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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- DEPARTMENT OF HOUSING
LAND BANK PROGRAM

Introduced By: Senators Kallman, Bissaillon, Gu, Miller, Acosta, McKenney, Mack, and
Murray

Date Introduced: March 08, 2024

Referred To: Senate Housing & Municipal Government

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 42 of the General Laws entitled "STATE AFFAIRS AND
2 GOVERNMENT" is hereby amended by adding thereto the following chapter:

3 CHAPTER 64.35

4 DEPARTMENT OF HOUSING LAND BANK PROGRAM

5 **42-64.35-1. Establishment of housing land bank program.**

6 (a) As used herein:

7 (1) "Department" means the department of housing established pursuant to chapter 64.34
8 of title 42, except where another department is clearly indicated; and

9 (2) "Housing land bank" or "land bank" means the housing land bank program operated by
10 the department of housing, and established pursuant to this chapter.

11 (b) There is hereby established a program to be operated by the department of housing (the
12 "department") called the "housing land bank" in furtherance of the goal to create affordable housing
13 in the State of Rhode Island. The housing land bank is intended for the purpose of buying, receiving,
14 and holding real property for the development of housing. Real estate assets held by the land bank
15 shall be donated or sold for housing to be developed and owned by a public housing authority or
16 an organization that qualifies under section 501(c)(3) of the Internal Revenue Code (the "code")
17 and also meets the "public support" test of section 509(a)(2) of the code, except where the
18 department is disposing of a parcel for the purposes of acquiring a different parcel with the approval

1 of the Rhode Island housing resources commission established in chapter 128 of title 42 ("Rhode
2 Island housing resources act of 1998").

3 **42-64.35-2. Establishment of account.**

4 The department shall establish an account into which title to real estate assets shall be
5 deposited and held for disposal according to the purposes described in §42-64.35-1.

6 **42-64.35-3. Acquisition of property and deposit into the land bank.**

7 (a) The department may acquire real property or interests in real property by gift, transfer,
8 exchange, foreclosure, purchase, or otherwise on terms and conditions and in a manner the
9 department considers proper and deposit such property into the land bank.

10 (b) The department may use its own funds or funds that it controls to acquire real property
11 by purchase contracts, lease purchase agreements, installment sales contracts, and/or land contracts,
12 and may accept donations and transfers from municipalities, other quasi-public entities, nonprofit
13 entities, or the state upon such terms and conditions as agreed to by the department and the
14 respective municipality, entity or state. Nothing herein shall prevent the department from accepting
15 donations from private entities.

16 (c) Notwithstanding any other law to the contrary, any municipality may freely transfer to
17 the land bank real property and interests in real property of the municipality on such terms and
18 conditions and according to such procedures as determined jointly by the municipality in which the
19 property is located and the department.

20 (d) The acquisition of real property by the department pursuant to this section, from entities
21 other than political subdivisions, shall be limited to real property that is tax delinquent, tax
22 foreclosed, subject to municipal receivership, vacant or abandoned, or unimproved land or taken
23 via eminent domain; provided, however, that the land bank shall have authority to enter into
24 agreements to purchase other real property with the approval of the Rhode Island housing resources
25 commission established in chapter 128 of title 42 ("Rhode Island housing resources act of 1998").

26 **42-64.35-4. Public inspection of records.**

27 (a) The department shall maintain and make available for public review and inspection a
28 complete inventory of all property received by the department for deposit into the land bank. Such
29 inventory shall include:

30 (1) The location of the parcel; the purchase price, if any, for each parcel received;

31 (2) The current value assigned to the property for purposes of real property taxation;

32 (3) The amount, if any, owed to the locality for real property taxation or as a payment in
33 lieu of taxes;

34 (4) The identity of the transferor; and

1 (5) Any conditions or restrictions applicable to the property.

2 (b) All parcels received by the department and deposited into the land bank shall be listed
3 on the received inventory established pursuant to subsection (a) of this section within ten (10)
4 business days of the acquisition and shall remain in such inventory for at least five (5) business
5 days prior to disposition. Such inventory shall be listed on a website for the department accessible
6 to the public, including at least the street where the property is located, the size and type of any
7 structure upon it, and condition of remediation as defined in §23-19.14-3, if applicable, within
8 twenty (20) business days of acquisition into the land bank.

9 **42-64.35-5. Departmental authority to reject proposed transfers of property.**

10 The department is hereby allowed to reject any proposed transfer of any real estate asset in
11 control of the land bank for any reason including, but not limited to, polluted, contaminated or
12 problematic parcels which would, in the judgment of the department, create a harm to the finances,
13 operations or interests for the land bank, the department or the state.

14 **42-64.35-6. Property in the land bank exempt from legal process.**

15 (a) Any land deposited into the land bank inventory shall not be subject to attachment,
16 execution or any judicial or administrative process during the period it is held by the department,
17 unless that parcel or asset is pledged as security for any loan agreement made for funding
18 improvements related to that parcel in which case such process shall be available against that asset
19 only, and no liens, fines, penalties, assessments or other charges shall be made against the property,
20 the land bank, the department or the state for any reason during the period it is held in the land
21 bank.

22 (b) In the event there is a division in the freehold interest where only a portion of the rights
23 related to the property is located in the land bank, the remainder may be made subject to legal
24 process as long as such process does not act to divest the land bank of any of its attributes of
25 ownership or ability to develop the property.

26 (c) In the event of a divided ownership where a portion of the fee or property interest is
27 held by the land bank or any other conflict in ownership which may arise under this section, the
28 department may petition the superior court for partition in which after the required notice and
29 service of process is completed upon confirmatory motion, the land bank shall be awarded and
30 receive the whole fee simple interest by way of an interim order or a final judgment. An interim
31 order or a final judgment constitutes a recordable order which shall be considered binding in the
32 chain of title and any of the remainder portion claimed by another owner or creditor shall be subject
33 to owelty under the law or in equity based on the value of the interest transferred to the land bank.
34 Neither the department nor any land subject to such a partition action shall be restrained nor

1 enjoined and no equitable order shall issue to prevent the development of the property by the
2 department or its applicant or assignee.

3 **42-64.35-7. Required review of surplus land by state and municipal entities.**

4 (a) Required property review. The state properties committee and all municipal public
5 bodies and quasi-public entities shall conduct a review of real estate assets owned by or under the
6 control of the body or quasi-public entity and determine which real estate assets are not under
7 current use or planned use by June 30, 2025. After that date, the state properties committee shall
8 provide an updated inventory to the department of housing on December 1 annually. Thereafter,
9 municipalities and quasi-public entities shall provide an updated inventory to the department of
10 housing and the state properties committee by August 15, 2026 and every year thereafter.

11 (b) Real estate asset planning. (1) The state properties committee and all municipal public
12 body and quasi-public entity shall create a long-term plan for those real estate assets not in current
13 use. Such a plan shall provide an estimated date when each real estate asset will be employed for
14 use by the agency, what the proposed use will be, and if known, the estimated costs to develop the
15 land for the proposed use. All vacant school building identified by a municipality shall comply with
16 the provisions set forth in §45-53-10.

17 (2) A list of all real estate assets, except for school buildings, which are not in use shall be
18 submitted to the department along with a list of those parcels for which there are plans to put said
19 parcel to use within ten (10) years and evidence of what that use will be. Evidence may include,
20 but is not limited to, architectural plans, capital improvement plan budgeting documents, and
21 comprehensive planning documents.

22 (3) The department shall evaluate each parcel submitted to the department, along with the
23 proposed use for each parcel so denominated by each public body, for the appropriateness for
24 development into residential housing units.

25 (c) Notice to the department. If the department determines that a particular parcel listed on
26 any list required in subsection (b) of this section is appropriate for residential real estate
27 development, the department shall provide notice to the state or municipal public body or quasi-
28 public agency that is in control of or owns the parcel.

29 (d) Required donation or sale to land bank. Upon a determination by the department that a
30 particular real estate asset listed pursuant to subsection (b)(3) of this section is suitable for
31 residential real estate development and the department has determined that it desires to acquire the
32 real estate asset for the land bank, if said parcel is not listed as being planned for use within the
33 next ten (10) years, the state or municipal public body or quasi-public agency, as applicable, shall
34 be required, upon notice by the department, to enter into a negotiation with the department for the

1 transfer of the parcel to the land bank. If the department and the state or municipal public body or
2 quasi-public agency cannot agree on a transfer value, then establishment of a value through binding
3 arbitration by a panel comprising of three (3) licensed real estate appraisers licensed to appraise the
4 particular type of property at issue shall be required with one appointed by the department, one by
5 the owner of the parcel and one ("the neutral appraiser") chosen by the two (2) previously identified
6 appraisers. The neutral appraiser shall determine the final purchase price subject to acceptance by
7 the department. If the value is such that the department desires to continue with the purchase, then
8 the state or municipal public body or quasi-public agency shall be required to consummate the sale.

9 (e) Parcels exempt from the required donation or sale. The following real estate assets shall
10 be exempt from the required sale procedure in subsection (f) of this section:

11 (1) All real estate assets under the control of the Quonset Development Corporation within
12 the Quonset business park;

13 (2) All real estate assets under the control of the I-195 redevelopment district commission
14 within the I-195 redevelopment district;

15 (3) All real estate assets under the control of the Rhode Island airport corporation;

16 (4) All real estate assets under the control of the department of transportation held for
17 proposed roads, highways, railways or other transportation infrastructure;

18 (5) All real estate assets under the control of the Rhode Island public transit authority;

19 (6) All real estate assets in the immediate vicinity of the state house and state offices in the
20 capitol district as bounded westerly by Interstate 95, southerly by Memorial Boulevard, northerly
21 by Orms Street and easterly (from north to south) by Charles Street then by Mill Street and then by
22 the Moshassuck River;

23 (7) All real estate assets connected with judicial branch activities;

24 (8) All real estate assets controlled by the department of corrections;

25 (9) All real estate assets controlled by the University of Rhode Island;

26 (10) All real estate assets controlled by Rhode Island College that are located in
27 Providence;

28 (11) All real estate assets controlled by the Community College of Rhode Island;

29 (12) All real estate assets located in Cranston at the John O. Pastore center or in its
30 immediate vicinity;

31 (13) All real estate assets controlled by the office of veterans' services in the vicinity of the
32 Rhode Island veterans' cemetery and the Rhode Island veterans' home;

33 (14) All real estate assets related to Eleanor Slater hospital including, but not limited to,
34 facilities in Cranston and Burrillville;

- 1 (15) All assets located in a flood zone;
- 2 (16) All assets located in a wetland designated by the department of environmental
3 management;
- 4 (17) All real estate assets which are subject to any farm, forest or open space restriction
5 against building through the department of environmental management, any agricultural
6 conservancy trust, or any not-for-profit entity or trust;
- 7 (18) All state or municipal parks, conservation areas, management areas, beaches, fishing
8 areas and other sites subject to the management and/or control of the department of environmental
9 management;
- 10 (19) All parcels designated by the director of the Rhode Island emergency management
11 agency as necessary for emergency preparation purposes;
- 12 (20) Real estate assets owned, controlled or overseen by the Rhode Island historical
13 preservation & heritage commission; and
- 14 (21) Any property being operated as a farm, for recreational purposes, open space, or as a
15 water supply or for the provision of utilities or serves as a buffer to any watershed, water supply or
16 utility.
- 17 (f) Donation or sale prior to disposition. Prior to any transfer of ownership of any real estate
18 asset by any state or municipal public body or quasi-public agency through sale, long-term lease of
19 more than five (5) years, surplus of property, auction, donation or other method, notice shall be
20 provided to the department along with the opportunity to timely evaluate the property and decide
21 whether to exercise an option to purchase or decline to purchase the parcel which shall not be less
22 than thirty (30) days. Notice of the proposed auction date, sale date or the date of the transfer of
23 ownership shall be provided to the department. Unless a public auction or sale is required pursuant
24 to other law or judicial order, the department shall have the right of first refusal for purchase of the
25 real estate asset by the land bank at:
- 26 (1) The advertised price, or, if none, then;
- 27 (2) At the price offered by an alternative buyer, or, if none, then;
- 28 (3) At the lowest price acceptable to the selling entity if acceptable to the department. The
29 department shall inform the selling agency of its decision to exercise its right of first refusal prior
30 to the auction date, sale date or disposition date contained in the original notice.

31 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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