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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: Representatives Speakman, Giraldo, Potter, Cotter, Donovan, McGaw,
Henries, Morales, and Dawson

Date Introduced: March 04, 2024

Referred To: House Finance

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 program.**

6 There is hereby established a program to be operated by the department of housing called
7 the "housing land bank" in furtherance of the goal to create affordable housing in the State of Rhode
8 Island.

9 **42-64.35-2. Purpose.**

10 The housing land bank is established for the purpose of buying, receiving, and holding real
11 property for the development of affordable housing. Real estate assets held by the land bank can
12 only be donated or sold for housing to be developed and owned by a public housing authority or an
13 organization that qualifies under section 501(c)(3) of the Internal Revenue Code and also meets the
14 "public support" test of section 509(a)(2) of the code, except where the department is disposing of
15 a parcel for the purposes of acquiring a different parcel with the approval of the Rhode Island
16 housing resources commission established in chapter 128 of title 42.

17 **42-64.35-3. Establishment of account.**

18 The department shall establish an account into which title to real estate assets shall be listed

1 and held for disposal according to the purposes described in § 42-64.35-1.

2 **42-64.35-4. Acquisition of property and deposit into the land bank.**

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

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

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

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

22 **42-64.35-5. Public inspection of records.**

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

26 (1) The location of the parcel;

27 (2) The purchase price, if any, for each parcel received;

28 (3) The current value assigned to the property for purposes of real estate taxation;

29 (4) The amount, if any, owed to the municipality for real estate taxes or as a payment in
30 lieu of taxes;

31 (5) The identity of the transferor; and

32 (6) Any conditions or restrictions applicable to the property.

33 (b) All parcels received by the department and deposited into the land bank shall be listed
34 on the received inventory established pursuant to subsection (a) of this section within ten (10)

1 business days of the acquisition and shall remain in such inventory for at least five (5) business
2 days prior to disposition. Such inventory shall be listed on a website for the department accessible
3 to the public, including the address of the property, the size and type of any structure upon it, and
4 condition of remediation as defined in chapter 19.14 of title 23, if applicable, within twenty (20)
5 business days of acquisition into the land bank.

6 **42-64.35-6. Departmental authority to reject proposed transfers of property.**

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

11 **42-64.35-7. Property in the land bank exempt from legal process.**

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

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

23 (c) In the event of a divided ownership where a portion of the fee or property interest is
24 held by the land bank or any other conflict in ownership which may arise under this section, the
25 department may petition the superior court for partition in which after the required notice and
26 service of process is completed upon confirmatory motion, the land bank shall be awarded and
27 receive the whole fee simple interest by way of an interim order or a final judgment. An interim
28 order or a final judgment constitutes a recordable order which shall be considered binding in the
29 chain of title and any of the remainder portion claimed by another owner or creditor shall be subject
30 to owelty under the law or in equity based on the value of the interest transferred to the land bank.
31 Neither the department nor any land subject to such a partition action shall be restrained nor
32 enjoined and no equitable order shall issue to prevent the development of the property by the
33 department or its applicant or assignee.

34 **42-64.35-8. Required review of surplus land by state and municipal entities.**

1 (a) Required property review. All state and municipal public bodies and quasi-public
2 entities shall conduct a review of real estate assets owned by or under the control of the body or
3 quasi-public entity and determine which real estate assets are not under current use or planned use
4 by June 30, 2025. After that date, all state and municipal public bodies and quasi-public entities
5 shall provide an updated inventory on an annual basis.

6 (b) Real estate asset planning. Each state and municipal public body and quasi-public entity
7 shall create a long-term plan for those real estate assets not in current use. Such a plan shall provide
8 an estimated date when each real estate asset will be employed for use by the agency, what the
9 proposed use will be, and if known, the estimated costs to develop the land for the proposed use.

10 (c) A list of all real estate assets which are not in use shall be submitted to the department
11 along with a list of those parcels for which there are plans to put said parcel to use within ten (10)
12 years and proposals of what that use will be.

13 (d) The department will evaluate each parcel not in use, along with the proposed use so
14 denominated by each public body, for the appropriateness for development into residential housing
15 units. A copy of the list shall also be provided to the state properties committee.

16 (e) Notice to the department. If the department determines that a particular parcel listed on
17 any list required in subsections (b) and (c) of this section is appropriate for residential real estate
18 development, the department shall provide notice to the state or municipal public body or quasi-
19 public agency that is in control of or owns the parcel.

20 (f) Required donation or sale to land bank. Upon a determination by the department that a
21 particular real estate asset listed pursuant to subsection (d) of this section is suitable for residential
22 real estate development and the department has determined that it desires to acquire the real estate
23 asset for the land bank, if said parcel is not listed as being planned for use within the next ten (10)
24 years, the state or municipal public body or quasi-public agency, as applicable, shall be required,
25 upon notice by the department, to enter into a negotiation with the department for the transfer of
26 the parcel to the land bank. If the department and the state or municipal public body or quasi-public
27 agency cannot agree on a transfer value, then establishment of a value through binding arbitration
28 by a panel comprising of three (3) licensed real estate appraisers licensed to appraise the particular
29 type of property at issue shall be required with one appointed by the department, one by the owner
30 of the parcel and one chosen by the two (2) previously identified appraisers. The middle appraisal
31 shall be considered the final purchase price subject to acceptance by the department. If the value is
32 such that the department desires to continue with the purchase, then the state or municipal public
33 body or quasi-public agency shall be required to consummate the sale.

34 **42-64.35-9. Parcels exempt from the required donation or sale.**

- 1 The following real estate assets shall be exempt from the required sale procedure in § 42-
2 64.35-8(f):
- 3 (1) All real estate assets under the control of the Quonset development corporation within
4 the Quonset business park;
- 5 (2) All real estate assets under the control of the Rhode Island airport corporation;
- 6 (3) All real estate assets under the control of the department of transportation held for
7 proposed roads, highways, railways or other transportation infrastructure;
- 8 (4) All real estate assets under the control of the Rhode Island public transit authority;
- 9 (5) All real estate assets in the immediate vicinity of the state house and state offices in the
10 capitol district as bounded westerly by Interstate 95, southerly by Memorial Boulevard, northerly
11 by Orms Street and easterly (from north to south) by Charles Street then by Mill Street and then by
12 the Moshassuck River;
- 13 (6) All real estate assets connected with judicial branch activities;
- 14 (7) All real estate assets controlled by the department of corrections;
- 15 (8) All real estate assets controlled by the university of Rhode Island;
- 16 (9) All real estate assets controlled by Rhode Island college that are located in Providence;
- 17 (10) All real estate assets located in Cranston at the John O. Pastore Center or in its
18 immediate vicinity;
- 19 (11) All real estate assets controlled by the office of veterans' services in the vicinity of the
20 Rhode Island veterans' cemetery and the Rhode Island Veterans' Home;
- 21 (12) All real estate assets related to Eleanor Slater Hospital including, but not limited to,
22 facilities in Cranston and Burrillville;
- 23 (13) All assets located in a flood zone;
- 24 (14) All assets located in a wetland designated by the department of environmental
25 management;
- 26 (15) All real estate assets which are subject to any farm, forest or open space restriction
27 against building through the department of environmental management, any agricultural
28 conservancy trust, or any not-for-profit entity or trust;
- 29 (16) All state or municipal parks, conservation areas, management areas, beaches, fishing
30 areas and other sites subject to the management and/or control of the department of environmental
31 management;
- 32 (17) All parcels designated by the director of the Rhode Island emergency management
33 agency as necessary for emergency preparation purposes;
- 34 (18) Real estate assets owned, controlled or overseen by the Rhode Island historical

1 preservation & heritage commission; and

2 (19) Any property being operated as a farm, for recreational purposes, open space, or as a
3 water supply or for the provision of utilities or serves as a buffer to any watershed, water supply or
4 utility.

5 **42-62.35-10. Donation or sale prior to disposition.**

6 (a) Prior to any disposition of any real estate asset by any state or municipal public body
7 or quasi-public agency through sale, long-term lease of more than five (5) years, surplus of
8 property, auction, donation or other method, notice shall be provided to the department along with
9 the opportunity to timely evaluate the property and decide whether to exercise an option to purchase
10 or decline to purchase the parcel which shall not be less than thirty (30) days. Notice of the proposed
11 auction date, sale date or date of the disposition shall be provided to the department. Unless a public
12 auction or sale is required pursuant to other law or judicial order, the department shall have the
13 right of first refusal for purchase of the real estate asset by the land bank at the advertised price, or,
14 if none, then:

15 (1) At the price offered by an alternative buyer, or, if none, then;

16 (2) At the lowest price acceptable to the selling entity if acceptable to the department.

17 (b) The department shall inform the selling agency of its decision to exercise its right of
18 first refusal prior to the auction date, sale date or disposition date contained in the original notice.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

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

1 This act would establish a housing land bank program with the goal of creating affordable
2 housing in the State of Rhode Island. The housing land bank would have the authority to buy,
3 receive and hold property in furtherance of this goal.

4 This act would take effect upon passage.

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