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Identifying Sustainable Funding Streams for the Broome County Land Bank

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Identifying Sustainable Funding Streams for the Broome County Land Bank

Sarah Glose
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Broome County Legislative Intern, Summer 2015

Context
Current funding streams for the Broome County Land Bank will expire at the end of 2016 and need to be replaced.

The Executive Director identified a budgetary need of $200,000 each year.

I recommend that this budget be funded by increasing the Broome County mortgage tax and reallocating Broome County Hotel/Motel Occupancy Tax revenues.

What is a Land Bank?
A land bank is a public agency with unique tools and powers that is tasked with acquiring, maintaining, and handling the disposition of vacant, abandoned, and foreclosed properties.

Land bank work differs from the foreclosure process in that it does not focus on the liquidation of properties, but on pursuing a productive use for a property that fits the needs of the community.

For this reason, land banks require external funding to pursue their missions.

Funding Stream Evaluation
I narrowed the options to three based on political feasibility, revenue potential, and best fit for the Broome County Land Bank.

<table>
<thead>
<tr>
<th>Funding Stream</th>
<th>Definition</th>
<th>Evaluation</th>
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<tbody>
<tr>
<td>Sell marketable properties</td>
<td>Generate revenue by acquiring and selling high value vacant/foreclosed properties.</td>
<td>In other counties, this option enables land banks to be self-sufficient. Here, it would require acquiring and selling a large number of properties at a profit—an unrealistic model in a county that depends on the sale of marketable properties to fund other aspects of the budget.</td>
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<tr>
<td>Increase Broome County Mortgage Tax</td>
<td>Raise the mortgage tax from 1% to 1.25% and allocate revenues to the Land Bank.</td>
<td>Mortgage taxes in Broome County generate ~$400,000 in revenue/year. Raising the tax would generate an additional ~100,000/year. It is likely that the Land Bank would not receive 100% of available revenue.</td>
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<tr>
<td>Reallocate Broome County Hotel/Motel Occupancy Tax</td>
<td>Allocate 20% of available hotel/motel economic development occupancy tax revenue to the Land Bank.</td>
<td>Hotel/motel taxes generate ~$725,000/year for economic development. 20% of that revenue would total ~$145,000. The county’s stated purpose for the occupancy tax aligns directly with the Land Bank’s goals.</td>
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Revenue:
- Revenue: little to none
- Revenue: $25,000 - $100,000
- Revenue: $145,000

Conclusions
In order to fund a $200,000 budget for the Broome County Land Bank, I recommend using revenue from both a mortgage tax increase and hotel/motel occupancy taxes.

The stated uses for occupancy taxes are an ideal fit for the Broome County Land Bank. Utilizing some mortgage tax revenue diversifies the funding streams, making the budget more sustainable.

I do not recommend using the sale of marketable properties, as the revenue potential is too small to fund the Land Bank’s proposed budget.

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