



Testimony before the Senate Economic Growth Committee
In Support of S.1214, Permits Municipal Land Banking

October 18, 2018

Good morning. Thank you Chairwoman Cruz-Perez and Vice Chairman Singleton and members of the Committee for the opportunity to testify today in support of this important legislation. I'm Staci Berger, President and CEO of the Housing & Community Development Network of NJ. The Network, as you may know, is the statewide association of nonprofit community developers working to create homes and jobs in communities throughout NJ. Our members include more than 150 community development corporations that are working with residents to create strong neighborhoods. Many of these groups have also been on the front lines of the foreclosure crisis.

They work to revitalize neighborhoods, help people to stay in their homes, and deal with the aftermath when that's not possible. Many of New Jersey's cities and towns are burdened with increasing numbers of vacant and abandoned properties, diminishing property values and blight in their neighborhoods. Many of these properties sit idle and pay no taxes. Most create dangerous conditions for neighbors, and strain municipal resources taking care of them. While many cities are taking steps to address this situation, they lack a key tool to help them gain control of the problem properties. They lack the ability to designate a third party to act as a land bank on their behalf to support revitalization efforts in a systematic way.

Through land banks, communities can acquire, package, and dispose of abandoned and underutilized properties in a systematic fashion, in ways that ensure they are redeveloped or reused for long-term community benefit. They can help towns and cities return problem properties to the tax rolls, revitalizing neighborhoods and improving the quality of life for residents and taxpayers.

A number of other states are already employing land banks to deal with their problem property situations, or are considering doing so. More than thirty counties in Michigan have successful land banks, while over a dozen counties in Ohio have either created or are putting together land banks under their state enabling law. New York State adopted land banking legislation in 2012 and there are now 25 land banks across the state working to proactively intervene and take control of abandoned properties. Pennsylvania's legislature passed their land bank law the same year and have found them an effective tool to restore thousands of properties and put them back on the tax rolls.

Unfortunately, under current New Jersey law, while a municipality can acquire and hold properties itself, it cannot delegate this authority to other entities that could better focus on this critical mission. New Jersey's existing laws need to be changed to permit our communities to take advantage of this creative problem-solving approach.

S. 1214 will allow NJ municipalities to designate redevelopment agencies, housing authorities, county improvement authorities and qualified non-profit entities to act as a land bank on behalf

of the municipality. The municipality could convey city-owned properties to the land bank entity, which could also acquire properties through gift or purchase, and could act as the municipality's agent to buy tax liens or carry out lien foreclosures and spot blight takings. This bill permits but **does not require** communities to create land banks. Furthermore, it works through those agencies and authorities already authorized by state law, rather than creating a new vehicle for this purpose.

Land banks exist for the sole mission of gaining control of properties in order to put them back to use in ways that benefit the community and get back on the tax rolls. Land banks can hold and assemble properties for downtown redevelopment, can work with CDCs to ensure they have a supply of houses to rehabilitate in their neighborhoods, or can sell lots to adjacent homeowners to use as side lots. Using properties it held, Michigan's Genesee County Land Bank has spearheaded the redevelopment of downtown Flint. Ohio's Cuyahoga County Land Bank has worked to revitalize neighborhoods in Cleveland and its suburbs devastated by foreclosures. Under S.1214 disposition of properties by the land bank would be decided according to local priorities based on an agreement approved by the local governing body, and would adhere to the requirements of existing state planning and redevelopment laws.

Several NJ municipalities have expressed a strong interest in designating and working with a land bank to help them gain control of problem properties and carry out their redevelopment work. Many cities have redevelopment agencies or experienced nonprofit entities that could potentially take on that work, including Newark, Bridgeton, Camden and Jersey City.

New Jersey municipalities need additional tools to redevelop vacant and abandoned properties for long-term community benefit. We believe that this proposal can help municipalities revitalize neighborhoods more efficiently and effectively, and improve the quality of life for residents and taxpayers. This proposal was passed by the Legislature previously and vetoed by Chris Christie. We appreciate Assemblywoman Jasey and Senator Ruiz's tenacity in moving this bill again.

The bill also includes transparency and oversight of land bank entities by requiring an online database of land bank properties that is accessible to the public, and that provides comprehensive information on the ownership and sales prices of those properties. This will help ensure the public that law is working to address vacant and abandoned properties within their municipality.

We applaud the efforts of all of those involved in helping to shape this bill. We are happy to help in any way we can to restore vibrancy and economic vitality to distressed and struggling neighborhoods around the state. Thank you for the opportunity to share our thoughts with you today.