LAND BANK: Municipalities see risk, reward in forming nonprofit

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By Samantha Madison

Slowly, over the past few months, area municipalities have been signing up to be a part of the Greater Mohawk Valley Land Bank.

Last week, Rome joined the City of Utica along with Herkimer, Montgomery, Otsego and Schoharie counties in officially joining the nonprofit, which will hold property for future development. The paperwork for the local organization has now been submitted to the state and the land bank will likely soon be officially formed, said Tolga Morawski, chairman of the Mohawk Valley Economic Development District/Keep Mohawk Valley Beautiful Land Bank Committee.

Gov. Andrew Cuomo set aside funds to start land banks in 2011 as a way to deal with properties that come up for tax auction repeatedly or are so dilapidated that counties can't get any return on them. The primary focus is
the acquisition of real property that is tax delinquent, tax foreclosed, vacant and/or abandoned.

An involved municipality would have to give a property to the land bank, free of back taxes or liens. The land bank would then renovate, stabilize and deconstruct it to take materials that could be used for other projects and demolish the rest, or simply demolish the building.

Because the land bank is new, there is a risk involved, but Rome Mayor Jacqueline Izzo said her city was willing to take that risk because the program is expected to help it in the long run.

“There’s a little bit of a risk, in that because this is new and we have never done a land bank before in this area, some of the language in the agreement was kind of open-ended,” Izzo said. “We're going to accept the risk because there is such a great amount of money that will be out there in this round of landbank funding. We’re also not sure if this will go beyond this round, either, this may be all the state puts in.”

In Rome, the land bank is simply another tool for the city to use to help boost its community, said Chief Code Enforcement Officer Mark Domenico.

For more rural communities, this may be the primary tool for managing vacant and abandoned homes, though.

“In the City of Rome, we have what’s called the Real Property Committee, which does a fantastic job of kind of managing the vacant and the tax-foreclosed inventory,” he said. “But there are some features of the land bank and its access to public money for the purposes of dealing with some of the inventory we get back that has a very small market, if any market at all. ... The land bank now becomes another tool in our toolbox to take a look at.”

Land banks have taken shape as part of an effort to help return properties to a city or county’s tax roll, said Morawski.
“It’s a good opportunity to fight some of these issues that we face in the region, like blight and also foreclosures from banks that haven’t worked through the process yet,” he said. “When markets aren’t working properly, (land banks) can help even things out, when they’re not properly disposing of or getting buildings back onto the market.”

Ideally, Morawski said he wants to see the land bank tackle a neighborhood and get a couple of run-down properties back up to code and on the tax roll so people can really see a difference. It only takes a couple of run-down houses on one street to really bring down the whole thing, he said.

Once one house is fixed and sold, the profits then go back to the land bank to make it possible to do more work for other similar properties.

“I think a lot of municipalities are looking at this as one tool to fight the epidemic of blight,” he said. “Really, I think where there can be an impact, and what we’re looking at, is getting some density. We’re trying to do some projects in a neighborhood, in different areas, that are concentrated so you can really see the dial move. The land bank will enable itself, if it does well, to do more work.”

The Herkimer County Legislature voted to join the land bank early in October.

“There’s a tremendous need in this area,” said Herkimer County Administrator James Wallace. “We need to start somewhere. We can’t just let six to eight properties go dormant every year.”

Utica signed on for the land bank in September, but the city’s representative Joe Marino was unavailable for comment on Monday.

The hope is to get Fulton and Oneida counties to join in the future, Morawski said.

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