

LAND BANKS IN KANSAS--GENERAL

History\Context:

- In the late 1990s, the City of Junction City was preparing for an influx of soldiers due to the proposed Big Red 1 build-up at Fort Riley.
- Developers flocked to Junction City to develop new homes and subdivisions. The City of Junction City financed and constructed public infrastructure to serve the new subdivisions. The troop expansion never materialized and many of the developments failed, and developers went bankrupt, leaving the City with hundreds of vacant lots and associated infrastructure debt, with tax and special assessment delinquencies.
- With the Great Recession, and associated housing market collapse in 2008, other cities in Kansas began having similar problems with underperforming housing developments and tax delinquencies.
- While land banks were authorized by statute for Wyandotte County beginning in 1996, the legislature enacted new land bank legislation in 2009 to authorize city land banks, at least in part to respond to problems created by failed developments, as referenced above.

Statutory Provisions

Establishment:

- K.S.A. 12-5901 *et seq.* was enacted in 2009, and provides that the governing body of any city in Kansas (the “governing body”) may establish a city land bank (the “bank”) by passage of an ordinance. The bank may also be dissolved by ordinance.

Governance:

- A bank is governed by a board of trustees (the “board”), which is appointed by the governing body. Governing body members may serve on the board. Board vacancies must be filled by appointment by the governing body, for the unexpired term.
- The board shall annually select from its membership a chairperson, vice-chairperson, and treasurer. The treasurer shall be bonded in such amount as required by the governing body.
- Trustees cannot receive compensation, but the bank is to pay for expenses incurred by the trustees in attending meetings and carrying out duties.

- The board may appoint such officers, agents and employees as it may require for the performance of its duties, and shall determine the qualifications and duties and fix the compensation of such officers, agents and employees.
- The bank is subject to the provisions of the cash-basis law, all moneys of the bank must be invested as public moneys, and the board, like other local government entities, must deposit bank moneys in designated depositories.
- The bank must prepare an annual budget.
- The bank is subject to open records and open meetings laws and must meet within the creating city.
- The bank is subject to conflict of interest and ethics laws.
- The board and its trustees are subject to and protected by the Kansas Tort Claims Act.

Powers of Board:

- Can sue and be sued.
- Enter into contracts.
- Appoint and remove staff and provide for the compensation thereof.
- Acquire, by purchase, gift or devise, and convey any real property, including easements and reversionary interests, and personal property.
- Acquire property from the creating city, the county (*including property subject to tax sale*), another city or other taxing subdivision within the county. The board may accept or refuse to accept any property authorized to be transferred pursuant to this provision. *The transfer of any property pursuant to this provision shall not be subject to any bidding requirement and shall be exempt from any provision of law requiring a public sale.*
- *Without competitive bidding, sell any property acquired by the board at such times, to such persons, and upon such terms and conditions, and subject to such restrictions and covenants deemed necessary or appropriate to assure the property's effective reutilization.* The sale of any real property by the board on which there are delinquent special assessments to finance public improvements shall be conditioned upon the approval of the governing body which levied the special assessments.
- Rebate all, or any portion, of the taxes on any property sold or conveyed by the bank.
- Exercise any other power which may be delegated to the bank by the governing body.

- Exercise any other incidental power which is necessary to carry out the purposes of the bank and applicable statutes.
- Acts as a quasi-municipal government.
- Transfer property to the city upon dissolution, and the city shall hold and dispose of such property as otherwise provided by law.

Special Advisory Committees:

- The board may establish separate neighborhood or city advisory committees consisting of persons living or owning property within the county, city or neighborhood. In the case of neighborhood advisory committees, the board shall determine the boundaries of each neighborhood. In the absence of a resolution by the board providing otherwise, each advisory committee shall consist of not less than five nor more than nine persons, to be appointed by the board for two-year overlapping terms. The board shall consult with each advisory committee as needed to review the operations and activities of the bank and to receive the advice of the members of the advisory committee concerning any matter which comes before the committees.

Taxes and Special Assessments:

- Until sold or otherwise disposed of by the bank and except for special assessments levied by a municipality to finance public improvements, any property acquired by the bank shall be exempt from the payment of ad valorem taxes levied by the state and any other political or taxing subdivision of the state.
- Except for special assessments levied by a municipality to finance public improvements, when the board acquires property, the county treasurer shall remove from the tax rolls all taxes, assessments, charges, penalties and interest that are due and payable on the property at the time of acquisition by the board.
- Property held by the bank shall remain liable for special assessments levied by a municipality to finance public improvements, but no payment thereof shall be required until such property is sold or otherwise conveyed by the bank.
- The governing body of any municipality which has levied special assessments on property acquired by the bank may abate part or all of the special assessments, and the bank and governing body may enter into agreements

related thereto. Any special assessments that are abated shall be removed from the tax rolls by the county treasurer as of the effective date of the abatement.

- **2015 Change** *The governing body of any municipality which has levied special assessments on property acquired by the bank may enter into an agreement with the bank to defer or reamortize part or all of the special assessments. The governing body of the municipality shall provide for such deferral or reamortization by passage of an ordinance, if a city, and by passage of a resolution by any other municipality. Any special assessments that are deferred or reamortized shall be corrected on the tax rolls by the county treasurer as of the effective date of the ordinance or resolution providing for such deferral or reamortization.*

BEL AIRE LAND BANK

Creation:

- Bel Aire Land Bank was created in 2015 via ordinance.
- The land bank allows parcels to come off tax rolls.
- Special assessments can be delayed.
- By-laws were also adopted in 2015 spelling out the operations.

Land Bank Bylaws:

- Name was created as City of Bel Aire, Kansas Land Bank.
- Offices were identified at City Hall.
- Board of Trustees was created consisting of all members of the Bel Aire Governing Body. Terms run with city council terms.
- One non-voting member position who is the City Manager.
- Officers are identified as Chairman, who is also the Mayor; Vice-Chair, who is also Council President, and Treasurer who is the non-voting member.
- Included miscellaneous items such as meetings, quorum, compensation, conflicts of interest, authority, duties of officers, fiscal year and finances.

Funding:

- The governing body may advance operating funds to the bank to pay expenses of the board of trustees and the bank. Bel Aire transfers general fund dollars to the Land Bank annually to cover debt service and special assessments.
- The budget of the bank shall be prepared, adopted and published as provided by law for other political subdivisions of the state.

- No budget shall be adopted by the board until it has been submitted to, reviewed and approved by the governing body.
- Any moneys of the bank which are not immediately required for the purposes of the bank shall be invested in the manner provided by K.S.A. 12-1675.
- The bank shall make an annual report to the governing body on or before January 31 of each year, showing receipts and disbursements from all funds under its control and showing all property transactions occurring in each year. Such report shall include an inventory of all property held by the bank.
- A copy of such inventory also shall be published in the official city newspaper on or before January 31 of each year.
- Generally, any moneys derived from the sale of property by the bank shall be retained by the bank for the purposes and operations thereof.

Bel Aire Story:

- In 2001, Bel Aire purchased roughly 2,000 acres of raw land for economic development and growth. Was purchased using the Public Building Commission. Some land was sold for development while other land was being held for future development.
- The economic development was benefiting all taxing authorities yet no one but the city was paying the carrying costs.
- Created the land bank so land could come off tax rolls.
- Land was transferred from the PBC to Land Bank once established.
- Sent documents and parcels to BOTA and County for removal from tax rolls.
- Decided not to defer special assessments for marketing purposes.
- Hold one annual meeting as required by statutes.
- Held several meetings throughout the year to consider land contracts and approve sales.
- Meetings are simple with agenda giving at least 24 hours' notice. Agenda contains: previous minutes, public comment, actions, and executive sessions. Meetings are open to the public but not broadcasted.
- Chairman and Treasurer are allowed to sign documents approved by the trustees as well as closing documents.
- Title company simply needs a copy of the ordinance creating the land bank as well as bylaws for closing.
- Worked very well.

Questions?