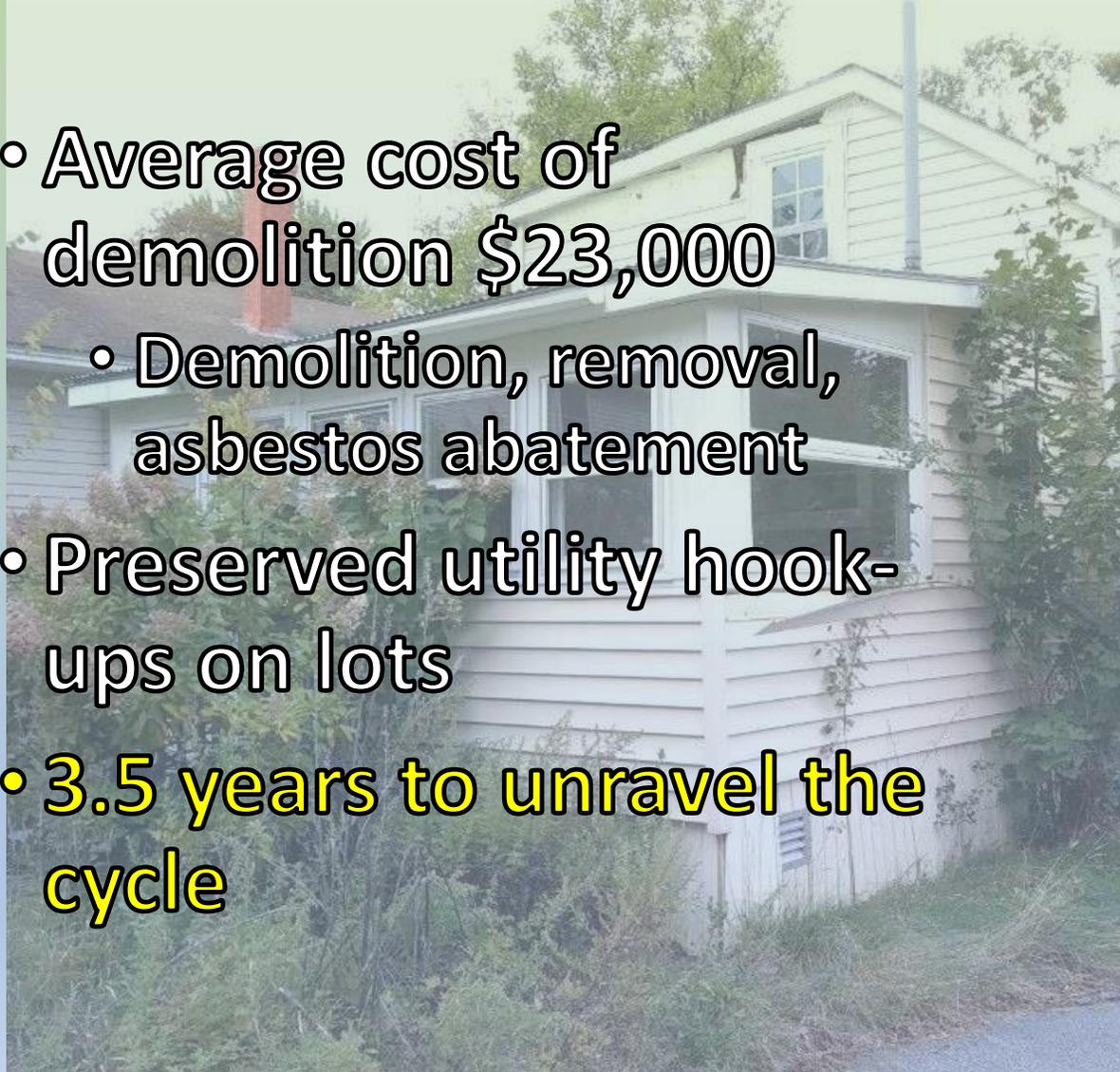
1. Title isn't clear or marketable (unclear ownership or multiple mortgages);
2. Costly contamination of site or buildings;
3. Existing buildings are obsolete or can't be repurposed
4. Property costs more to redevelop than it is worth on the open market (environmental/site cleanup, building hazards, demolition costs, liens, back taxes);
5. Other property is cheaper and easier to develop;
6. Often it is a combination of reasons.

Why Maine Needs Land Banking Legislation

- Maine's statute currently allows municipal authority for handling dangerous buildings. A few municipalities are using this authority and land banking practices to move property into redevelopment. However, **without the tools in this legislation, the current process is slow, inefficient, and encumbered.**
- Some projects are too large or complicated for local governments, but could be handled by a regional or state land bank.
- A state land bank can work to handle redevelopment of state properties more efficiently than individual state agencies.
- Federal funding becomes available if we have a Land Bank Authority.

Unravel the Broken Cycle

- Average cost of demolition \$23,000
 - Demolition, removal, asbestos abatement
- Preserved utility hook-ups on lots
- **3.5 years to unravel the cycle**



Community Benefits - Sanford



Building used as a dry cleaner was remediated and demolished and is ready for redevelopment.



Vacant Crumbling Home: Owner was able to receive some compensation for unsaleable home, Habitat for Humanity built a new home on the lot



Community Need



Abandoned Mobile Home Park,
Absentee Owner, Caribou, ME



School, St. Francis, ME



School, St. Francis, ME

This vacant school is contaminated with asbestos and owned by the Town of St. Francis. The town had a developer interested in redeveloping an assisted living facility, but clean-up costs were prohibitive, and the town was unsuccessful getting USDA, brownfields and CDBG funding to assist.

Local Community Control

- The legislation maintains the **sovereignty of localities**.
- Setting up a local land bank is **voluntary**.
- Participation with the State or a regional land bank is **initiated by the community** and is voluntary.
- **Communities stay engaged** in the land bank process for a given property and have a hand in the future development plan.
- Delinquent taxes may be forfeited, but in return the community will benefit from the land being used productively, either creating a community need or increased **future tax revenue** (or both!)

This legislation provides for robust land banks in Maine

1. Establishes a Maine Redevelopment Land Bank Authority.
2. Makes Maine eligible for federal funding for its Land Bank.
3. Allows municipalities and regional planning organizations to form land banks, through agreement with state (right now they can't) .
4. Provides for expedited title clearance for all land banks.
5. Provides for a State Land Bank that can help state agencies redevelop unwanted properties that are no longer in use.
6. Provides for CERCLA protections for land bank and eminent domain authority.

Development Ready Communities Program

Development Ready Communities Program

- **Development Ready Communities**, is a separate program which would be developed by a committee formed by this legislation.
- The committee has been given goals for the program:
 - Assist communities in preparing for new investment and development that maximize financial return for local economy, improve quality of life, address housing needs for all income levels, and advance environmental protection and transportation goals and specific locally identified priority needs;
 - Assist communities in designating priority investment areas in town;
 - Ensure that redevelopment and rehabilitation efforts are achievable;

Program Intent

- Help land banks move property in their program back into productive re-use by addressing redevelopment challenges such as financing or local regulations and procedures;
- Align and coordinate state agency funding, policies, and procedures around locally-identified projects;
- Provide for technical assistance for Regional Planning Organizations to assist communities in this work.

Funding and Status

Redevelopment Authority Funding

1. This legislation establishes a **Redevelopment Fund**, by instituting a \$3/ton surcharge collected on Construction and Demolition Debris disposal. This acts as a user fee putting money from existing development back into funding future development;
2. Proceeds from sales of land bank properties;
3. Federal funding for land banks;
4. Funding from CDBG and EPA brownfields;
5. There are several tools other states are using including TIF and fees on delinquent taxpayers, which are not proposed in this legislation but can be used by individual municipalities.

Federal Funding for Land Banks

1. The new Infrastructure Bill that passed this fall has money for contaminated sites which land banks could use for remediation work.
2. The Build Back Better bill which passed the house but will require rewriting to pass the Senate includes significant support for land banks.
3. Other bills have been considered to support land banks recently:
 - The Restoring Communities Left Behind Act –\$5 billion dollars, being introduced into to the House, an eligible activity is : ***“establishment and operational support for land banks.”***
<https://kaptur.house.gov/sites/kaptur.house.gov/files/documents/Communities%20Left%20Behind%20Act.pdf>
 - H.R. 7103 (116th) National Land Bank Network Act of 2020 – \$60 million dollars, it was being reintroduced in 2021, but was rolled into the Build Back Better bill. ***It was going to provide technical assistance to land banks, and will have a grant program to support existing land banks***
<https://www.govtrack.us/congress/bills/116/hr7103/text>

LD 1694

Status

- Sponsored by Representative Melanie Sachs, Freeport
- Committee: IDEA
- Public hearing held Spring 2021.
- Workshop held January 18, 2022.
- Committee members asked questions at the workshop and answers are being compiled by the committee's analyst.