

MINUTES OF THE SENATE LOCAL GOVERNMENT COMMITTEE

The meeting was called to order by Chairman Roger Reitz at 9:30 a.m. on March 9, 2009, in Room 446-N of the Capitol.

All Committee members were present except:
Senator Carolyn McGinn- excused

Committee staff present:

Mike Heim, Office of the Revisor of Statutes
Ken Wilke, Office of the Revisor of Statutes
Martha Dorsey, Kansas Legislative Research Department
Reed Holwegner, Kansas Legislative Research Department
Noell Memmott, Committee Assistant

Conferees appearing before the Committee:

Whitney Damron, On Behalf of the City of Topeka
Randy Speaker, Deputy City Manager, City of Topeka

Others attending:

See attached list.

The hearing opened on **HB 2155 - City of Topeka land bank**. Mike Heim, revisor, reviewed the bill. The bill would establish The City of Topeka land bank which is patterned after Wyandotte County's Land Bank.

Whitney Damron, On Behalf of the City of Topeka, explained that the City of Topeka would work with Shawnee County and other housing and revitalization constituencies in the community to develop a land bank program. (Attachment 1)

Randy Speaker, Deputy City Manager, City of Topeka, spoke as a proponent of the bill. He related that given the current state of the economy, the City of Topeka needs to have all available tools to address the foreclosures and pending restructuring of residential debt. He thinks any resource or tool that assists a municipality in stabilizing and improving its tax base is a positive step in the right direction. (Attachment 2)

The Committee discussed the bill. It was questioned whether the bill should be more encompassing and allow other cities to establish a Land Bank, if so desired.

The discussion will continue March 16.

The next meeting is scheduled for March 10, 2009.

The meeting was adjourned at 10:30 a.m.

LOCAL GOVERNMENT GUEST LIST

DATE: March 9, 2009

NAME	REPRESENTING
Whitney Jaman	City of Tappan
Randy Spriess	City of Tappan
Ken Ren	" "
Ed Spriess	N/A.
Josh Smith	Intern, Sen. Pyke



TESTIMONY

**TO: The Honorable Roger Reitz, Chair
And Members of the Senate Committee on Local Government**

**FROM: Whitney Damron
On Behalf of the City of Topeka**

**RE: HB 2155 - An Act concerning land banks; relating to the establishment
Of the City of Topeka land bank.**

DATE: March 9, 2009

Good morning Chairman Reitz and Members of the Senate Committee on Local Government. My name is Whitney Damron and I appear before you today on behalf of the City of Topeka in support of HB 2155, which would allow the City of Topeka to establish a land bank similar to one created by Kansas City, Kansas in the mid-1990's.

By way of background for the Committee, I was involved with the City of Kansas City, Kansas in 1996 when enabling legislation for a Wyandotte County Land Bank was adopted. Included with this cover page are a set of documents from the Unified Government's website that describes their current land bank program.

On the Unified Government's website, there is a detailed listing of the Land Bank's policies, an application form, frequently asked questions and a listing of available properties. I have not duplicated all of the information available from their site, but have included their home page and the frequently asked questions for your review.

It is anticipated the City of Topeka will work with Shawnee County and other housing and revitalization constituencies in our community to develop a land bank program similar to what has been created in Wyandotte County, which is currently the only community in Kansas authorized under statute to have this kind of a program.

With me today is Randy Speaker, Deputy City Manager for the City of Topeka who will talk in greater detail about HB 2155 and what the City hopes to accomplish through its passage.

At this time, I would like for the Committee to hear from Mr. Speaker. Thank you.

WBD
Attachment



Wyandotte County

Kansas City, Kansas



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Property Management & Marketing Division

Land Bank

Chris Slaughter, Manager
2nd Floor, Courthouse
Phone: 913-573-8977
Email: cslaughter@wycokck.org

Office Hours: Monday thru Friday, 8:00 am to 5:00 pm

The Land Bank is a unit of the Property Management Division. The Land Bank contains more than 500 parcels throughout Wyandot County, primarily vacant lots obtained through judicial foreclosure, which can be used to build infill housing. The availability of this property is conveyed to the general public.

The Goal of the Wyandotte County Land Bank is to return tax delinquent property to productive use that benefits the community. When considering proposals to the Land Bank, preference will be given to projects that support home ownership, improve neighborhoods and otherwise advance the economic and social interests of Wyandotte County and its residents.



Wyandotte County

Kansas City, Kansas



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Frequently Asked Questions



How does property get into the Wyandotte County Land Bank?

The Wyandotte County Land Bank acquires its property through tax foreclosure. The land bank also reserves the right to accept land through private donation that is deemed necessary or beneficial to Wyandotte County's community building efforts.

What types of property are in the Wyandotte County Land Bank?

The Land Bank is divided into three types of parcels, which are determined by the Unified Government Planning and Zoning Department.

Non-Buildable Parcels:

parcels where houses or other large buildings cannot be built, but garages, fencing, paving, or similar structures can be built.

Buildable Parcels:

Parcels of land without any free-standing structures before purchase where structures such as houses or other large buildings can be built.

Parcels with a Structure:

Parcels of land with structures already on them (including homes, garages, and businesses).

Who controls the property in the Land Bank, and what power do they have?

The Land Bank Manager operates the Land Bank and serves at the direction of the Land Bank Board of Trustees. Under state law (K.S.A. 19-26,109), the board assumes possession and control of any property it acquires and has the power to hold and administer such property. In the administration of property, the board is required to do the following:

- Manage, maintain and protect or temporarily use for a public purpose such property in the manner the board deems appropriate;
- Compile and maintain a written inventory of all such property. The inventory shall be available for public inspection and distribution at all times;
- Study, analyze and evaluate potential, present and future uses for such property which would provide for the effective reutilization of such property;
- Plan for and use the board's best efforts to consummate the sale or other disposition of such property at such times and upon such terms and conditions deemed appropriate;
- Establish and maintain records and accounts reflecting all transactions, expenditures and revenues relating to the bank's activities, including separate itemizations of all transactions, expenditures and revenues concerns each individual parcel of property acquired; and
- Thirty days prior to the sale of any property owned by the bank, publish a notice in the official county newspaper announcing such sale.



CITY OF TOPEKA

DEPUTY CITY MANAGER'S OFFICE

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TESTIMONY

TO: The Honorable Roger Reitz, Chair
And Members of the Senate Committee on Local Government

FROM: Mr. Randy Speaker
Deputy City Manager
City of Topeka

RE: HB 2155 - An Act concerning land banks; relating to the establishment
of the City of Topeka land bank.

DATE: March 9, 2009

Good Morning Chairman Reitz and Members of the Senate Committee on Local Government. My name is Randy Speaker and I am the Deputy City Manager for the City of Topeka. I am pleased to be here today in support of HB 2155 that would allow the City of Topeka to establish a Land Bank similar to the authority granted to the City of Kansas City, Kansas in 1996 (now the Unified Government of Wyandotte County and Kansas City, Kansas).

Given the current state of the economy, the City of Topeka needs to have all available tools to address the foreclosures and pending restructuring of residential debt. Urbanized areas like ours are often plagued with deteriorating neighborhoods. These neighborhoods battle a constant "Cycle of Speculation/Abandonment/Delinquency". The authority to create a Land Bank will not only help us break that cycle but also reduce the cycle's timeframe from an average of five to seven years to two to three. Furthermore, this tool can be a major conduit for the Neighborhood Stabilization Program plan we have filed with the Kansas Department of Commerce and the Kansas Housing Resources Corporation since the creation of a Land Bank is one of the eligible activities. Finally, any resource or tool that assists a municipality in stabilizing and improving its tax base is a positive step in the right direction.

The primary benefit that the City of Topeka will receive is the forgiveness of outstanding ad valorem taxes of these tax-delinquent, abandoned properties. A City can only receive tax exempt status from the Kansas Court of Tax Appeals for property it will utilize solely for a public purpose. A secondary benefit will be the ability of the Land Bank to have property exempt from ad valorem taxes while it is in the Land Bank. Like the initial forgiveness of property taxes, this too will provide the legal basis for exemption that will help the City of Topeka break the "Cycle of Speculation/Abandonment/Delinquency". Third, with the new legal authority of a Land Bank, we will be able to preserve and rehabilitate structures of properties held by the Land Bank. Currently, the only option is demolition. None of these three legal remedies can be fully realized by the City of Topeka today.

Senate Local Government

3/09/09

Attachment 2

The City of Topeka would utilize the land bank authority to accomplish the following:

- Compile and maintain a written inventory of all such property. The inventory shall be available for public inspection and distribution at all times;
- Study, analyze and evaluate potential, present and future uses for such property which would provide for the effective reutilization of such property;
- Plan for and use the board's best efforts to consummate the sale or other disposition of such property at such times and upon such terms and conditions deemed appropriate;
- Provide opportunity to get abandoned, tax foreclosed property back on the tax rolls, some with improvements;
- Enhance the ability of the City of Topeka to oversee the demolition of blighted structures.
- Establish the ability of the City of Topeka to maintain abandoned properties thus allowing for scheduled mowing based upon need and the removal of nuisances.

Unlike Land Banks of the 1970's and 80's (in other states), condemnation through eminent domain will not be one of the legal authorities that will be utilized. Furthermore, the concept being proposed will entail temporary, not permanent ownership of property by the Land Bank.

We are having discussions with Shawnee County, the Shawnee County District Attorney and other sources of vacant, abandoned, blighted, underperforming and seized properties. We understand that this is a work in progress and are appreciative of our other partners who have joined us in this endeavor. Addressing these challenges in our neighborhoods truly needs to be a team effort.

In 1996, I provided testimony as the Undersecretary of Housing for the Department of Commerce and Housing in support of a land bank proposal made by the City of Kansas City, Kansas. I am pleased to see that the efforts in 1996 have been a positive approach for the Unified Government. Today, I respectfully request that you pass this bill forward so Topeka too can have an additional tool to stabilize its deteriorating neighborhoods.

RS

Attachment

Land Bank Fact Sheet

City of Topeka, Kansas

March 9, 2009

Description:

Land Banks are governmental or nonprofit entities that acquire, temporarily retain ownership, manage and dispose of tax-delinquent or abandoned property. They can also receive property or resources through donations or direct transfers from other governmental agencies. They are granted the authority to facilitate the resale of these properties or execute a redevelopment plan to mitigate the negative impacts that vacant properties have on communities and neighborhoods by achieving long-term planning goals such as fulfilling affordable housing provisions. However, lengthy state or local foreclosure processes and methods to obtain clear titles to these properties can often prolong redevelopment efforts.

Services Not To Be Performed:

- The Land Bank will not utilize condemnation through eminent domain to take property from one private individual and transfer it to another private individual;
- The Land Bank will not be a vehicle for the City of Topeka or Shawnee County to acquire and retain ownership of properties in perpetuity.

Activity:

The City of Topeka proposes to acquire property in three ways:

- 1) Purchase or transfer at the Sheriff's sale for tax delinquent properties;
- 2) Direct purchase from the property owner of a property that is strategically located to assist with a redevelopment plan;
- 3) Donation or transfer from a government agency

The types of properties will be acquired include:

- 1) Small parcels of vacant land that do not comply with local building codes because of their size or configuration. These types of parcels are typically sold or given to adjoining property owners. Sometimes they can be converted to park land.
- 2) Buildable vacant lots that are sold or transferred to builders for affordable housing or neighborhood shopping.
- 3) Vacant, abandoned structures that need to be rehabilitated or demolished. If demolished, the remaining parcels can be utilized as future building sites. Sometimes these parcels are assembled for larger residential or neighborhood shopping developments.

Background:

Kansas authorized Kansas City Kansas, now known as Unified Government, to create a Land Bank. That Land Bank remains in operation today. Topeka is the only governmental entity that has decided to pursue similar authority since 1996.

Need:

Topeka, like many urbanized cities throughout Kansas, is challenged with reversing the detrimental impact caused by vacant and abandoned properties. A common denominator of many of these properties is that they are delinquent on their ad valorem taxes. This soon evolves into a "Cycle of Speculation/Abandonment/Delinquency". With the current state of our economy these trends are expected to increase. The City of Topeka needs the legal authority to address the components of this cycle by having property taxes forgiven and exempted so as to make the properties attractive to new owners once they are transferred out of the Land Bank.

Benefits:

The amount of benefit a Land Bank can provide a community is directly related to the magnitude of authority it is granted. Some of the more evident benefits are as follows:

- This process will allow the Land Bank board to obtain tax exemption status on real property. A City can only receive tax exempt status from the Kansas Court of Tax Appeals for property it will utilize solely for a public purpose. While breaking the "Cycle of Speculation/Abandonment/Delinquency" benefits surrounding property owners it is not a public purpose. The role of the Land Bank will be that of a conduit where tax-delinquent property can be reestablished as productive, tax paying property. This will lessen the tax burden of the tax paying properties.
- Properties will be tax exempt while temporarily held in the Land Bank. Again, there is not legal authority for the City of Topeka to be granted this exemption for property other than for property that will be used solely for a public purpose.
- The potential to rehabilitate properties while in the Land bank will be available. Currently, demolition is the only legal remedy.
- Protects the public from harm by expediting the demolition of structures used for illegal purposes or unsafe structures.
- Provides for real property transfers with clouded (defective) title to be deeded to the Land Bank with clear fee simple title.
- Provides the opportunity for Land Bank to be the conduit for real estate development by Community Housing Development Organizations (CHDO) and other non-profit housing providers.
- Provides City and County a vehicle for a formalized process for the disposal of real property inventory.

- A better process to manage abandoned, tax foreclosed property by finding a private use or find a temporary use for a public purpose.
- Provides the vehicle to get abandoned, tax foreclosed property back on the tax rolls, some with improvements.
- Authorizes the Land Bank to study, analyze and evaluate potential, present and future uses for such property which would provide for the effective reutilization of such property, all while encouraging neighborhood participation.
- provides for the orderly , planned and continual care and upkeep f properties that otherwise would be a nuisance to the community.

Partners:

Discussions are in progress with Shawnee County and the Shawnee County District Attorney. Other partners could include federal and state agencies who take possession of real property through due process, or direct acquisition.

Costs:

The City of Topeka will cover initial program costs through its funds received from the Neighborhood Stabilization Program being administered through the Kansas Department of Commerce or its existing resources. As proceeds from property sales are generated, they will be used to cover on-going administrative and program costs. When available, third party resources will be identified and utilized as incentives to maximize sale proceeds. An example would be to combine some first time homeowner down payment assistance with a buildable residential lot. The lot would then be sold to the highest bidder who would in turn construct the home for the homeowner.

Safeguards:

One reason for requesting state authority is to have an established system of safeguards in place. For example, the City of Topeka has current staff that is well versed in the fields of structural integrity, asbestos, lead-based paint and demolitions will be properly administered.