

Land Banking vs. Land Trusting

A Comparison of Complementary Strategies

	Land Banking	Land Trusting
Program focus	Short-term ownership of vacant and blighted lands, remediation of contaminants, derelict structures, & title defects, and conveyance to private owners for reuse and redevelopment.	Long-term stewardship of lands and buildings after remediation and redevelopment, preserving affordability, preventing deferred maintenance, and protecting against foreclosure.
Corporate status	Public agency or quasi-public municipal corporation. The acquisition, remediation, and disposition of lands may be done as an internal program of a city department or redevelopment agency or these tasks may assigned to a newly chartered special purpose “city land bank authority.”	Private, not-for-profit corporation. The stewardship of lands and buildings on behalf of a place-based community may be done as an internal program of an existing community development corporation (CDC) or it may be assigned to a newly incorporated “community land trust” (CLT).
Composition and selection of board	Board composed entirely of political appointees. A few seats may be reserved for community representatives, but the entire board is appointed by the mayor, city council, or and county commission.	The “classic” CLT has a tripartite board made up of leaseholders, community representatives, and public representatives, with a majority of seats elected by neighborhood residents. CDCs that operate land trust programs usually strive for similar community representation and accountability.
Land acquisition	Purchase on open market; receipt of “surplus” public property; and receipt of tax-foreclosed property.	Purchase on open market; private land donations; bargain sales; receipt of “surplus” public property from a city agency or land bank authority.
Exemption from property taxes?	Yes (during period when properties are held by the land bank)	No (but taxes may reflect restrictions on land and buildings)
Duration of land ownership	Title to lands (and any buildings) is typically held for a short period of time: three - five years.	Land is held in trust “forever.” Buildings are sold to private owners with permanent restrictions on use and resale.
Disposition of properties	Lands and buildings are both sold to private owners, often for the highest price the market will bear, after the land bank has cleared title and completed site remediation.	Buildings are sold to private owners at an affordable price. Title to the underlying land is retained by the CLT. The land is leased to owners of the buildings, using a ground lease that is long-term, inheritable, and mortgage-able.
Recycling of public investment	Subsidy recapture. Subsidies invested in acquiring and remediating lands are claimed by the land bank on the sale of the property.	Subsidy retention. Subsidies invested in acquiring and developing lands are locked into the property, lowering the price for future homebuyers (or other occupants).
Long-term affordability of land & buildings?	No. Land banks typically impose no lasting affordability restrictions on lands and buildings that are removed from the land bank’s inventory and sold on the open market.	Yes. The CLT retains an option to repurchase homes (and other buildings) whenever their owners decide to sell, paying a formula-determined price that keeps homes affordable.
Long-term responsibility for homes & homeowners?	No. A public land bank typically imposes no conditions on the upkeep of buildings sold out of the land bank’s inventory. Nor does it intervene, should the owners of these buildings later face foreclosure.	Yes. The CLT has a right (via the ground lease) to require leaseholders to keep their buildings in good repair. The CLT also has a durable right to intervene in cases of a mortgage default to prevent foreclosure.

