

Planning and Development Committee

JOINT FAVORABLE REPORT

Bill No.: HB-7277

Title: AN ACT CONCERNING THE CREATION OF LAND BANK AUTHORITIES.

Vote Date: 3/25/2019

Vote Action: Joint Favorable

PH Date: 3/18/2019

File No.:

***Disclaimer:** The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

SPONSORS OF BILL:

Committee on Planning and Development

REASONS FOR BILL:

House Bill 7277 seeks to address the creation of land bank authorities. Presently, blighted or abandoned property among towns reduces collected property tax as well as diminishes nearby property values. Although a foreclosure may occur and the property may have a new owner, the property still remains blighted. The creation of a land bank will allow for the restoration of such properties, if no private owner buys the property and commits to the restoration process. A land bank uses community funds to restore the property, and if the property is sold, the funds will typically be recycled into the bank to be used for future restorations. Hartford has already been permitted to establish a land bank for city use, which has allowed the city to begin the process of restoring its blighted properties.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Shawn T. Wooden, Treasurer, State of Connecticut:](#)

Treasurer Wooden has no concern over this bill, but wishes to address a concern regarding tax exemption language of this bill. He states that Federal law provides that states cannot tax federal securities, but does allow there to be a "broad based" asset based tax, such as a franchise or corporate business tax, on federal securities so long as it is applied to both federal and state securities. The current language exempts state securities from all state taxes, which results in the state's inability to apply broad based taxes to federal securities. He suggests one of the following two ways:

1. Substitute language could delete all of subsection (i)(4) at lines 219 to 221. Because interest on bonds of state issuers is already exempt from the state income tax, the language currently included in those lines is not necessary; or

2. Substitute language could be added at the end of subsection (i)(4) that reads, “except for estate or succession taxes, but the interest on such bonds and notes shall be included in the computation of any excise or franchise tax.”

NATURE AND SOURCES OF SUPPORT:

[Luke A. Bronin, Mayor, City of Hartford:](#)

Mayor Bronin testifies on behalf of the city of Hartford in support of HB 7277. He writes that blighted and abandoned property impose monetary burdens, in the form of taxes, on the residents and municipalities. Tools provided from legislation such as HB 7277 will greatly benefit the community. Currently, towns rely on tax and blight liens to motivate property owners to restore their blighted property, but many are unresponsive to requests. The city can file blight liens but enforcement and foreclosure is a lengthy process, all the while, properties continue to deteriorate. Even the blighted properties that acquire new owners remain blighted, and are why a land bank will be largely beneficial. Conservatorship will allow a community to take control of a property and make repairs without having to wait for the long lien foreclosure process. So long as a land bank remains adequately funded, it is an effective tool for communities to utilize for reasons such as the clearing of back taxes and removing unsafe buildings which such property could be used for beneficial reasons. The already existing land bank in Hartford will be helped by this bill by reducing costs of acquiring and retaining properties and giving it more flexible disposition strategies. The city urges adoption.

[Neil M. O’Leary, Mayor, City of Waterbury:](#)

Mayor O’Leary testifies on behalf of the city of Waterbury in support of HB 7277. He writes detailing how the city has made progress in recent years to decrease blight and established a task force in 2012 in which its purpose was to coordinate property remediation and redevelopment. Penalties such as automatic court summons for blight code violators have been imposed. The city has been proactive in reducing blight but problems still persist. The city is confident land bank establishment will reduce the issues affecting our communities. The city being known as “The Brass City” was a powerhouse for industry and saw the migration of thousands of people from different parts of the globe settle to find work among the many opportunities, but since the decline of domestic industry, abandonment of property has been pervasive. Followed by the recent recession, property foreclosure has been an epidemic. As of recent, Waterbury has experienced all of the following as a result of abandonment: (1) decreases in property value, (2) lower tax collection rates, (3) declining grand list value of taxable properties, (4) increased cost associated w/ public safety, (5) increased cost associated w/ code enforcement and public works, (6) increased cost associated w/ legal action. The city cannot rely on market expansion to remedy the issue of blight and abandonment and seeks legislative relief. Land banks will greatly help the city with long term rehabilitation.

[Hartford Foundation for Public Giving:](#)

Hartford Foundation for Public Giving has provided for economic development, community safety, and education through the distribution of over \$1 billion. One facet of their dedication comes in the form of combating blight. The city is estimated to have over 400 blighted and/or abandoned properties, and properties resigned to this condition can destabilize both residential neighborhoods and commercial districts. The Foundation greatly supports this bill because of its method of helping communities diminish blight by utilizing land banks. Hartford was granted permission to establish the state’s first land bank in 2017, with a focus on

restoring vacant and abandoned property. The bank also endeavors to assist vulnerable property owners such as the elderly, by providing resources to maintain their property. The Foundation notes that the money in the land bank will be taxed until the bill passes and urges adoption. The Hartford land bank will serve as a critical partner to the Hartford Foundation and will endeavor to revitalize the community. The State has already authorized \$5 million in funds for the Hartford Land Bank, dedicated primarily to support the acquisition, disposition, and redevelopment of housing. This legislation will ensure that Hartford and other interested municipalities can maximize the power of public-private partnerships to change the face of our cities and towns in need.

[Connecticut Chapter of the American Planning Association:](#)

The CCAPA writes in support of HB 7277. They support this legislative effort that endeavors to aid in the redevelopment of communities through the creation of land banks. CCAPA supported the creation of the 2017 Brownfield land bank and encouraged the General Assembly to pass legislation authorizing their state-wide establishment. They feel the passage of this bill will aid in the physical and financial development of municipalities.

[Kiley Gosselin, Executive Director, Partnership for Strong Communities:](#)

Kiley Gosselin writes on behalf of the PSC in support of HB 7277. She writes that land banks are vital to community redevelopment, even in the most affluent parts of the state. Considering that state funds are insufficient enough to address these issues, land banks can be a great tool to fix abandonment and blight issues. Land banks can lay groundwork for an efficient combination of private funding with other affordable housing and community development funding streams. The National Low Income Housing Coalition indicates that CT has a long way to go in filling the housing gap for low and moderate income households. Tools such as land banks can greatly reduce very relevant development issues.

[Betsy Gara, Executive Director, CT Council of Small Towns:](#)

Betsy Gara writes on behalf of COST in support of BH 7277. She writes that land banks have been instrumental in other states to rehabilitate community development because of blighted and abandoned property. Creating a mechanism to leverage limited state funds, it provides a tool to enhance community development. With the recent adoption of legislation that establishes land banks concerning the brownfield issues, other communities are probing this option as a path for remedy, which private companies are reluctant to champion. She notes that it is important that this bill does not grant land bank authorities the ability of eminent domain.

[Donna Hamzy Carroccia, Advocacy Management, CT Conference of Municipalities:](#)

Donna Hamzy Carroccia writes on behalf of CCM in support of HB 7277. She writes that over 170 land banks are actively utilized across the country, especially in Ohio, New York, and Michigan. There exists a crisis in many cities and their metro areas caused by disinvestment in real property and resulting in a significant amount of vacant and abandoned property. In light of this, there is a growing need for remedy. Land banks are something that can greatly improve these disparities. Land banks can claim property at low or no cost and can retain it free of taxation. They are funded through a variety of ways including sales of properties and government grants. Their establishment is necessary for the development of our communities. Currently, blight tax liens are an option for towns but are often a lengthy process. CCM wholly supports this bill as it is vital to economic and community growth.

[Jim Horan, Executive Director, Hartford and CT offices of Local Initiatives Support Corp.:](#)

Jim Horan writes on behalf of LISC in support of HB 7277. He writes that blight affects many of our towns and cities. This legislation is modeled after other state's establishment of them where over 170 are in use. Land banks can aid in the redevelopment of communities by acquiring abandoned and/or blighted property. A colleague of Jim's spoke recently at the CGA detailing the successful projects land banks in Newburgh, NY where the rehabilitation is attracting homeowners and new residents. This bill includes a funding mechanism which allows, but doesn't require, municipalities to impose fees for nonpayment of property taxes to support land bank operations. Municipalities cannot assess fees for at least 12 months after the property becomes tax delinquent, and cannot assess fees for more than 40% of taxes owed. Bills such as these will greatly aid the redevelopment our towns.

[Jim Perras, CEO, Homebuilder & Remodelers Association of CT, Inc.:](#)

Jim Perras writes on behalf of HBRA-CT in support of HB 7277. He says that enacting this bill will permit the establishment of land banks for municipal use. Land banks are a known method redeveloping communities by restoring vacant, abandoned, or blighted property. He appreciates the provision that denies the authority of eminent domain. We would also caution that in so much that is bill could be used to acquire raw undeveloped land that the bill and legislative intent be made clear that property should not be purchased or held with the intent or the effect of obstructing affordable housing development in contradiction of the Affordable Fair Housing Act.

[Thomas Swarr:](#)

Thomas Swarr, a resident of Hartford, writes in support of HB 7277. He writes stating the condition of his community of which his street is affected by two vacant properties. They have both had fires and one sat for over a year with an open hole in the roof, even though city ordinance requires that a home be secured after a fire. Thomas has experienced rats in his home because of the adjacent vacant home. Additionally, inspection officials have had their hands tied because of legal requirements that put protection of personal property rights above the protection of public health. These properties also offer an invitation for anti-social behavior, such as illicit dumping, which devalues property and disincentives other prospective homeowners or investors. Land banks are necessary for redevelopment in areas such as his. It is important to acknowledge the difference between those who want to care for their properties but may lack necessary resources from those who know how to game the system. During the protracted legal game, the buildings further degrade, making it ever more difficult to justify the expense of a rehab. Cities need better tools to preserve the value of these properties during the legal challenges, and the conservation of abandoned and blighted properties is much needed. Thomas urges adoption.

[Donna Swarr:](#)

Donna Swarr, a resident of Hartford, supports HB 7277. She writes stating that her street is affected by several blighted properties. Her neighbors have had recent issues in selling their homes because of the blighted homes. These properties have attracted those seeking to conduct drug transactions or prostitution. Animal access and garbage dumping has occurred as well. Previously, Hartford has attempted to remedy these issues but no significant process has been made. Legislation that can effectively support blight issues is vital.

NATURE AND SOURCES OF OPPOSITION:

None expressed

Reported by: Robert Norris

Date: April 5, 2019