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February 17, 2023

Hon. Liz Krueger
Chair
New York State Senate Finance Committee
416 Capitol
Albany, NY 12247

Hon. Helene E. Weinstein
Chair
New York State Assembly Ways and Means Committee
LOB 923
Albany, NY 12248

Sent electronically via financechair@nysenate.gov and wamchair@nyassembly.gov

RE: Written testimony for the 2022 joint legislative budget hearing on housing

Dear Chairperson Krueger and Chairperson Weinstein,

On behalf of the New York Land Bank Association, I respectfully submit the enclosed written testimony regarding the FY 2023 New York State budget.

New York's land bank program was established in response to the 2008 Foreclosure Crisis and has grown exponentially since its inception in 2012. From Buffalo to Long Island, New York's 26 land banks serve an area that includes 70% of the state's population outside of New York City and consists of hundreds of towns and rural villages, and nearly all of New York's urban centers. Empire State Development recently approved the creation of New York's 27th land bank in Franklin County and the number of land banks in New York is expected to increase as more communities turn to these proven and effective organizations to help combat both the vacant property and affordable housing crises.

New York's land banks utilize grant funding to support property demolitions, acquisitions, stabilizations, lot improvements, and rehabilitation projects and work in partnership with state and local government, non-profits, residents, community groups, and responsible developers and investors to return properties to productive use and support community development.

As communities throughout New York continued to grapple with challenges that include population loss, the housing crisis, continued impacts of the pandemic, inflation, racial and economic disparities, and substantial concentrations of vacant properties, New York's land banks have emerged as an invaluable resource that can operate at the intersection of solutions that help address these challenges.

Land banks are New York's most effective tool for reclaiming vacant properties and revitalizing neighborhoods and are uniquely situated to help New York's urban areas combat the damaged caused by decades of discriminatory and systemic disinvestment in urban neighborhoods that has resulted in the

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tremendous racial and economic disparities that plague our cities today. In New York's rural areas, land banks help low- to moderate-income families achieve the dream of homeownership, build wealth, and revitalize small-town main streets facing vacancies and disinvestment. Many rural towns and villages suffer from poverty and income inequality and lack the resources to address problem properties. New York's rural land banks have proven they can build the capacity of small municipalities to help combat vacant properties and have become a vital resource.

New York's network of land banks has the state-wide presence and on-the-ground infrastructure to help the state achieve its ambitious but necessary goal of building 800,000 new homes over the next decade to meet the historic shortage and address New York's housing crisis. In many communities, land banks can help local governments meet their housing goals through reclaiming vacant and abandoned properties, providing the dual benefit of reducing the harm caused by vacant properties will creating more affordable housing and revitalizing neighborhoods.

Fortunately, land banks in New York have proven to be one of the most effective tools to halt and reverse vacancy and disinvestment, stabilize, and strengthen neighborhoods, advance local priorities, support economic recovery, and transform vacant properties into opportunities for affordable housing. **Over the past 10 years New York's land banks have generated over \$480 million in new investment in historically underserved urban neighborhoods, village centers, rural main streets, and formerly contaminated industrial sites across the state.** Our land banks have transformed hundreds of vacant properties into new affordable homeownership opportunities, created programs to address racial housing disparities and helped foster responsible redevelopment throughout upstate cities and rural communities alike.

Land banks are one of the most powerful community development tools in New York State and assist our communities by transforming vacant properties in a variety of ways, including building stronger, safer neighborhoods; expanding the production of affordable housing; remediating and activating contaminated sites; advancing racial equity, and supporting workforce development goals.

As you will see in the enclosed materials, New York has become a national leader in this movement, building one of the most effective networks of land banks in the United States. The progress our land banks have achieved over the past decade is remarkable:

- ✓ **Acquiring over 5,000 problem properties**
- ✓ **Demolishing 1,567 vacant structures**
- ✓ **Returning 3,231 properties to productive use**
- ✓ **Generating more than \$300 million in private investment**
- ✓ **Returning \$135 million in assessed value to local tax rolls**

To build upon the tremendous success that New York's land banks have achieved over the past decade and equip our communities with the tools they need to combat New York's vacant property and affordable housing crises, the New York Land Bank Association requested a budget allocation of \$100 million. The FY 2022 budget appropriated \$50 million for the services and expense of land banks. New York State Homes and Community Renewal (NYSHCR) is administering the funds under their newly created *Land Bank Initiative* program, which is part of NYSHCR's affordable housing strategy. Grant funds are already being deployed to land banks across the state to ensure our communities remain equipped with the tools they need to combat New York's vacant property and affordable housing crises.

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However, while the FY 2022 budget appropriation represents a meaningful investment in reclaiming vacant properties and supporting the creation of more affordable housing, the need for additional investment remains vital. Statewide pandemic-related moratoriums have expired and local governments throughout New York are working to catch up to the backlog of tax-foreclosures as communities brace for waves of vacant properties in the aftermath of COVID-19. Governor Hochul has rightfully made increasing New York's supply of affordable housing a key priority in the proposed 2023 New York State Budget.

New York's network of land banks has the state-wide presence and on-the-ground infrastructure to help the state achieve its ambitious but necessary goal of building 800,000 new homes over the next decade to meet the historic shortage and address New York's housing crisis. In many communities, land banks can help local governments meet their housing goals through reclaiming vacant and abandoned properties, providing the dual benefit of reducing the harm caused by vacant properties will creating more affordable housing and revitalizing neighborhoods.

To support the important work of our land banks the New York Land Bank Association respectfully requests an additional \$50 million of funding be allocated to NYSHCR's *Land Bank Initiative* so we can collectively continue to realize the tremendous and transformative return on the investment that New York's land banks have, and continue to, provide our state and local governments.

We appreciate your time and consideration and look forward to discussing how we can work together to transform vacant and abandoned problem properties from harmful liabilities into opportunities to build more affordable housing and create more equitable, inclusive, healthy, and resilient communities.

Sincerely,



Adam Zaranko
President
New York Land Bank Association

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