VERMONT STATEWIDE LAND BANK TACTICAL PLAN



Respectfully Submitted to:

The Vermont Senate Committee on Economic Development, Housing and General Affairs

and

The Vermont House Committee on General and Housing

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VERMONT
AGENCY OF COMMERCE & COMMUNITY DEVELOPMENT

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Executive Summary

Background:

The "DHCD Land Bank Report" was commissioned by the legislature in Act 69 of 2025, Section 9 and is due to the House Committee on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs on or before November 1, 2026. A written update outlining progress and a preliminary assessment of the information required in the final report was submitted on January 15, 2026.

This is a follow-up to a study on the feasibility of creating a statewide land bank program provided to the legislature on January 15, 2025, by the Department of Housing and Community Development and the Vermont League of Cities and Towns.

Problems the Vermont Statewide Land Bank can help address:

Most land banks primarily address vacant, abandoned, and deteriorated properties. Many vacant and abandoned properties are tax delinquent and/or have "cloudy" or unmarketable titles. A cloud on a title is any document, claim, unreleased lien, or other encumbrance that might invalidate or impair a title on real property and/or make the title doubtful. A cloud indicates there is an unresolved problem with the ownership of a property[1].

DHCD staff also interviewed nonprofit and for-profit developers to learn what barriers they faced when trying to develop or redevelop vacant and abandoned properties. Two main issues emerged:

- Properties that utilize federal funding without triggering a "choice limiting action"[2]. The triggers include purchasing a property or even getting a first right of refusal. This can greatly complicate deals that also utilize private lenders which want developers to have site control before closing on a loan.
- Many developers, nonprofits, and municipalities lack staffing and/or financial capacity to buy and hold property for the time it takes to conduct due diligence, put together funding packages, etc. This can often take a year or more.

What the Vermont Statewide Land Bank could do

Land banks have unique powers that existing organizations in Vermont do not possess to effectively address vacant and abandoned properties, namely the power to extinguish liens and clear titles to make properties marketable. Land banks are also "one stop

[1] https://www.law.cornell.edu/wex/category/property-real-estate-law?page=9
[2] HUD Community Project Funding: Environmental Guidance and Scenarios, November 2022. https://www.hud.gov/sites/dfiles/CPD/documents/CPF-Environmental-Review-Guidance.pdf

shops" to help developers and nonprofits successfully redevelop the most challenging properties.

- Make flexible disposition decisions, driven not by highest price but by outcomes aligned with community goals.
- Preserve homeownership by proactively seeking vacant and abandoned properties.
- Create property tax revenue by returning tax delinquent properties to productive use, in alignment with community goals.

Why the Vermont Statewide Land Bank would help communities

Vacant and abandoned properties are scattered throughout the state. They are often in deteriorated conditions and do not positively contribute to local tax bases. And many Vermont's cities and towns do not have the capacity to address vacant and deteriorated properties. A statewide land bank, with funding and the right structure, can assist communities with putting abandoned properties back to productive use in accordance with local planning and goals.

General Recommendations:

- The Vermont Statewide Land Bank could be structured as a stand-alone Public Body Corporate entity with an independent Board of Directors and funding stream.
    - Note: There were concerns about creating a new organization vs. incorporating powers/functions unique to land banks into an existing entity due to the current funding environment.
- A stand-alone bank would ideally receive $1.5M - $2M annually for at least 5 years.
    - For funding, DHCD is basing estimates off the Maine State Land Bank Authority, created in 2024, as its model. The Maine Land Bank receives annual funding of $1.5M - $2M (through tipping fees) and has 4 staff persons.
- The Vermont Statewide Land Bank should be subject to sunshine and open meeting requirements, with exceptions for discussing pending real estate transactions, HR matters, etc.
- The public should be provided with annual reports, including an overall budget, real estate activity, accomplishments and setbacks.

Eminent Domain and Condemnation powers are **NOT** recommended for the Vermont Statewide Land Bank. These powers should remain in the hands of local governments.

Conclusion

Land Banks serve as a centralized resource to acquire and pool funding, which is important to aid in the redevelopment of properties that have historically been challenging to work with due to their legal encumbrances, environmental contamination, or simply being too deteriorated to be desirable to a private investor. Evidence from other jurisdictions suggests that successfully functioning land banks require a dedicated, sustainable funding source.

In addition to their role in redevelopment, Land banks support rural communities with limited staff capacity that may not be able to take on the responsibilities and time required for complex projects but would like to address the impact of vacant and blighted properties on their communities. At a time when Vermont needs as many tools as possible to address the existing housing crisis, the needs of ailing housing stock, and struggling economic centers in rural areas, creation of the Vermont Statewide Land Bank may be a vital tool.

Legislative Studies & Reports

The "DHCD Land Bank Report" was commissioned by the legislature in Act 69 of 2025[3], Section 9 and is due to the House Committee on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs on or before November 1, 2026. A written update outlining progress and a preliminary assessment of the information required in the final report was provided to the legislature on January 15, 2026.

The draft land bank tactical plan is a follow-up to the study on the feasibility of creating a statewide land bank program provided to the legislature on January 15, 2025. The 2024 Vermont State Legislature passed a housing omnibus bill. Section 111 of this bill directed the Department of Housing and Community Development and The Vermont League of Cities and Towns to study the feasibility of creating a statewide land bank program.

What is a Land Bank?

A land bank is a public entity with unique powers to put vacant, abandoned, deteriorated, and tax-delinquent properties back into productive use according to community goals.[4] Land banks are accountable to the public given their status as public body corporate entities.

Problems land banks can help address:

- Vacant, abandoned, deteriorated properties.
- Properties with "cloudy" or unmarketable titles
    - *A cloud on a title is any document, claim, unreleased lien, or other encumbrance that might invalidate or impair a title on real property and/or make the title doubtful. A cloud indicates there is an unresolved problem with the ownership of a property[5].*
- Properties that utilize federal funding without triggering a "choice limiting action"[6]
- Functionally obsolete and other property with little market value.
- Restrictive public property disposition and/or funding requirements.

[3] https://legislature.vermont.gov/bill/status/2026/S.127
[4] Brian Larkin, "Land Banking 101", National Land Bank Network, pg4. https://communityprogress.org/wp-content/uploads/2024/06/vad-academy-2024-land-banking-101.pdf
[5] https://www.law.cornell.edu/wex/category/property-real-estate-law?page=9
[6] HUD Community Project Funding: Environmental Guidance and Scenarios, November 2022. https://www.hud.gov/sites/dfiles/CPD/documents/CPF-Environmental-Review-Guidance.pdf

What land banks can do & their special powers [7]:

Land bank enabling legislation typically gives these organizations broad powers, including special powers not associated with private organizations. Typically, all of these powers would be granted at the creation of a land bank:

- To acquire and dispose of real and personal property;
- To acquire and dispose of other assets as needed, including financial assets;
- To receive, hold, and spend public funds at will;
- To borrow money and extend loans, lines of credit, and guarantees;
- To pursue, receive, and make grants;
- To be exempt from public procurement processes;
- To hold property exempt from real property taxation;
- To charge fees or exchange in-kind goods or services for services rendered to political subdivisions and other persons or entities for whom services are rendered;

What land banks are not:

- Simple community development corporations (CDCs).
- Purely Financial institutions.
- Profit driven institutions. Land banks should be able to become self-sustaining over time, but acquisition and sales decisions are based on community outcomes more than profitability.
- Condemning authorities. Land banks do not condemn properties, that responsibility belongs to local cities and towns.
- The vast majority of land banks do not have the power of eminent domain.

[7] https://www.capecodcommission.org/our-work/clt-hlb/

Why Vermont needs a Statewide Land Ban

Feasibility Study Findings

Challenges & Barriers Putting Property Back into Productive Use

DHCD staff have been talking to nonprofit and for-profit developers, municipal officials, and community development professionals throughout the state since 2023 to identify barriers to redeveloping vacant and abandoned properties in Vermont. Through these conversations, DHCD identified the following barriers to redeveloping properties and getting them back into productive use:

- Purchase of a property can constitute a "choice limiting action," making a project ineligible for Department of Housing and Urban Development (HUD) funding.

  "A choice limiting action is any activity that a grantee undertakes, including committing or expending HUD or non-HUD funds, that reduces or eliminates a grantee's opportunity to choose project alternatives that would avoid or minimize environmental impacts or enhance the quality of the human environment. Examples of Choice Limiting Actions include acquisition, leasing, rehabilitation, demolition, new construction, and ground disturbance work..."[8]*

- Non-profit, for-profit developers and local governments often do not have the resources to buy and hold properties while they are getting financing in order.
- Sellers can be impatient, making a project more expensive or even unrealistic.
- Vacant and abandoned properties often have delinquent taxes and/or "cloudy titles", which can make them expensive and difficult to acquire.
- The one-year redemption period makes the project scope of work and costs unpredictable. Most abandoned properties are in deteriorated condition and can

[8] HUD Community Project Funding: Environmental Guidance and Scenarios, November 2022. https://www.hud.gov/sites/dfiles/CPD/documents/CPF-Environmental-Review-Guidance.pdf

*HUD's goal for choice limiting actions is to prevent activities that could harm the environment or limit the options for alternatives. However, this provision can make it almost impossible to stack federal funds with private lenders who require land control for their funding. https://www.hud.gov/sites/dfiles/CPD/documents/CPF-Environmental-Review-Guidance.pdf

get significantly worse over a course of a year. And, making repairs to a property that you do not own outright is incredibly risky.
- Many small towns and villages do not have the staff capacity to help move housing and economic development projects forward.

How Land Banks Address Existing Barriers

Having a statewide land bank acquire property for redevelopment projects could help solve several barriers:

- A developer can apply for HUD funding with a purchase option on a land bank property without triggering a “choice limiting action”.
- A land bank could step in and acquire properties when sellers are impatient, or a developer is putting financing together.
- Having a land bank purchase and hold property for redevelopment would allow non-profits and developers to better use their staff and resources and potentially reduce financial risks and exposure.
- A land bank can “cure” delinquent taxes and liens and clean up cloudy titles.
- A land bank is a tool for bringing the most challenging properties back to productive use.

Real Estate Strategies & Priorities

Property Assessment & Acquisition

DHCD convened discussions with state officials, community advocates, land use experts, economic and community development professionals, conservationists, farmers, and historic preservationists to determine if and how a statewide land bank might assist them with accomplishing their missions.

Addressing Contaminated Properties

Most land banks have the power to hold contaminated properties with limited liability. However, Vermont’s Brownfields Reuse and Environmental Liability Limitation Program (BRELLA) is a statewide initiative that already has these powers.

A land bank could have agreements in place with BRELLA to hold contaminated properties without liability similar to Regional Development Corporations and municipalities.

Discussions with the Land Bank Working Group highlighted the need for an entity to be able to act quickly to temporarily hold contaminated properties to provide time for due diligence, clear up titles, etc. The legislature may consider providing a land bank with the power to hold property without liability in limited cases.

. According to staff at BRELLA and Vermont's Brownfield Program, a land bank would be helpful for involuntary acquisitions (tax sales with no bidders).

Addressing Flood Damaged Properties

The 2023 and 2024 flooding events highlighted how problematic solely relying on the Federal Emergency Management Agency (FEMA) can be. For flood victims looking for a buyout of damaged property in a location prone to flooding, the FEMA application process can take up to a year or more for approval. Additionally, the FEMA requirement that a property approved for buyout can never be redeveloped poses a significant financial challenge for many communities. After a FEMA buyout, properties become permanent open green space. The property tax value of undeveloped land is substantially lower than properties with buildings on them. This means buyouts reduce municipal grand lists, forcing municipalities to cut their budgets proportionally, or concentrate greater tax pressure on the properties that remain in order to adequately fund local budgets.

A statewide land bank, with proper funding, could help with recovery from natural disasters by purchasing damaged properties at risk of flooding without the typical buy-out stipulation that redevelopment could never occur. Rather, properties that could be feasibly redeveloped with proper mitigation measures could still benefit the community while mitigating future risk. A land bank could also assist smaller communities with site assessments and long-term planning to ensure future developments are built in a way that minimizes the potential impact of natural disasters. Additional funding for these endeavors will likely be necessary.

Preserving Working Agricultural Land

DHCD staff were struck by the level of interest and passion there is around preserving agricultural land and creating policies that allow for more flexible ownership and farming models in Vermont. Multiple meetings were held with organizations ranging from the Land Access & Opportunity Board, the Vermont Agency of Agriculture, Food, & Markets to the Northeast Organic Farming Association of Vermont, local farmers, and many more. The group modified the definition of farming in Act 250 to expand products to include cannabis and medicinal herbs and include non-commercial farming uses. They also developed recommendations to create greater flexibility, better equity for farm workers, etc.

For the purpose of a statewide land bank, FARMING means[9]:

- (a) the cultivation or other use of land for growing food, fiber, Christmas trees, cannabis, medicinal herbs, maple sap, or horticultural, viticultural, and orchard crops; or
- (b) the raising, feeding, or management of livestock, poultry, fish, or bees; or
- (c) the operation of greenhouses; or
- (d) the production of maple syrup; or
- (e) the on-site storage, preparation, and sale or distribution of agricultural products principally produced on the farm; or
- (f) the on-site storage, preparation, production, sale or distribution of fuel or power from agricultural products or wastes principally produced on the farm; or
- (g) the raising, feeding, or management of four or more equines owned or boarded by the farmer, including training, showing, and providing instruction and lessons in riding, training, and the management of equines; or
- (h) the use of land for growing food, etc. for the purposes of ag education, vocational training, and/or therapeutic programming.

Recommendations:

- Create a mechanism to preserve agricultural land in the long term with more flexibility than Farmland Conservation Easements[10] to allow for more creative ownership structures, farmworker housing, and small-scale farming. An example is a covenant with time limits (like 50 years) with financial penalties that allows for more housing for co-owners who jointly work on the farmland, subdivisions for farmworker housing that can be managed by an entity other than the farm owner/s to better protect farm workers, etc.
- Create an advisory board to review proposals to purchase agricultural land in the land bank's inventory to ensure that it remains working agricultural land. The board should include representation from agencies and organizations such as the Land Access & Opportunity Board, the Vermont Agency of Agriculture, Farm to Table, Center for Agriculture and Food Systems, and Northeast Organic Farming Association of Vermont.
- Prioritize purchasers who plan to live and farm there, and people who are currently renting in that town or village or in a nearby town or county.

[9] This is a modified definition from ACT 4412(11)(A), 10 V.S.A. § 6001.

[10] https://vlt.org/how-we-help/conserving-land/

- Provide assistance with demolitions and rehabs of farm buildings and housing.
- Devise a way to inventory rural lands that are not being utilized at their highest and best use and could/should be returned to working agricultural land.
- Consider creating a secondary subcommittee for community engagement to create a pilot, or best practices, for effectively reaching out and communicating with rural communities.
- Retain a first right of refusal for agricultural working land so that the land bank can take back possession and sell it to an individual or entity who will continue its use as farmland.

Addressing Commercial & Industrial Properties

A statewide land bank could act as the catalyst of last resort for vacant and abandoned commercial and industrial properties scattered throughout. Not all municipalities and Regional Development Corporations (RDCs) have the capacity and resources to take these properties on.

The subcommittee that discussed the potential roles and best practices for a land bank to help redevelop these properties included the Vermont Department of Economic Development, Vermont Economic Development Authority (VEDA), and RDCs.

Commercial & Industrial Development Evaluation

- **Developer Capacity & Track Record:** Experience, Financial Capacity, and Performance History
- **Community Benefit & Alignment:** Master Plans, Public Benefit, and Job Creation
- **Financial Viability & Risk Mitigation:** Subsidy Dependency, Realistic Timeline, and Reversionary Clauses
- **Site Design & Environmental Planning:** Blight Elimination, Environmental Remediation, and Impact on Infrastructure

Recommendations:

- Check zoning, infrastructure, community priorities for properties, and conduct Phase I & Phase II assessments as part of initial property and/or project evaluations.
- If there is a structure, conduct a structural evaluation to determine if it is sound, or even structurally obsolete.
- Hold community meetings on initial findings and the proposed redevelopment if the property warrants it i.e. a long-standing eye sore and/or historic or otherwise important to the community.

- If a municipality approaches the land bank about a vacant commercial or industrial property, establish what capacity it has to help manage the project and what kind of support is needed for a project to be successful.
- Provide municipalities with opportunities for input if the project was brought forth by a business or developer.
- Ideally, a land bank would have a developer and/or end user lined up for larger, more complicated and even contaminated commercial & industrial properties.
- Single use retail and commercial spaces such as fast-food establishments, pharmacies, and auto part stores, etc. present unique redevelopment challenges and often need to be demolished.

Recommendations for Historic Preservation

Background:

The goal was to craft recommendations for how a statewide land bank should approach historic properties as well as structures that may not meet the definition for 'historic" but are important to communities i.e., church buildings, school buildings, etc.

The Vermont Division of Historic Preservation can determine if a property is on a local, state, or federal registry and/or is a contributing structure in an historic district. Designation triggers reviews for building renovations or additions, and often stricter standards for the work. Historic designation can also be helpful by unlocking grant and loan funds.

Owners of properties with buildings that are 50 years old may be eligible for assistance through the Preservation Trust of Vermont (PTV). PTV provides technical assistance, grants, assistance with funding packages, and can recommend contractors for rehabs of property 50 years old and older regardless of historic status.

Recommendations:

- Land bank staff should consult with the VT Division of Historic Preservation before acquiring properties that are 50 years old or older. There are some properties on the state and/or local registry that no longer qualify and properties not on the registry that should be.
- Ideally, a position would be created in the Division of Historic Preservation to help the land bank develop policies, review the status of properties and development proposals, and assist with monitoring the redevelopment.

State & Municipal Owned Properties

A partnership with a statewide land bank would not require any state agency or municipality to change its current processes or protocols. It would be an additional tool to assist with acquiring, holding, or selling real property.

Building & General Services Department (BGS)

A land bank could be helpful when BGS is asked to take ownership of a difficult property that BGS doesn't have an operational need for, but the state wants control of the parcel for redevelopment or other reasons. Flooded properties could be another opportunity for a land bank. The land bank could be great in a consulting role for challenging properties.

Agency of Transportation (AOT)

Much of the land owned by AOT was paid for (or partially paid for) with federal transportation dollars that come with special processes and procedures for property use and disposition. Their offices and facilities are not federally funded but are mostly in use. However, they indicated that a land bank could be useful for cleaning up liens and titles.

Agency of Natural Resources (ANR)

ANR receives land donation offers that do not fit into their plans and/or properties with deteriorated structures. They also purchase and receive properties with cloudy titles, mostly from inheritances. A statewide land bank would be helpful for all three of these scenarios.

Community Driven Redevelopment Opportunities

Many regional land banks and county planning departments provide public reporting tools or online intake forms allowing community members to submit information on abandoned, tax-delinquent, or vacant parcels. These crowd-sourced submissions help local agencies map neighborhood blight, prioritize code enforcement, and target properties for future acquisition.[11]

Property Disposition

The system that Genesee County Land Bank (Flint, MI) uses for evaluating disposition strategies for properties is considered a best practice:[12]

- Priorities for the use of property.

[11] https://www.alleganyco.gov/departments/planning/allegany-county-land-bank-corporation/

[12] Frank S. Alexander, Land Banks and Land Banking, (2nd Edition), (Center for Community Progress, 2015), pg. 75.

- Priorities as to the nature of the transferee.
- Priorities concerning neighborhood and community development.

Evaluating Proposed Disposition of Properties:

- **Priorities for the use**
    - Market rate housing in depressed areas and affordable housing in vibrant areas.
    - Project will fill in a “missing tooth.” A missing tooth is a gap in the urban fabric where a building or neighborhood should be.
    - The size, location, and nature of the property – for example, using a side yard program for small, odd residential lots.
    - Opportunities to acquire adjacent properties for a larger development.

- **Priorities for transferees**
    - Nonprofit vs. for profit.
    - Track record & quality of previous work.
    - Capacity to successfully complete the project.
    - Prohibiting tax delinquent owners from buying land bank property.

- **Priorities for neighborhood and community development**
    - Directly responds to community needs.
    - Transit oriented development.
    - Green space and recreation.
    - Conservation and reclamation.
    - Transformational projects.

Types of Disposition

- **Low Barrier**: Side yard and community garden programs. The applicants are typically homeowners or residents, and the process is simple and straightforward.
- **Medium Barrier**: Scattered site single family homes – small and medium size nonprofit and for-profit developers must demonstrate a proven track record and proof of funds.
- **High Barrier**: Large scale residential and commercial development. Medium and larger scale nonprofit & for-profit developers are required to submit proposals, often through a Request for Proposal (RFP) process, with front elevations, marketing studies, community presentations and more sophisticated

proof of funds.[13] Some land banks require for-profit developers to partner with nonprofit organizations to ensure community input.

Pricing Policies

A land bank has maximum flexibility to meet its public goals and policies if it has the discretion to either set the selling price for the property or agree that the value of the consideration can be provided through the development commitments of the transferee.

Most often, pricing policies are tied to the goals of the disposition of a particular property. For example, if a land bank has a single-family house that can be reasonably rehabbed, it might sell it at a very low price to a developer to rehab for an owner-occupant buyer that meets certain income guidelines. Land Banks can have "enforcement commitments" with deed covenants, reversion clauses, and/or a deed in escrow. The Cuyahoga County Land Bank (Cleveland, OH) has a "Deed in Escrow" program where the release of the final transfer documents from escrow to the transferee is contingent upon the performance of the specified construction activities.[14]

The Land Bank Working Group

Composition & Makeup of the Working Group

The working group has been actively meeting since July 2025 and is comprised of professionals in a variety of disciplines including housing, community development, planning, law (real estate, land use, taxes, etc.), state tax policy, economic development, as well as staff from state agencies, nonprofit and for-profit developers. The goal is to have representation from collective interests, industry interests, and regional interests.

There were also individuals with subject matter expertise for the various subcommittees created to complete relevant tasks and report to the Working Group.

The group completed the tactical plan and draft legislation, with assistance from DHCD and other state agencies. The plan was vetted by DHCD leadership and the governor's office before being submitted to the legislature November 1, 2026.

[13] Frank S. Alexander, Land Banks and Land Banking, (2nd Edition), (Center for Community Progress, 2015), pages 76.
[14] Frank S. Alexander, Land Banks and Land Banking, (2nd Edition), (Center for Community Progress, 2015), pages 78

Ground Rules

- Stay curious
- Be respectful
- Follow through- Do what you say you're going to do
- Vegas rules until we're ready to launch (what happens in Vegas, stays in Vegas)
- Everyone is smart & trying
- Five to vent (any member can vent frustrations- no more than 5 minutes and no more than once a meeting)
- Be open to negotiation

Draft Mission, Goal Statements, & Values for a Statewide Land Bank

There was general consensus from the subcommittee that worked on the draft Mission Statement and Goals below, with the caveat that additional discussion was needed to define "distressed" properties. The following are several factors that could be considered when defining distressed properties[15]:

1. **Physical**: Environmental, obsolescence, deterioration, code violations, health and safety issues
2. **Documentary:** Cloudy title
3. **Financial:** Either financial distress on the property (foreclosure) or the owner (deferred maintenance)
4. **Process:** The traditional process for development is distressed due to external factors necessitating a land bank step in
5. **Capacity:** The property owner, municipality, or other holding party lacks the capacity to manage the property leaving the property in a distressed position

Draft Mission statement

The Vermont Statewide Land Bank is an economic tool for all of Vermont that supports growth and investment within our community by returning vacant and abandoned, and *distressed* real property to beneficial use more rapidly than might have been possible otherwise.

The Vermont Statewide Land Bank will partner with local communities, public and private organizations, regional authorities, and state agencies to undertake initiatives that promote vibrant and healthy communities. These efforts include but are not limited to: creating new housing; increasing tax bases and employment; mitigating

[15] Resources for Vacant Properties | Center for Community Progress

environmental risks; historic preservation**;** and other land use related activities desired by cities and towns.

Draft Goals

1. Facilitate the reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed, and other real property to promote both civic and economic development and housing opportunities for all in Vermont.

2. Assist municipalities with maintaining and growing grand lists through private and public investment opportunities utilizing a community-oriented process considering strategic local development priorities, historic uses, and working lands.

3. Reduce the cost and barriers of returning vacant, abandoned, environmentally complicated, and tax-foreclosed properties to beneficial reuse.

4. Benefit people with low to moderate incomes, with a commitment to assist populations facing historic barriers to property ownership.

5. Assist municipalities who face deficiencies in administrative capacity to bring their most challenging properties back to beneficial use.

6. Create a sustainable fund to advance the mission and goals of the Land Bank.

General Recommendations

- Recommending sunshine and open meeting requirements.
- Recommending providing the public with annual reports, including an overall budget, real estate activity, accomplishments and setbacks.
- Not recommending eminent domain or condemnation powers.

Open Meeting & Transparency Policies:

These best practices are modified from Cape Cod's land bank plan[16].

The Vermont Statewide Land Bank be subject to open meeting laws. However, it can be advantageous to allow certain aspects of a land bank's business to occur with confidentiality. Carve-outs from sunshine laws in Ohio legislation are as follows:

[16] https://www.capecodcommission.org/our-work/clt-hlb/

● Any financial and proprietary information, including trade secrets, submitted by or on behalf of an entity or held or kept by a land bank in relation to advancing, encouraging, and promoting the community development of the region is confidential information and is not subject to public records laws.

● Any other information, submitted by or on behalf of an entity to a land bank in connection with ongoing land acquisition or disposition negotiations with that entity that is held or kept by that land bank, or by a political subdivision for which the land bank is acting as agent, is confidential information and not a public record, until the entity commits in writing to proceed with the transaction.

● Business meetings are generally required to be open to the public, unless the meeting of the land bank is to consider information which is not a public record as indicated above. In this case, the land bank board, or any committee or subcommittee, may vote to close the meeting during the consideration of the confidential information. In order to close the meeting, a vote must be taken and a majority must vote to close the meeting. In addition, the board, committee or subcommittee is prohibited from considering any other information during the closed session.

Recommendations for Structuring the Vermont Statewide Land Bank

Background:

- Most land banks are a public body corporate entity. They perform a government function but are legally separate from the state or county. The Board of Directors is most often selected by the governing body. The Maine and Michigan Land Bank Authorities are organized this way.
- There's also the non-profit 501(c)3 model- a true private entity with private Board of Directors. One of the bigger examples of a land bank structured this way is Cuyahoga County Land Bank. Nonprofit land banks generally have more flexibility in hiring and real estate transactions than a standard government agency. A con for this approach can be less transparency.
- A third option is having a land bank be part of a government agency/department, however, it is one of the least effective ways to structure a land bank. Land banks do not function well when they're part of a government department, because they must use government procurement protocols.

In Vermont law, a **public body corporate**[17] (often phrased as a "body corporate and politic") is a legal entity created by the state or a municipality to perform a public,

[17] https://legislature.vermont.gov/statutes/fullchapter/24/121

governmental, or proprietary function. Examples include municipalities, housing authorities, natural resource districts, and union municipal districts. These entities possess corporate powers such as perpetual duration, the ability to sue and be sued, and the capacity to hold property.

Recommendations:

Ideally a statewide land bank would be structured as a stand-alone Public Body Corporate entity with an independent Board of Directors and funding stream. If this model cannot realistically get approved, it could be nested in an existing organization like VEDA, VHFA or VHCB.

A best practice for launching a new land bank is for it to have a contract with an existing organization for admin support and office space while a Board of Directors is put together, an Executive Director is hired, and agreements and policies are put into place. This is recommended regardless of how the land bank is ultimately structured.

Recommendations for Board Makeup & Governance

General Board of Director Make-up/Requirements

- Representation: Board make up should ensure that municipalities, RPCs, RDCs, advocates, institutional partners, and developers can help shape a statewide land bank and guide future decision making about properties and projects.
- The board should have the power to hire its own Executive Director and staff.
- Staggered Terms: Appointed terms should be staggered (e.g., 3-year or 4-year terms) so that a change in leadership doesn't result in a 100% turnover of the board at once.
- Small Board Size: Aim for 5 to 11 members. Boards larger than 11 often struggle with quorums and become slow to react to real estate opportunities.

Recommendations:

- The Board should be small (5-11 Members) with representation by underserved communities, advocacy groups, RDCs, RPCs, with a focus on representatives from industry organizations i.e. the Vermont Bankers Association and/or VAPDA rather than specific businesses and organizations where there could be conflict of interest.

- Consider having revolving members that can switch back and forth as their internal capacity changes. This could include advocacy representatives, legislative representatives, and/or private citizens.
- Share appointment authority between the governor's office, Speaker of the House and the Pro Tem. And potentially the Secretary of ACCD to ensure a mix of housing and economic development interests on the Board.
- Be mindful of Vermont's size and scale- everyone is already on everyone's boards. Make sure that the Board appointees will have the capacity to get the land bank up and running.

Community Engagement

Engagement is the ongoing transfer of information, influence, decision-making authority, and accountability between communities and the institutions that serve them. It should enable communities to help shape priorities, identify opportunities, influence policy, participate in implementation, and evaluate outcomes over time. Public awareness is a starting point; the goal is community ownership and stewardship. To meet these objectives, the subcommittee drafted a Community Engagement Plan to:

- Build public understanding of the Land Bank.
- Incorporate community knowledge into Land Bank design and implementation.
- Support legislative adoption.
- Create mechanisms for ongoing local input.
- Ensure accountability to municipalities, community members, and impacted stakeholders.

Support implementation of Vermont's broader land access, housing, conservation, and community development goals.

2026 Community Engagement efforts include webinars aimed at housing and community development professionals, presentations at professional conferences, webinars for the general public, and legislative testimony.

The attached Community Engagement Plan builds on these efforts and creates opportunities for meaningful community feedback and accountability for DHCD before and during the legislative session and for a future statewide land bank once enabling legislation is passed.

Note: Special thanks to Ornella B. Matta-Figueroa, Director of Advocacy & Community Engagement, Land Access & Opportunity Board, for drafting the Community Engagement Plan, Addendum A.

Recommendations for Funding Sources

The discussion and recommendations are based on the assumption that DHCD cannot propose any new taxes or fees for funding a statewide land bank. Housing Division staff poured over Statewide revenue reports for potential General Fund sources not earmarked for other programs and initiatives.

DHCD is using the Maine State Land Bank Authority, created in 2024, as its model. The Maine Land Bank receives annual funding of $1.5M - $2M (through tipping fees) and has 4 staff persons. In addition, the Lucas County Land Bank in Ohio serves 600,000 people and receives $1.5M - $2M (through transfer tax fees). They are both small, nimble organizations at a scale appropriate for Vermont.

Examples of Potential Funding Sources:

- **General Fund portion of Property Transfer Tax**
  - General Fund receives 33% of post Dept. of Tax administrative fee total
  - Annual GF contribution of $12-$20 million
  - 5%-10% of GF portion for Land Bank: $.5-$1.5 million a year

- **Cannabis Excise Tax:**
  - All revenue is directed to General Fund with 30% earmarked for substance abuse prevention
  - 3-year projected average (2026-2028): $16.4 Million
  - 5%-10% of GF portion: $.5-$1.1* million per year *calculation based on 70% GF portion

- **Liquor Tax Revenue**

- All revenue is directed to General Fund. (2024 revenue was $21.2M; 10% = $2.1M).

- **Secondary Sources:**
  - Land Gains Tax:
    - Currently all revenue is directed to General Fund
    - 5-year average (2021-2025): $529,033

- Tax Recapture (5/50 Rule): Used prominently in Michigan and New York, this allows a land bank to capture **50% of the property taxes** generated by a parcel for the first **five years** after it is sold back to a private owner.

Logistics for Launching the Vermont Statewide Land bank

A Phased-In Approach

DHCD recommends that legal powers and activities be phased-in as land bank staff gain more experience and as more funding is available. Suggestions for this phased process are outlined below.

Initial Phase:

- Develop policies and procedures for acquiring and disposing of real property.
- Meet with cities and towns, regional planning commissions, nonprofit and for-profit developers to assess community needs and projects that they could assist within the short, medium, and long terms.
- Create partnerships and agreements with local stakeholders, as needed.
- Develop a 5-year strategic plan.
- Acquire properties for developer partners to enable them to put together financing and predevelopment work.

Second Phase:

- Work with communities to break ground on short-term projects and plan for medium-term projects.
- Assist communities with curing code enforcement deficiencies and flood buy outs.

Third Phase:

- Act as a catalyst and provide project management for redevelopment projects, especially in towns and villages with limited staff capacity.
- Become a coordinating entity for funding, including applying for state and federal funds.

Conclusion

Conversations with stakeholders across the state revealed that Vermont possesses many of the necessary tools for redevelopment at all scales. However, these diverse

tools often resemble puzzle pieces that require considerable focus and time to fit together effectively. In addition, Vermont currently does not have a single entity that can address all types of land with the flexibility that a land bank could provide.

The development of this the Land Bank Feasibility Study, this tactical plan, and draft legislation has been a multi-year effort that has engaged over a hundred individuals and organizations across the state and the country with the goal of providing the Vermont Legislature and all Vermonters with a tool to help the state meet the challenges and opportunities that this moment presents.

Appendix

Draft Community Engagement Plan

Land Bank Community Engagement Plan Draft

Engagement is the ongoing transfer of information, influence, decision-making authority, and accountability between communities and the institutions that serve them. It should enable communities to help shape priorities, identify opportunities, influence policy, participate in implementation, and evaluate outcomes over time. Public awareness is a starting point; the goal is community ownership and stewardship. To meet these objectives, the subcommittee drafted a Community Engagement Plan to:

- Build public understanding of the Land Bank.
- Incorporate community knowledge into Land Bank design and implementation.
- Support legislative adoption.
- Create mechanisms for ongoing local input.
- Ensure accountability to municipalities, community members, and impacted stakeholders.
- Support implementation of Vermont's broader land access, housing, conservation, and community development goals.

The engagement strategy is organized into three phases:

1. Pre-Legislative Engagement
2. Legislative Session Engagement
3. Post-Legislative and Implementation Engagement

Theory of Change

LAOB, DHCD, and the Community Engagement Committee will collaborate to create mechanisms that ensure that community engagement will be ongoing focus and function of the land bank. Communities generate knowledge about local conditions, opportunities, and priorities. That knowledge informs policy and project development. Projects generate outcomes that must be evaluated by the communities they affect. The lessons learned then inform future decision-making.



Three-Phase Community Engagement Strategy
Developed by the Land Access Opportunity Board, with modifications

Phase I: Pre-Legislative Engagement
September 2026 - January 2027

Purpose

To test assumptions, gather community input, identify local opportunities, develop advocates, and prepare communities and legislators for Land Bank legislation.

Engagement Goal

Continue community level awareness-building and relationship-building. Inform and educate community about the land bank.

Statewide Webinar

Two public webinars are planned.
Objectives:

- Explain Land Bank purpose.
- Gather public feedback.
- Identify concerns.
- Invite future advocates of the land bank

Information collected could focus on:

- Priority property types.
- Community concerns.
- Local capacity challenges.
- Housing needs.
- Agricultural land needs.
- Redevelopment opportunities.
- Ways in which folks see the land bank already supporting existing scenarios.

Communications Toolkit

Develop/update:

- FAQ (LAOB has one)
- One-page overview
- Presentation
- Legislative talking points
- Community meeting toolkit

Community Opportunity Assessments

Consistent with Working Group recommendations, conduct evaluation and initiate engagement with 2-4 pilot communities using tax delinquency and redevelopment data to identify real-world opportunities for Land Bank intervention.

Objectives:

- Identify priority community projects
- Understand local implementation barriers
- Explore potential Land Bank use cases
- Develop community-specific opportunity profiles
- Build relationships with local leaders

Outputs:

- Community Opportunity Profiles
- Local Opportunity Maps
- Preliminary Project Pipelines
- Land Bank Demonstration Projects

Phase II: Legislative Session Engagement
January 2027 - End of Session

Purpose

Support informed legislative decision-making while maintaining community engagement and transparency.

Public Land Bank Legislative Update

In March- During Town Meeting Week?

- Legislative update webinar
- Public summary
- FAQ updates

Focus on:

- What's happened so far during the session?
- What's changed?
- What opportunities exist for folks to get involved?

Phase III: Post-Legislative Engagement
Implementation and Organizational Development

Purpose

Build long-term accountability and community governance structures.
The Working Group explicitly identified the need for engagement planning that addresses implementation after passage.

Regional Listening Sessions

Conduct annual regional sessions to:

- Review Land Bank performance.
- Receive public feedback.
- Identify emerging needs.
- Assess community satisfaction.

Community Accountability Framework

Annual reporting could include:

- Properties acquired.
- Properties that stayed in local control?
- Properties transferred.
- Housing outcomes.
- Land access outcomes.
- Geographic distribution.

Make sure reports are available in plain language formats.

Municipal Engagement Process

The Working Group identified the eventual need to work with every community around participation and agreements.
Create:

- Municipal onboarding process
- Technical assistance tools
- Implementation webinars
- Peer learning opportunities

Definition of engagement: the ongoing transfer of information, influence, decision-making power, and accountability between communities and the institutions that serve them.