



# LR 1528 – An Act to Support Community Redevelopment in Maine

Sponsored by Representative Melanie Sachs, Freeport

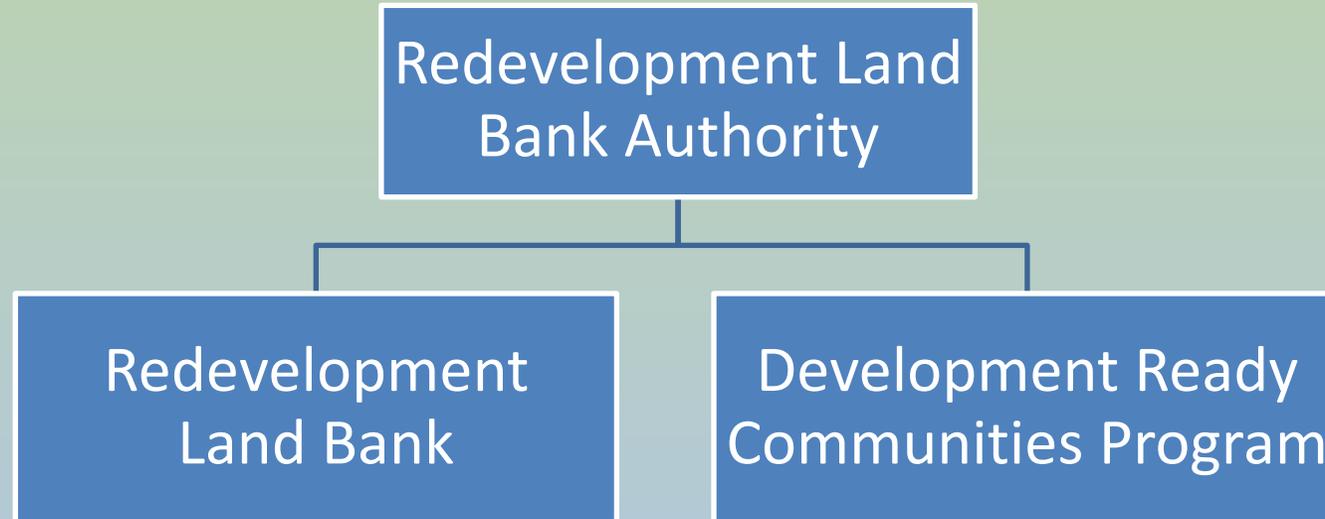
Working Group Included: AVCOG, Build Maine, City of Caribou, City of Sanford, KVCOG, NMDC, Town of Rumford. Input provided by MDEP.



# Two problems, addressed by the Redevelopment Authority

1. Maine has a large number of blighted and vacant buildings which causes problems in our communities. Most localities don't have the tools or funding to address this problem. Other states are using **Land Banks**, a powerful redevelopment tool effective at putting them back into productive use. There is federal funding to do this work; *Maine is missing out.*
2. Maine suffers from **disinvestment in our community centers** and downtowns. Limited State redevelopment funds from DECD, DOT and other sources are often uncoordinated creating limited impact. Funding is scarce so communities have few tools to help incentivize development in areas that are resilient, have existing infrastructure, and provide community benefits.

# Redevelopment Authority



Enables a State land bank which can then make agreements to enable regional and local land banks. These land banks then work to move property that is “stuck” into productive reuse.

Incentivizes communities to identify priority areas for redevelopment. Projects in the priority area are eligible for existing and new State funding. The program requires cooperation among state funding agencies.

# Presentation Topics

1. Introduction to land banks
2. Land banks and Maine
3. Introduction to the Development Ready Communities program
4. Funding sources

PART 1:  
Maine  
Redevelopment  
Land Bank

# Land Banks

Land Banks are governmental entities that specialize in the conversion of *vacant, abandoned, and foreclosed* properties back into productive reuse.

Typical Process:

1. Acquisition of title to such properties;
2. Elimination of liabilities;
3. Transfer of properties to new owners in a manner most supportive of *local needs and priorities*

# Why property doesn't get redeveloped

1. Title isn't clear or marketable (unclear ownership or multiple mortgages);
2. Costly contamination of site or buildings;
3. Existing buildings are obsolete or can't be repurposed
4. Property costs more to redevelop than it is worth on the open market (environmental/site cleanup, building hazards, demolition costs, liens, back taxes);
5. Other property is cheaper and easier to develop;
6. Often it is a combination of reasons.

# States with land banking legislation



1988- Kentucky

2003- Michigan

2007- Texas

2009- Kansas

2010- Ohio

2011- New York

2012- Georgia, Missouri,  
Pennsylvania, Tennessee

2013- Alabama, Nebraska

2014- West Virginia

2015- Delaware

2016- Connecticut

2017- Indiana, Maryland

2019- New Jersey

# Why Maine Needs Land Banking Legislation

- Maine's statute currently allows municipal authority for handling dangerous buildings. A few municipalities are using this authority and land banking practices to move property into redevelopment. However, **without the tools in this legislation, the current process is slow, inefficient, and encumbered.**
- Some projects are too large or complicated for local governments, but could be handled by a regional or state land bank.
- A state land bank can work to handle redevelopment of state properties more efficiently than individual state agencies.
- Federal funding becomes available if we have a Land Bank Authority.

# The Dangerous Building Law: Sanford and Rumford

## City of SANFORD

- City Council established a Housing Authority as a Land Bank.
- Used \$250,000 in TIF and \$250,000 in Affordable Housing TIF to develop a revolving fund.
- Uses an abandoned building licensing fee to help cover staff time and operations.

## Town of RUMFORD

- Code Enforcement and Economic Development staff use land banking principles.
- Town Selectmen allocate \$75,000+/- per year towards costs of demolitions from general budget.

# Identify Public Nuisances



# Dangerous Building Hearing

This is a hearing to determine whether:

**[ INSERT DANGEROUS BUILDING HERE ]**

is a dangerous building or a nuisance within the meaning of 17 M.R.S.A § 2851-2859, and to determine what, if any, remedy is appropriate.



*Pursuant to 17 M.R.S.A § 2851(2-A): “To adjudge a building to be a nuisance or dangerous, the municipal officers must find that the building is structurally unsafe, unstable or unsanitary; constitutes a fire hazard; is unsuitable or improper for the use or occupancy to which it is put; constitutes a hazard to health or safety because of inadequate maintenance, dilapidation, obsolescence or abandonment; or is otherwise dangerous to life or property.”*

# Remedy the Problem

- Abate the nuisance/remedy (secure, abate, demolish, remove, dispose)
- Assign a special tax,
- Property tax lien... property tax foreclosure
- Sell

*Repeat the process for each nuisance property*



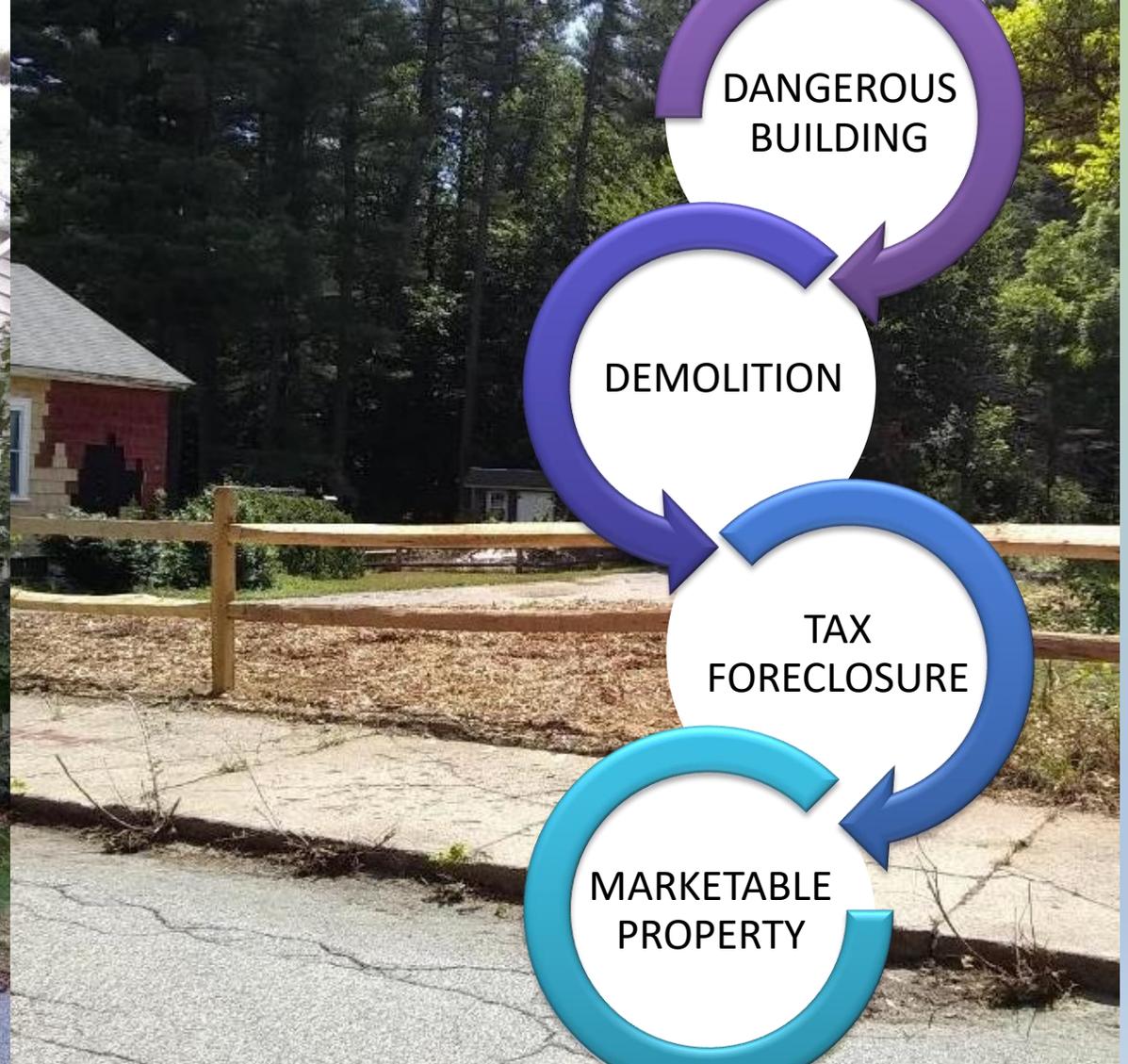


# Land Bank 2020 Report

LAND BANK	2018	2019	2020 MAY YTD	TOTAL
Council order to abate	21	30	4	55
Demolitions				
<i>City</i>	8	7	2	17
<i>Owner</i>	2	2	1	5
Secured	3	3	1	7
Rehabilitation plan	2	5	3	10

# Unravel the Broken Cycle

- Average cost of demolition \$23,000
  - Demolition, removal, asbestos abatement
- Preserved utility hook-ups on lots
- 3.5 years to unravel the cycle



DANGEROUS BUILDING

DEMOLITION

TAX FORECLOSURE

MARKETABLE PROPERTY

# Community Benefits - Sanford



Vacant Good-Quality Home: Default on Federal mortgage entangled this home. It is now occupied housing.  
– City of Sanford Land Bank



Vacant Crumbling Home: Owner was able to receive some compensation for unsaleable home, Habitat for Humanity built a new home on the lot  
– City of Sanford Land Bank



# Community Benefits - Sanford



This dry cleaners was remediated and demolished and is ready for redevelopment.



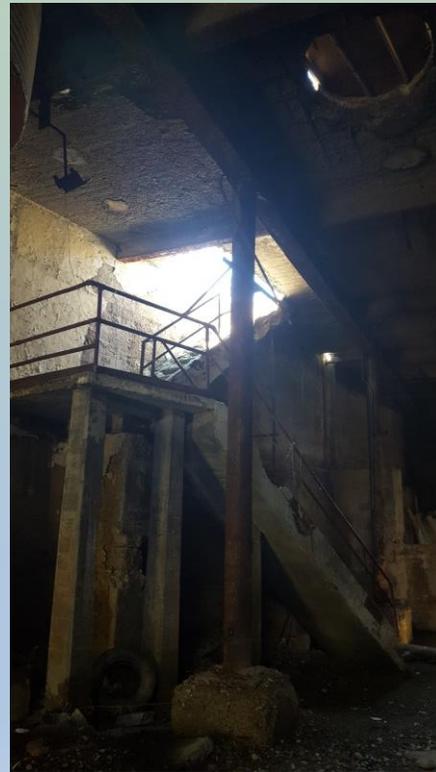
This Mill Building had asbestos remediation by done by the City in fall 2020. Shortly thereafter it collapsed, a historic loss to the community but because of the remediation the cost of disposal to the City was much lower.

# Community Need - Caribou

Examples of blighted and dangerous buildings that could be addressed more efficiently and affordably by the City with the assistance of a Land Bank



Blighted and Dangerous  
Industrial Building: Colby  
Starch Plant



Blighted and  
Dangerous  
Family Farm  
Potato Storage  
and Barn at 96  
Main St.



# Community Need -



Abandoned Mobile Home Park,  
Absentee Owner, Caribou, ME



School, St. Francis, ME



School, St. Francis, ME

This vacant school is contaminated with asbestos and owned by the Town of St. Francis. The town had a developer interested in redeveloping an assisted living facility, but clean-up costs were prohibitive, and the town was unsuccessful getting USDA, brownfields and CDBG funding to assist.

# Local Community Control

- The legislation maintains the sovereignty of localities.
- Setting up a local land bank is voluntary.
- Participation with the State or a regional land bank is initiated by the community and is voluntary.
- Communities stay engaged in the land bank process for a given property and have a hand in the future development plan.
- Delinquent taxes may be forfeited, but in return the community will benefit from the land being used productively, either creating a community need or increased future tax revenue (or both!)

# This legislation provides for robust land banks in Maine

1. Establishes a Maine Redevelopment Land Bank Authority.
2. Makes Maine eligible for federal funding for its Land Bank.
3. Allows municipalities and regional planning organizations to form land banks, through agreement with state (right now they can't) .
4. Provides for expedited title clearance for all land banks.
5. Provides for a State Land Bank that can help state agencies redevelop unwanted properties that are no longer in use.

PART 2:  
Development Ready  
Communities Program

# Development Ready Communities Program

- **Development Ready Communities**, is a separate program that prioritizes funding for local projects with a strong financial return and that meet shared state and local economic, housing, environmental, resiliency, transportation, and quality of life goals.
- It requires the coordination of state agencies and state funding.
- It incentivizes communities to identify their own priority investment areas for focused investment and development.
- It provides for greater resources and more equitable distribution of funds across the state.

# Why is there disinvestment in community centers?

- The current land use system favors development on undeveloped land (farms and forests) over land on existing infrastructure and located within existing villages, towns.
- The current land use system does not disincentivize developing in vulnerable areas.
- The development ready communities program is designed to reduce the financial hurdles to redevelopment in our community centers, at all scales, from crossroads to town centers, and in areas of greater resilience so we can maximize our investments for the long-term.

# Program Intent

The program will:

- Align and coordinate state agency funding, policies, and procedures around locally-identified projects,
- Provide a path for municipalities and unorganized territories to prioritize investments and for the State to direct funding and resources into the hands of communities,
- Provide an equal playing field for all municipalities and territories to access the program, regardless of size and level of local capacity.
- Provide for technical assistance for Regional Planning Organizations to assist communities in this work.

# Where to Re-invest?



Communities would engage in identifying priority locations and projects considering:

- What will support local quality of life
- Resiliency (financially & environmentally)
- Existing infrastructure
- What will spur additional investment in the community

# DRC Legislative Process

- This legislation forms a committee from the planning and development community.
- The committee is tasked with developing the DRC program, including the process by which a community would apply and be awarded funds.
- It is anticipated that the program details would then be enacted as a second piece of legislation.
- In addition to project funding, it is intended that technical assistance would be available for Regional Planning Organizations to assist communities in the process.

PART 3:  
Funding  
and  
Summary

# Federal Funding for Land Banks

1. The Restoring Communities Left Behind Act –\$5 billion dollars, being introduced into to the House, an eligible activity is : ***“establishment and operational support for land banks.”***

<https://kaptur.house.gov/sites/kaptur.house.gov/files/documents/Communities%20Left%20Behind%20Act.pdf>

2. H.R. 7103 (116<sup>th</sup>) National Land Bank Network Act of 2020 – \$60 million dollars, is being reintroduced after the stimulus and is likely to be approved. ***It provides technical assistance to land banks, and will have a grant program to support existing land banks***

<https://www.govtrack.us/congress/bills/116/hr7103/text>

# Redevelopment Authority Funding

1. This legislation establishes a **Redevelopment Fund**, by instituting a \$3/ton surcharge collected on Construction and Demolition Debris disposal. This acts as a user fee putting money from existing development back into funding future development;
2. Proceeds from sales of land bank properties;
3. Federal funding for land banks (examples on prior slide);
4. Funding from CDBG and EPA brownfields;
5. There are several tools other states are using including TIF and fees on delinquent taxpayers, which are not proposed in this legislation but can be used by individual municipalities.

# Summary of Legislation, 1

1. Establishes a Maine Redevelopment Land Bank Authority.
2. Makes Maine eligible for federal funding for its Land Bank.
3. Allows municipalities and regional planning organizations to form land banks through agreements with the state.
4. Provides for expedited title clearance for all land banks.
5. Provides for a State Land Bank that can help state agencies redevelop unwanted properties that are no longer in use.

# Summary of Legislation, 2

1. Establishes a committee to develop the “Development Ready Communities Program.”
2. Provides for greater cooperation and collaboration among state agencies when providing funding for local projects.
3. Creates an incentive for communities to identify the priority areas for development based on sound investment practices.
4. Provides funding for technical assistance that helps communities attract investment to priority areas.
5. Provides funding for projects identified by communities within priority development areas.

# **LR 1528 –** **An Act to Support Community Redevelopment in Maine**

- Currently at the Revisor's Office.
- Sponsored by Representative Melanie Sachs, Freeport
- Anticipated Committee: State and Local Government