



2024 Feasibility Study: Creating a Statewide Land Bank

Why did DHCD do this study?

- 2024 “Summer Study” directed by the Legislature to study the feasibility of creating a statewide land bank program. (DHCD & VLCT)
- Submitted Senate & House Committees on January 15, 2025.

How Was The Study Conducted?

- Met with staff at land banks across the country.
- Conducted research on best practices.
- Met with over 50 stakeholders across the state:
 - Non-profit and for-profit developers.
 - Regional Planning & Development Corporations.
 - City and town managers, Planning and Economic Development staff.
 - Lenders
 - State Agencies



What is a Land Bank?

- A public entity with accountability.
- Community driven, not profit driven.
- Has unique powers to put vacant, abandoned, deteriorated, and tax-delinquent properties back into productive use.



What can a Land Bank Do?

- Acquire tax foreclosed property cost effectively.
- Extinguish liens and clear title.
- Hold property tax exempt.
- Generate and collect revenue.
- Make flexible disposition decisions, driven not by highest price but by best outcome.

Problems a Land Bank Can Help Address

- Vacant, abandoned, deteriorated properties.
- Properties with “cloudy” or unmarketable titles.
- Property with little market value.
- Restrictive public property disposition and/or funding requirements.

Challenges in Rural Areas

- Properties are physically farther apart from one another.
- More properties have unmarketable or cloudy titles.
- The cost to rehabilitate the property often exceeds the owners' financial capacity.

The Housing Needs Assessment estimates that there are 10,879 vacant and abandoned homes throughout the state, representing 3% of the housing stock.



How can a Land Bank Help?

- Provide technical assistance & project management help.
- Redevelop vacant structures (housing and commercial).
- Develop new housing.
- Assist neighboring farms to acquire abandoned agricultural land.
- Procure and hold land for communities for future environmental conservation and reclamation.
- Help stabilize communities after natural disasters, such as flooding.

Barriers for Development in Vermont

- Purchasing a property can be a “choice limiting action,” making a project ineligible for HUD funding.
- Lack of resources to buy and hold properties while getting financing in order.
- Sellers can be impatient, making a project more expensive or even unrealistic.
- Vacant and abandoned properties can be difficult to acquire.
- The one-year redemption period makes the project scope of work and costs unpredictable.
- Many small towns and villages do not have the staff capacity to move projects forward.

How can a Land Bank Help?

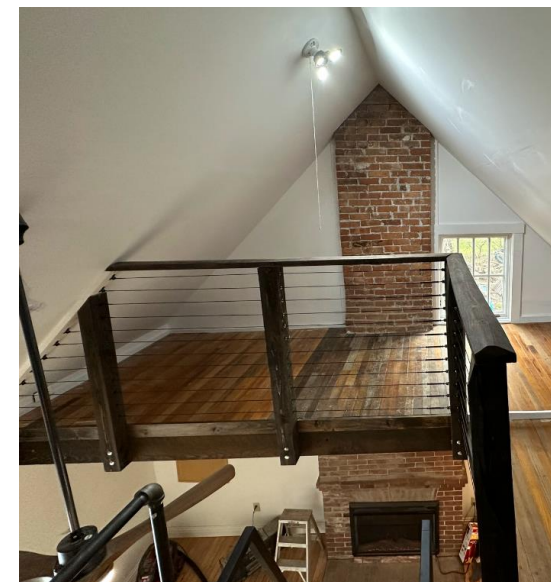
- A developer can apply for HUD funding with an option on a land bank property without triggering a “choice limiting action”.
- A land bank can step in when sellers are impatient.
- Having a land bank purchase and hold property for redevelopment frees up staff time and resources.
- A land bank can “cure” liens and clean up cloudy titles.

A land bank is a tool for the most challenging redevelopments.

Strategies for Acquiring Property

Criteria To Consider for Property Acquisitions:

- **Geographical areas** (like Designated Downtown Areas).
- **Growth opportunities.**
- **Community needs.**
- **Quality of life** (recreational, infrastructure).



Strategies for Divesting Property

Best practice for evaluating property disposition:

- Priorities for the use of property.
 - Market rate housing in depressed areas and affordable housing in vibrant areas.
 - Project will fill in a “missing tooth”.
- Priorities as to the nature of the transferee.
 - Nonprofit vs. for profit.
 - Track record & quality of previous work.
 - Capacity to successfully complete the project.
- Priorities concerning neighborhood and community development.
 - Directly responds to community needs.
 - Green space and recreation.

Next Steps

- Discuss opportunities with legislature
- Create a study committee:
 - Identifying highest needs by talking to communities
 - Building out structure.
 - Identify funding source.
 - Determine if it should be housed in an existing agency or stand-alone.



Thank you!

Link to the 2024 Land Bank Feasibility Study:

<https://legislature.vermont.gov/assets/Legislative-Reports/DHCD-Land-Bank-Report-1-15-25.pdf>

Email: jayme.bauer@vermont.gov