

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Eightieth Session
March 21, 2019**

The Committee on Government Affairs was called to order by Chair Edgar Flores at 8:40 a.m. on Thursday, March 21, 2019, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/80th2019.

COMMITTEE MEMBERS PRESENT:

Assemblyman Edgar Flores, Chair
Assemblyman William McCurdy II, Vice Chair
Assemblyman Alex Assefa
Assemblyman Richard Carrillo
Assemblywoman Bea Duran
Assemblyman John Ellison
Assemblywoman Michelle Gorelow
Assemblywoman Melissa Hardy
Assemblyman Glen Leavitt
Assemblywoman Susie Martinez
Assemblywoman Connie Munk

COMMITTEE MEMBERS ABSENT:

Assemblywoman Shannon Bilbray-Axelrod (excused)
Assemblyman Gregory T. Hafen II (excused)

GUEST LEGISLATORS PRESENT:

Assemblyman Howard Watts, Assembly District No. 15

STAFF MEMBERS PRESENT:

Jered McDonald, Committee Policy Analyst
Mark Peckham, Committee Secretary
Trinity Thom, Committee Assistant



OTHERS PRESENT:

Michelle Larime, Deputy Director of Neighborhood Stabilization, Nevada Preservation Foundation
Shani J. Coleman, Deputy Director, Office of Administrative Services, City of Las Vegas
Michael Pelham, Director of Government and Community Affairs, Nevada Taxpayers Association
Dylan Shaver, Director of Policy and Strategy, City of Reno
Vinson Guthreau, Deputy Director, Nevada Association of Counties
Wes Henderson, Executive Director, Nevada League of Cities and Municipalities
Kathy Clewett, Legislative Liaison, City of Sparks
William H. Stanley, Executive Secretary-Treasurer, Southern Nevada Building Trades Union

Chair Flores:

[Roll was called. Committee rules were explained.] Today we are celebrating Latino and Latina Lobby Day, and several of our members from the Nevada Hispanic Legislative Caucus are addressing the group that came up. Members, I do encourage you all, if you have a chance, to stop by Room 3100. There are a lot of people who drove through the night to be here, and we want them to have a great experience and opportunity to speak with all of you.

On the agenda we have Assembly Bill 249. I see Assemblyman Watts is here. I would like to open the hearing on Assembly Bill 249, which provides for the creation of land banks. Good morning, welcome to the hardest-working Committee in this building.

Assembly Bill 249: Provides for the creation of land banks. (BDR 22-799)

Assemblyman Howard Watts, Assembly District No. 15:

It is my pleasure to present Assembly Bill 249 which provides for the creation of land banks. With the Chair's indulgence, I will give a brief background on why this policy is needed and then I am going to invite Michelle Larime, with the Nevada Preservation Foundation, who is down in Las Vegas to give some additional context in the neutral position. I will briefly walk you through the bill, and following that, open it up to any questions the Committee may have. I would also like to note, right at the outset, that I am working with a broad group of stakeholders on some amendments to the bill, including local governments as well as the chambers of commerce and the Realtors. I really appreciate their reaching out and meeting with me and working to improve the bill while preserving its intent. We agree that some of the language needs to be tightened up a bit, especially when it comes to some of the standards for the proposed nongovernmental land banks. Those conversations are ongoing. We were not able to get mock-ups prepared in time for the Committee, but I do have a few conceptual amendments that I will mention as I walk you through the bill.

Land banks have been used by local governments to acquire vacant, abandoned, and tax-delinquent properties and convert them to productive use. In particular, they tend to

focus on those tax-delinquent properties so they can clear the lien, title issues, and other market barriers that often leave them stuck in a state of neglect. By converting abandoned properties into community assets, such as affordable housing, land banks can correct historical inequities and provide opportunities for our communities to prosper.

As you all know, the financial and housing crisis hit Nevada especially hard, and we still struggle with vacant, abandoned, and tax-delinquent properties. That situation has led to the deterioration of neighborhoods and business centers that are the foundations of well-being for our communities. At the same time, local governments face reduced tax revenue and increased costs to combat resulting blight and related health and safety issues. We need new tools to help us transform vacant spaces into vibrant places. Land banks, I believe, are one of those tools. It is not a silver bullet, but I think it is something else we can put in our toolbox to address these issues.

Land banking has existed in the United States for more than four decades. There are currently 27 states that have passed land bank legislation. Assembly Bill 249 would be unique in allowing nonprofits and benefit corporations to form land banks in collaboration with local governments. If anyone is down in Las Vegas from the Nevada Preservation Foundation, I would like to open it up for them to come up and provide any context that they would like to.

Michelle Larime, Deputy Director of Neighborhood Stabilization, Nevada Preservation Foundation:

I want to provide a little bit of information on land banks and some specific examples of how these are working around the country.

Chair Flores:

I apologize for cutting you off. I just want to make a point of clarification. Are you copresenting, or are you just providing general information? I do have you marked as neutral. I am assuming you are not going to take a position, you are just going to provide general information, is that correct?

Michelle Larime:

That is correct.

Chair Flores:

Perfect. Please continue. I just wanted to clarify that.

Michelle Larime:

We focus on community revitalization. We have explored many different models for neighborhood revitalization and have found that land banks do, in many cases, play a key successful role around the country. Depending on the city and the community needs, much like Assemblyman Watts talked about, land banks can fill a variety of roles. They function anywhere from addressing property nuisance abatement, potential demolition needs, and they also can focus on actual property rehabilitation and redevelopment. Successful land banks

really work with their local market and identify what the causes of vacancy and abandonment are in their particular regions, and then structure themselves to provide the proper solution.

Two land banks to note are both the Detroit Land Bank and the Cuyahoga Land Bank. Both communities have experienced significant population loss in the Midwest, so these land banks' primary focus has been on acquiring vacant and abandoned properties, demolishing those properties, and creating more opportunities for green and open space and acquiring larger parcels for community-focused development to occur. However, demolition would likely not be a main emphasis in Nevada, certainly not here in southern Nevada where most of my focus has been. Instead, I will turn to the Fulton County/City of Atlanta Land Bank Authority, which is a very successful organization which has prioritized the revitalization of vacant and abandoned properties primarily through working closely with community developers and focusing on affordable housing and providing community amenities.

One of these organizations that we have taken a hard look at is the Historic Macon Foundation. In the last few decades Historic Macon has been able to receive multiple properties through the Fulton County/City of Atlanta Land Bank and has rehabilitated and sold over 140 historic homes through this partnership. That work has resulted in \$10 million in construction investments, created 2,000 jobs for local workers, added \$9.5 million back to the local tax base, and also saved 20,000 tons of potential waste from demolition from going to the local landfill. More importantly, perhaps, the land bank with the provision of right of first refusal on these properties, has been able to work with organizations like Historic Macon in providing below market rate housing and contributing to the affordable housing scene in Macon, Georgia.

I would just like to finish up by summarizing that land banks can play a very versatile role in addressing vacant properties and that over the past few years I have learned quite a bit about various efforts throughout the country and am happy to try to answer any questions you might have. Thank you.

Assemblyman Watts:

I am going to walk you through the major provisions of the bill. Sections 3 through 13 define terms that are important for the implementation of the bill. We are going to be tightening the definition of "local government" in section 9 to mean a city or county, for the purposes of this bill. Section 14 authorizes certain local governments to create a governmental land bank through the adoption of an ordinance or through the execution of an interlocal agreement if it involves more than one governmental entity. We are going to be adding towns and general improvement districts to subsection 4, along with school districts. We are also removing all language throughout the bill that references creation of a land bank via a rule or resolution, so it will require an ordinance in order for a land bank to be created.

Section 15 authorizes a nonprofit corporation or a benefit corporation to submit a request to a local government allowing the creation of a nongovernmental land bank. Section 18 sets forth the duties of the members of the board of directors of any land bank. Section 19 authorizes a land bank to employ such employees as it may require.

Section 20 sets forth the powers of a land bank, and among other things a land bank has the power to adopt, amend, and repeal bylaws for the regulation of its affairs and the conduct of its business, sue and be sued in its own name, and plead and be impleaded in all civil actions, borrow money from any source in accordance with policies established by the board, make improvements to real property and charge and collect rents for its use, and enter into contracts and other necessary instruments. Section 20, subsection 3, also states, "a land bank shall neither possess nor exercise the power of eminent domain." I want to make that extremely clear. We are going to add some clarifying language to make sure that it is clear throughout the bill that there is no power of eminent domain for land banks. Also, we are going to add some clarifying language to section 20, subsection 2, so that it is extremely clear that a land bank is entering into contracts with a local government, not on their behalf.

Section 21 exempts the real property and income and operations of a land bank "from all taxation by the State and by any of its political subdivisions through June 30, 2049." Section 22 describes the different ways a land bank may acquire real property and prohibits a land bank from owning or holding real property outside of the jurisdictional boundaries of the local government or governments that established it. We are working on some language to make sure it is extremely clear eminent domain is not an option.

Section 23 contains provisions to ensure that land banks are transparent in their operations including the Open Meeting Law and access to public records. I am looking to amend this section as well so it applies to nongovernmental land banks and to eliminate subsection 3 from section 23.

Section 24 authorizes a local government to place certain restrictions on the operation of a land bank. Sections 25 and 26 describe funding sources for land banks and the ability of a land bank to issue bonds. Section 27 authorizes the dissolution of a land bank 60 days after a resolution is approved by two-thirds of the membership of a board. Section 28 prohibits a member of the board or an employee of the land bank from acquiring any interest in the real property held by, or that will be held by, the land bank and authorizes other ethical provisions to be put in place for the members of a land bank board.

Section 29 authorizes the Governor to establish an emergency land bank for local governments affected by an emergency or disaster, such as a flood, wildfire, earthquake, or other emergency. An emergency land bank can be turned into a regular governmental land bank at the discretion of the local governments affected, or else it dissolves 12 months after the declaration of disaster.

Section 30 clarifies the intent of the bill in that the land bank has complete control over the property it holds. Sections 31 through 34 deal with authorized transactions of land banks. We are looking at replacing the automatically accepted bid provisions with the provisions for pre-auction transfer under *Nevada Revised Statutes* (NRS) 361.535, and to clarify that political subdivisions have the choice of discharging taxes and liens, or allowing them to otherwise be disposed of through escrow. Section 35 further explains the intent of the exemption found in section 21 regarding taxation of a land bank and its income and

operations. The bill currently has an effective date of July 1, 2019. That concludes my presentation, and I am happy to take any questions the Committee has for me.

Assemblywoman Munk:

Will the land banks be providing loans when they sell some of these properties? According to section 24, subsection 2, lines 12, 13, and 14, "Such consideration may take the form of monetary payments and secured financial obligations." Does that mean mortgages, deeds of trust, that type of thing? Will you become a lender?

Assemblyman Watts:

We are trying to give a pretty wide latitude for how land banks can acquire and dispose of properties. However, the intent is not for a land bank to become a lender. Again, we are trying to provide some options. One of the things I was discussing with some folks earlier is that when I first presented the bill, I talked about the general focus would be on tax-delinquent properties and figuring out ways to get those back out into productive use—clear the liens, clear the title. For example, if you have a heavily blighted neighborhood, you may have a mix of parcels that are tax-delinquent and you may have parcels that are not tax-delinquent, and so that is why we are authorizing land banks to purchase properties—because they could then combine multiple parcels together and work with nonprofits or other partners to create affordable housing. That might work best if you have multiple parcels that are next to one another. Similarly, we are coming up with a variety of ways for them to manage and dispose of that property, because sometimes the process of putting those properties back into productive use is not quick or easy—sometimes it is maintenance of properties; sometimes it is restoration. There may be situations where properties that the land bank holds could be rented.

We just want to make sure that there are a variety of options out there for land banks to sell or dispose of that land. Again, to your question, the goal is not to have the land bank become a large lender or an actual bank, nor is the intent of it to become a developer; it is really kind of a hub that looks at this issue of tax-delinquent, vacant, and abandoned properties, and has the tools to get those properties put into productive use.

Assemblywoman Munk:

You mentioned tax liens. Would the land bank then help eliminate any antiquated tax foreclosures that we have right now? Rather than having the tax or the financial departments in each county foreclose on that property, could the land bank come in and bring those taxes up to date?

Assemblyman Watts:

That is a good question. The intent of this legislation is to allow a land bank to acquire properties that are tax-delinquent. One of the things that I was talking about in terms of a change that we are looking at is, there is a provision where local government can actually take control of a property before sending it to auction, and this would allow land banks to take advantage of that provision as well, similarly to what Ms. Larime was talking about, a right of first refusal for those properties that are severely tax-delinquent and now are set for

auction. That is one of the methods that would be put into place. There is not really a modification of the law as it specifically relates to the tax foreclosure process in this bill. The land bank is supposed to be positioned to acquire property that is going through foreclosure or is otherwise tax-delinquent and available to be acquired.

Assemblyman Leavitt:

I just want to understand the process a little better. When we are talking about an abandoned property, is the property owner sending a letter saying, I am relinquishing my right to this property? How is abandonment proscribed in this scenario?

Assemblyman Watts:

A lot of the context of the bill is kind of a declaration of intent. One of the main areas of the bill where definitions of abandonment come into play is what is called in here the "priority bid," but we are actually replacing it with that ability to acquire a property before it is put out for public auction. The land bank board would set up a series of considerations or requirements which are laid out in this bill for determining if a property was eligible to be acquired before going to auction. It includes things like the owners are not there, there are no utilities on, there is foliage growing around, it has vermin in it. There is a wide range of options, and it has to satisfy more than one of those options to be considered for acquisition prior to being put out for public auction.

The other aspect that comes into play around that is when it comes to quiet title. Anyone who may have an interest in the title has to be noticed through a newspaper. Every effort has to be made to notify any individual who may have a claim to that title before it can move forward. That is one of the biggest areas where there would be outreach to make sure that the property truly is abandoned and nobody has any interest in it before moving forward.

Assemblyman Leavitt:

My concern is that we are taking land that maybe somebody could not afford the upkeep at the time. I just want to know you guys are taking the proper steps. My second question is, How do we justify selling or procuring the property below the fair market value? I believe Ms. Larime had mentioned the ability to acquire land under market value, and that makes me a little uncomfortable. Why do you not let it go to auction and then you are for sure getting fair market value for it because then it is worth what someone is willing to pay for it?

Assemblyman Watts:

One of the issues that we are trying to address with land banks is when the liens, costs, liabilities, and issues with the title pose such high barriers that either those costs exceed the fair market value, or the combination of those barriers simply makes it impossible in the market for that property to be acquired, improved, and put into productive use. The purpose of the land bank is to be able to intervene in some of those cases, again, with a variety of requirements laid out before they can do things like intervene prior to a public auction and acquire a property before those liens, taxes, and other costs. They can then work to clear those liens, clear any title issues, and then they can turn around a property at market value that is attractive for investment and improvement. With the proceeds from that sale, they can

continue to invest that back into the activities of the land bank in terms of revitalization and equitable community development.

Assemblyman Leavitt:

When I was reading about land banks, they mention the word "revitalization" a lot. Sometimes with revitalization, especially when you are talking about abandoned or distressed properties, gentrification comes into effect. How are you guys looking to combat some gentrification that may occur as a result of this process?

Assemblyman Watts:

That is always an issue. One of the things we are struggling with is that we know there are still neighborhoods that have not been prioritized for redevelopment investment. There are still areas where there are large amounts of vacant land and abandoned buildings, where there are communities struggling. One of the things that I think is exciting about land banks is they offer the opportunity for different governmental bodies to come together, partner with nonprofits, partner with other interested entities, and do mission- or community-driven redevelopment efforts. That is one of the goals of the nongovernmental land banks as well. The intent of that is to have community-focused organizations or mission-driven organizations be able to operate a land bank in order to avoid some of what you are talking about and really focus on an equitable redevelopment that focuses on what the members of that particular community want to see and tries to mitigate some of the impacts we see from gentrification.

Assemblyman Ellison:

How many of these land banks are in operation right now?

Assemblyman Watts:

I do not know exactly how many land banks are in operation. I do know that a majority of states in the country have legislation that enables land banks to operate.

Assemblyman Ellison:

The other question I have is if the county or the city puts up a piece of property to go to auction, that then notifies the public and anyone who might have a lien out there who might not know it is coming up for tax sale. Is that not good for private enterprise, the land bank having the ability to go in and bid on this also? That kind of takes it out of the hands of people who want to expand or whatever. Is that not usually how that works?

Assemblyman Watts:

Again, the intent of this bill is for those properties that are not attractive for that investment—where the costs and other barriers associated with the property are so high that it is really not attractive to be purchased, and if it is purchased, there are situations where a property is purchased and then held and taxes continue to not be paid, waiting to see if market conditions change. Properties end up in a cycle of tax delinquency, and they are not being put to productive use, which has a negative impact on local governments. This is trying to create that tool. To your point, you are talking about intervening before the land

goes to public auction. Now, the land bank can bid on any property in a public auction if it thinks it would work for its portfolio, and if it thinks it would work with its mission, whether that be redevelopment or preservation. In order to acquire property prior to it going to auction, the board would have to take a supermajority vote, and it would have to determine that the property meets one of several criteria showing that it has dilapidation or other barriers that do not make it attractive for traditional purchase and investment.

Assemblyman Carrillo:

Can you go through the steps on how the board is selected and what criteria there are in its selection?

Assemblyman Watts:

The outlines of the requirements for the board are relatively broad. I can tell you these are complex transactions, so you need people on the board and on staff who are experienced with matters of real estate. The intent of the bill, as I envision it, is that it has a mix of those individuals as well as individuals bringing a community-focused or mission-focused approach to the board of the land bank. We leave it broad because, again, you can have so many different situations and missions for a land bank. It can be very focused in its purpose, and as you have heard, there are different purposes in different parts of the country. Some may be really focused on redevelopment. Some may be looking at dilapidated structures that are in disrepair and have more of a preservation focus. There are a lot of different options, so we wanted to leave some of the board qualifications open. That said, we did want to make sure that we had some strong measures in place around ethics, particularly that anybody who is on the board of the land bank cannot hold property that a land bank is going to be acquiring. They cannot acquire property that is being disposed of by the bank. There has to be that separation: Nobody who is involved in the operation of the land bank can profit from the business it is conducting.

Assemblyman Carrillo:

Of course, that is a concern of individuals who are familiar with the process. Is that stated in the bill? I just want it to be clear that anyone who participates and is a member of the board is not going to say to themselves, Hey, this is an opportunity to jump ahead of the steps to acquire land that is in blighted neighborhoods. My concern would be, blighted neighborhood or not, someone may think he or she can just sit on a piece of land and eventually it is going to be worth something. I know a lot of people in real estate have investors, and they pool their money together and that would be the step. I just want to know, is that in the bill itself? I have concerns about that sort of thing happening.

Assemblyman Watts:

Yes. Section 28 of the bill states:

A member of the board or employee of a land bank shall not acquire any interest, direct or indirect, in real property of the land bank, in any real property to be acquired by the land bank or in any real property to be acquired from the land bank. A member of the board or employee of a land bank shall

not have any interest, direct or indirect, in any contract or proposed contract for material or service to be furnished or used by a land bank.

So that is where the intent is laid out that these have to be arm's-length transactions. I appreciate the concerns that you raised, and those have been brought to me by other stakeholders as well. Again, that is why we are going to be looking at some language to tighten up, especially when it comes to the nongovernmental land banks to ensure that they cannot be manipulated to some purpose that allows developers to get around some of the existing laws and gain those powers.

Assemblyman McCurdy:

As you know, I did have some initial concerns about the opportunity for eminent domain to occur within this process, and it is especially important for me, coming from Assembly District No. 6, which happens to have a lot of blighted areas and a lot of dilapidated homes in the area. I appreciate your clarifying that.

Let us go to section 25, subsection 2, where it talks about what the land bank may receive and retain payments for. Can you describe to the Committee what you are looking to see happen with paragraphs (a) through (e), because it seems as though this could get to a place where it is functioning as a developer. If you could just go through for the Committee what your intent is, so that we can get that out there for those who may have concerns. Then we will move forward to section 26, which talks about bonds.

Assemblyman Watts:

I am happy to make it clear on the record, as many times as possible, that the clear intent of this bill is not for the land bank to have the power of eminent domain. I also want to make it clear again that the intent of the bill is not to take property out from under people who happen to miss one tax payment. We are talking about severely tax-delinquent properties because severe tax-delinquency is one of the key indicators of true abandonment of a property. That being said, when it comes to section 25, looking at the things that a land bank may receive and retain payments for when it comes to income from investments or proceeds of insurance coverage, earlier in the bill where it lays out the powers of a land bank it includes obtaining insurance coverage for the property. It includes in the financial abilities of a land bank to invest money, and this section is allowing them to use the proceeds from those things if those come into play.

In terms of rents and payments received, again, we wanted to start with being broad in laying out the foundation of what a land bank could do so that as local governments and community groups came together, they would have a wide variety of tools at their disposal to acquire properties and put them back into productive use, whether that is equitable redevelopment, historic preservation, or another mission-driven approach. In that, we wanted to include the ability for some properties to be obtained, improved, and then potentially rented. That is the rent and lease payments in that section. I will say that, in general, the intent of a land bank is not to become a developer or a long-term real estate holder. It is to bring in those properties, help improve them, and get them back into productive use. It is not to obtain an

ever-growing supply of real estate or an ever-growing inventory held in perpetuity. One of the provisions that is meant to help ensure that is a sunset on the tax-exempt status of those. This is not supposed to be a long-term investment opportunity, but we wanted to have the ability starting off for them to rent properties that are improved as they look for, potentially, the right conditions to sell that property or dispose of it. That is the intent of section 25, and of the bill as a whole, to provide a wide range of options for how the land bank may acquire or dispose of property. I am open to working with stakeholders if they feel that additional guardrails need to be put in place, or if some of them do not make sense, we can work on that.

Assemblyman McCurdy:

That was thorough. I appreciate your attention to making sure we are not just grabbing land, holding onto it, and operating in a manner that is not going to be beneficial to the general public. Moving on to section 26, if you will, could you allow the Committee to see your vision as it relates to the issuance of bonds? Walk us through your vision, please.

Assemblyman Watts:

One thing I want to be clear about is, there is a lot of language in the section as it comes to the issuance of bonds, and they are only based on the holdings of the land bank so they are not liabilities for the local government or for the state. Frankly, this is something that I would see as a longer-term option because the land bank has to obtain enough assets for it to be able to bond on in the first place. That being said, it would allow if the land bank has sufficient capital income from what it projects from the sale of the properties it is improving, or potentially rents or other income, it would be able to bond against those proceeds so that it would be able to expand its scope to do its work up front. That is the intent. Again, it is only based on assets that the land bank itself has. That bonding is not a liability for a local government or for the state.

Assemblyman McCurdy:

I would like to take a look at section 15, subsection 2, paragraph (b), where it talks about the board of directors—no less than 5, no more than 11 members. Do you envision members of the community being a part of the board of directors? If so, how do you envision members of that community being involved and having a voice as it relates to the community they are in?

Assemblyman Watts:

Yes, my vision is that in any community that a land bank is operating in, the community members are a part of that board and that decision-making process. As I stated earlier, because there is a lot to this and some of these transactions are fairly complex, we also need people with experience in those transactions. I would love to see community members, community organizations, folks who can help apply that community-focused or mission-driven approach. I think that helps clarify from the outset what the land bank is looking to accomplish, and that it is not a developer or just a generic real estate investment entity and that all of its activities are geared toward a particular purpose, whether that is the development of affordable housing, the redevelopment of a community that is dealing with

blight and abandonment, or whether it is historic preservation. That is something that I envision. As I stated earlier, we left it broad because I did not want to mandate that X number of positions or X percentage of the positions had to come from these different backgrounds, but it is certainly my intent that those community voices would be represented on the board. I am open to working with stakeholders with any language to address that.

Assemblyman McCurdy:

I have one final comment. I just want to thank you for bringing this. I feel in my heart that this will achieve the goals that you are looking for it to achieve. As we move forward, with this tool that you refer to, we have to make sure that we are speaking to the communities that we are looking to improve. I look forward to seeing where this lands.

Assemblywoman Munk:

I was just curious about where the preamble of the bill states, "prescribing the powers of a land bank; exempting the real property, income and operations of a land bank from taxation through June 30, 2049." Why would you not be paying taxes on property you acquire?

Assemblyman Watts:

Since these bodies are being created either by local governments or with the authorization and partnership of a local government, and the idea is that the land bank is not going to hold and speculate on these properties for the gain of any individual or entity but rather for the improvement of the community, that when they bring these properties in, while they are working to clear liens and the title and make improvements to the property, maintain it, and then convey it, that it would not continue to accrue tax liabilities. That is the intention of that section of the bill.

Assemblyman Assefa:

Could you briefly go into section 16, subsection 1, where it talks about "the land bank is a body corporate and shall have permanent and perpetual duration until terminated and dissolved in accordance with section 27 of this act." Could you elaborate on that for me, please?

Assemblyman Watts:

Once the local government agrees to establish the land bank, it does not have a sunset. It becomes its own distinct entity. It can be dissolved by the board, and that procedure is described in section 27 of this bill. That is all it means, that it creates its own entity and that it has no sunset on it but can be dissolved pursuant to section 27 of the bill.

Chair Flores:

I do not believe we have any more questions. Assemblyman Watts, please sit back. I would like to invite those wishing to speak in support of Assembly Bill 249 to step forward.

Shani J. Coleman, Deputy Director, Office of Administrative Services, City of Las Vegas:

The City of Las Vegas has one of the largest and most active redevelopment agencies in the state. The City of Las Vegas' redevelopment area covers a large portion of older areas of southern Nevada. We support this bill because we see land banks as a tool. Areas covered by our redevelopment area include our downtown. We have a lot of small infill parcels that are not being used at their highest and best use, and land in downtown Las Vegas is very expensive. As some of you may know, one of the things that is happening in southern Nevada is that the cost of housing is so expensive. We believe that through the creation of land banks, we would have the ability to capture land that is not being put to its highest and best use to create options for affordable housing. For that reason we support this bill.

Chair Flores:

Is there anyone else wishing to speak in support of this bill? [There was no one.] I would like to invite those wishing to speak in opposition to A.B. 249 to please come forward, both in Clark County and in Carson City.

Michael Pelham, Director of Government and Community Affairs, Nevada Taxpayers Association:

I am here in opposition to this bill. We think this bill is unnecessary and costly to local governments, including schools. There is already statutory provisions that address the issues in this bill. They range from local government's ability to establish redevelopment areas, billing property owners for cleanup and demolition of blighted properties, and selling properties that have delinquent tax payments on them. In fact, there is a bill, Assembly Bill 79, which is going to speed up the process to acquire those blighted properties, and it is going to cut it in half from two years to one year.

Chair Flores:

Is there anyone wishing to speak in the neutral position on Assembly Bill 249?

Dylan Shaver, Director of Policy and Strategy, City of Reno:

I am here representing the City of Reno, the Biggest Little City in the World. From the American elm to the wild plum, our parks are home to 150 different species of tree. I encourage you to come check them out as spring rapidly approaches.

First and foremost, I would be remiss not to thank Assemblyman Watts for having brought such an important measure. We believe that land banks are a critical tool to not only create affordable housing, but relieve urban blight and achieve urban infill. These are top priorities for us as a city. When it comes to the governmental land banks, and working with our communities to do these sorts of things, we do see this as a very powerful tool we could use.

When it comes to the nongovernmental land banks, a lot of questions come up for us, and that is not to say that we are opposed to it. I very much wanted to be here in support today. There are just too many questions that we could not answer internally to achieve that today. For example, it appears that once approved, a nongovernmental land bank can acquire

property at its whim, which is then removed from our property tax rolls until about 2049. Obviously, property tax income is on the decline for all of our local governments; it is not something specific to Reno, and because of that we are just not willing to cede that sort of authority to a private developer. Furthermore, when we talk about pulling these items off the tax rolls and then bringing them back onto the tax rolls, we do not really grasp how that interacts with the 3 percent and 8 percent caps for property appreciation that are already in place. Unfortunately, despite our best intentions here in this building every two years, those are outcomes most commonly determined by the courts, and honestly that is a court fight I do not think anybody in this room wants to figure out. As I said, we are not using this as a reason to oppose the bill. They are just questions we would like the sponsor to answer between now and when you hold a work session on this piece of legislation.

Finally, section 22 does clearly lay out that a governmental entity cannot acquire parcels outside of its territory. That makes sense, but what is not very clear is a county can come into the municipal boundary of a city and acquire property and basically pull that out and put it in its own land bank. We would obviously want to see that tightened up.

From the get-go, this is a very important piece of legislation, we think. The goals it aims to achieve are also our goals, and I apologize I was not able to get these questions answered prior to your hearing, but we do look forward to working with the Committee and the bill's sponsor to make sure these questions are answered and we can all come back here happy.

Vinson Guthreau, Deputy Director, Nevada Association of Counties:

We believe that A.B. 249, as Mr. Shaver mentioned, could be a very effective tool for local governments to revitalize neighborhoods and reduce blight. We would be remiss if we did not thank Assemblyman Watts for working closely with us to fix a few things to make sure it does work for counties, specifically addressing sections 31 and 32 to address concerns that the treasurers had with section 20, subsection 2, and clarifying those contracts between land banks and the county.

Wes Henderson, Executive Director, Nevada League of Cities and Municipalities:

We think this would be another tool in our member's toolbox for economic development; however, we do have a concern with section 14, subsection 3. We would like clarifying language inserted into this subsection to ensure that another government entity cannot create a land bank that includes land within an incorporated city that has not created a land bank, absent an interlocal agreement. This mirrors the comments made by the other speakers on section 22, subsection 5. We think it still needs some clarification, and we look forward to working with the sponsor to clarify that.

Kathy Clewett, Legislative Liaison, City of Sparks:

Me, too, and we have submitted some changes to make sure this is clear and workable for everyone. We do think this is another tool in our toolbox so we do look forward to that. We are also looking forward to possibly how this tool could work with a lot of our zones in the Cities of Reno and Sparks that are in the opportunity zones. This could really be another

tool for people or developers that want to come through the opportunity zones and work it that way too.

William H. Stanley, Executive Secretary-Treasurer, Southern Nevada Building Trades Union:

We have some concerns as they relate to either the demolition or construction of property that may be acquired, and the improvement of that property. We want to ensure that the folks employed on the property to do that work—because of the tax abatement and the five-year tax giveback—can actually afford the affordable housing that may be built on these properties by ensuring they are paid prevailing wage rates that would otherwise come from when taxpayers build something that would be a public works. We would like it to be defined as such, if the intent is that the land bank would engage in either demolition or construction, per the language from NRS 338.010 to 338.090. We will continue to work with the sponsor to see if we can get to that position. I am learning, as everybody else, what a land bank is and its intent. As I heard some of the discussion this morning from Ms. Larime, there are land banks that engage in those types of activities, and we have that concern.

Chair Flores:

I do not believe we have any more speakers. Assemblyman Watts, please come up and give any closing remarks you may have.

Assemblyman Watts:

I appreciate all the testimony that was given. Again, I am open to working with all these stakeholders to tighten up the language in this bill and address some of those concerns. I would just like to make it clear that the intent of this bill, and my initial reading of it, is that, for example, if a land bank was started with the authorization of Clark County, it would only be able to acquire property and operate in the unincorporated portions of Clark County, unless it had an interlocal agreement with one or more cities, in which case it could operate in any of the municipalities in that interlocal agreement. That is the intent of the bill. I am happy to work with folks on clarifying language. I understand the concerns about the nongovernmental land banks, and I look forward to working with the stakeholders to figure out how we can tighten that language up to make sure it is not open to any potential abuse. One other final remark that I would make is that, yes, while these properties are being taken off the tax rolls for a time, we have to remember that the intent and focus of this bill is on properties that are vacant, abandoned, and tax-delinquent. Not only are they a liability to the local governments because taxes are not being paid on them, they are causing blight and other issues that are decreasing neighboring property values. I think it is worthwhile to have this tool. Even with other tools available, this is one more tool that we can have, and it can bring some of the others together in order to take those properties and put them to their highest and best use. We are going to see property values increase for neighboring landowners, and we are going to see an increase in revenue to local governments. That is the intent of this bill. I thank you all for taking the time to hear it.

Chair Flores:

Before you leave, we have a few additional questions from the Committee members.

Assemblyman McCurdy:

I do not know how I missed this, but I must have glossed over it. In section 14, subsection 4, it speaks to school districts being able to participate in land banking. Why would a school district need to have that ability?

Assemblyman Watts:

In my conceptual amendment, we also talked about including towns and general improvement districts in that language as well. The idea is to have the ability for partnership between a variety of governmental entities. We wanted to make it clear that those entities cannot form land banks on their own; however, we wanted the ability for them to have a seat at the table. Again, we just wanted to have flexibility in what the options would be for the return of that land to its highest and best use. I have not heard any concerns with that provision, on having the option for school districts to participate if they see that it would be in their interest to do so. If those concerns arise, I am happy to work with folks on this.

Assemblyman McCurdy:

Perhaps if they would like a seat at the table, it may be worth noting that they could possibly be one of the members of the board of directors. That is just something that jumped out at me as we were going through it. I look forward to the outcome of this legislation.

Chair Flores:

I have one additional request for you, Assemblyman Watts. As you are moving forward with the working group, if you could invite Assemblyman McCurdy and Assemblyman Leavitt to be part of that, and although she is not a member of this Committee, I know Assemblywoman Neal would bring interest and a host of experience to this dialog. I have had an opportunity to discuss this bill with her prior to this hearing, and I know she would be very interested. Assemblyman Carrillo did have a question for you.

Assemblyman Carrillo:

My question is regarding the blighted properties. Of course, in my district there are some that are boarded up. The county comes by and closes them up and, of course, you might have people who are homeless try to break in to keep themselves warm in the wintertime and start a fire. Before you know it, it is even worse than it was before. If this land bank was to take place, on those blighted properties that have condemned homes, will they take the responsibility to ensure that—hate to have children go into some of these abandoned homes and get injured on one of the properties—would they take the responsibility to ensure that it is just flat ground after?

Assemblyman Watts:

Yes, the land bank basically takes possession of that property and is responsible for it. Depending upon the situation with the property, they may do anything from continuing to manage the property to making sure that the property is secure and safe. If an incident like what you are talking about happened where there was a fire or other damage and the structure was compromised past the point where rehabilitation made sense, then they could potentially have the structure demolished and still figure out how they can maintain or redevelop that

parcel. At its essence, the land bank does take responsibility. I think that is a great opportunity because when there are private owners who have abandoned the property, who have no interest in it, are not responding, are not paying taxes, they are not going to do their due diligence to take care of that property, and a local government may have a large jurisdiction with many properties that they are responsible for in terms of code enforcement and attempting to deal with many issues that do arise. A land bank would have a much narrower focus, and I think it could play a more active role in preventing those situations from happening in the first place and in remedying it quicker if something like that did occur.

Chair Flores:

I would like to close the hearing on Assembly Bill 249 and invite anyone wishing to speak in public comment to please step forward. [There was no one.]

This meeting is adjourned [at 9:45 a.m.].

RESPECTFULLY SUBMITTED:

Mark Peckham
Committee Secretary

APPROVED BY:

Assemblyman Edgar Flores, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.