



# BANKING ON REDEVELOPMENT

Pittsburgh's still-evolving land bank will provide the city with an opportunity to avoid the spread of blight in struggling neighborhoods while sustaining hope for future revitalization. By Megha Satyanarayana

At its industrial height, from the 1910s to just beyond the mid-20th century, Pittsburgh was overflowing with people, all of whom needed a place to live. The population boom seeded a wave of housing development, filling in existing neighborhoods and creating new ones with charming names and welcoming porches.

Many Pittsburghers never thought that anyone would leave.

Fast-forward to the collapse of the region's manufacturing industry in the early 1980s, and neighborhoods north, south, east and west began to bear the marks of blight and abandonment. There are approximately 18,000 pieces of property in Pittsburgh that are vacant, said Bethany E. Davidson, manager for land recycling at the city's Urban Redevelopment Authority. Thousands more are habitable and maintained, she added, but they are in legal or financial trouble.

"Blight is a complicated thing," she said. "It's a multi-headed beast."

To better deal with blight, city and civic leadership are developing a Pittsburgh land bank, a legal and streamlined way of obtaining property that is in tax foreclosure so it can be put back to use. Like a financial bank, properties are deposited into the land bank after ownership has been assumed, and withdrawn when an appropriate buyer or purpose is determined. During the time the parcels are held, the land bank, in theory, maintains them to keep what value they have or monitors them as their value changes with market conditions.

The Heinz Endowments has supported land banking through the Housing Alliance of Pennsylvania, a statewide coalition whose advocacy for fair and affordable housing has included working on state land bank legislation. A year after the legislature passed the law in 2012, Philadelphia officials agreed to create a land bank for that city. Pittsburgh council members approved a land bank measure in 2014.

Land banking is integral to some of the Endowments' strategies for promoting sustainable redevelopment in Pittsburgh, explained Matthew Barron, the foundation's program officer for sustainability. Ideally, some bankable properties will become part of greenways and parks, while houses could be sold to buyer-occupants with a yen to remodel rather than speculate. Community groups may have first dibs to develop properties in their neighborhood for affordable housing or business space.

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Land banking "could serve as the front line to prevent displacement in neighborhoods where displacement happens," he said.

The process also is attractive because Pennsylvania, like many states, usually favors individuals rather than civic entities when it comes to property rights, said Kyra Straussman, director of real estate for the Pittsburgh Urban Redevelopment Authority. For decades, the authority has been securing non-tax-foreclosed vacant and distressed property for redevelopment.

Obtaining property is complicated because ownership is established via title, and when a building or a piece of land is passed along through sales, gifts, inheritances or even abandonment, tracing who owns it can be difficult. This is one of the ways fallow properties pile up, Ms. Straussman pointed out. People abandon them, stop paying taxes on them or can't take care of them, and over time the parcels lose value and become eyesores.

About 80 to 90 percent of low-value properties in Pittsburgh are in tax foreclosure, she said. Before land bank legislation, any government or civic entity that wanted to salvage the property had to spend long periods researching the title and then applying to have ownership transferred. The process was costly and took months to years. Land banking could cut that title transfer time down to months or weeks.

For community organizations like Operation Better Block in Homewood, where there are 2,000 vacant lots and 600 vacant structures, reducing the time it takes to assume vacant property is a game-changer. "If Pittsburgh does the land bank correctly, it could be the turning point in how we do development in the city," said Jerome Jackson, the group's executive director.

One of the next tasks is defining the rules, regulations and operating procedures of Pittsburgh's land bank, said Ms. Davidson. A board of directors, chaired by the Rev. Ricky Burgess, a city councilman, is designing the bank, which involves deciding what properties to prioritize and how to assume, manage and then dispose of them.

Another task, said Mr. Barron, is funding the land bank. The city will need help in sustaining the bank, so foundations and other funders will play a large role in ensuring its financial strength and stability. The Endowments provided about \$250,000 to support a land bank created by a coalition of communi-

ties in southwestern Pennsylvania's Mon Valley. Recently, the foundation's board approved a grant of \$200,000 to the Urban Redevelopment Authority, which includes support for the Pittsburgh land bank. The URA plans to work on the project with the Center for Community Progress, a national nonprofit that helps communities upgrade abandoned properties, and Fourth Economy, a national economic development consulting firm.

Aggie Brose, deputy director of the neighborhood improvement organization Bloomfield-Garfield Corp., helped shepherd the city's land banking laws into place. She's eager to see the policies and procedures established to get it up and running.

"One of our biggest assets is our land, next to our people," Ms. Brose said. "I think the land bank would serve us well." **h**

## LAND BANKING VERSUS EMINENT DOMAIN

Eminent domain is governmental power to take private property for public benefit, but through providing compensation to the owner. The property may be occupied, maintained and current in its taxes. Land banking assumes property that is in legal or financial distress, often due to late payment of taxes or abandonment and code-violating blight. Tax issues revert the land to ownership by a public office, such as a treasurer's department. The bank can then assume ownership through a court-ruled title transfer.