

2025 -- S 0122 SUBSTITUTE A

LC000177/SUB A/2

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

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

Introduced By: Senators Kallman, Bissaillon, DiMario, Mack, Gu, Urso, Pearson, Lawson, and Vargas
Date Introduced: January 31, 2025

Referred To: Senate Housing & Municipal Government

It is enacted by the General Assembly as follows:

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

CHAPTER 55.2

HOUSING LAND BANK PROGRAM

42-55.2-1. Establishment of housing land bank program.

(a) As used herein:

(1) "Housing land bank" or "land bank" means the housing land bank program operated by the Rhode Island housing and mortgage finance corporation ("corporation"), and established pursuant to this chapter.

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

42-55.2-2. Establishment of account.

1 The corporation shall establish an account into which title to real estate assets shall be
2 deposited and held for disposal according to the purposes described in §42-55.2-1. Title to such
3 real estate shall be held in the name of a subsidiary of the corporation established for such purposes.

4 **42-55.2-3. Acquisition of property and deposit into the land bank.**

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

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

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

18 (d) The acquisition of real property by the corporation pursuant to this section, from entities
19 other than political subdivisions, shall be limited to real property that is tax delinquent, tax
20 foreclosed, subject to municipal receivership, vacant or abandoned, or unimproved land or taken
21 via eminent domain; provided, however, that the land bank shall have authority to enter into
22 agreements to purchase other real property in accordance with this chapter.

23 **42-55.2-4. Public inspection of records.**

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

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

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

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

31 (4) The identity of the transferor; and

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

33 (b) All parcels received by the corporation 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 corporation accessible
3 to the public, including at least the street where the property is located, the size and type of any
4 structure upon it, and condition of remediation as defined in § 23-19.14-3, if applicable, within
5 twenty (20) business days of acquisition into the land bank.

6 **42-55.2-5. Corporation's authority to reject proposed transfers of property.**

7 The corporation is hereby allowed to reject any proposed transfer of any real estate asset
8 in 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 corporation, create a harm to the finances,
10 operations or interests for the land bank, the corporation or the state.

11 **42-55.2-6. 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 corporation,
14 unless that parcel or asset is pledged as security for any loan agreement related to that parcel in
15 which case any available legal process shall be available against that parcel, but no liens, fines,
16 penalties, assessments or other charges shall be made against the land bank, the corporation or the
17 state for any reason during the period the property is held in the land bank.

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

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

33 **42-55.2-7. Required review of surplus land by state and municipal and quasi-public**
34 **entities.**

1 (a) Required property review. The state properties committee and all municipal public
2 bodies and quasi-public entities shall conduct a review of real estate assets owned by or under the
3 control of the body or quasi-public entity and determine which real estate assets are not under
4 current use or planned use by June 30, 2026. After that date, the state properties committee shall
5 provide an updated inventory to the corporation on December 1 annually. Thereafter, all
6 municipalities and quasi-public entities shall provide an updated inventory to the corporation by
7 August 15, 2027 and every year thereafter by such date.

8 (b) Real estate asset planning.

9 (1) A list of all real estate assets, except for school buildings, which are not in use shall be
10 submitted to the corporation along with a list of those parcels for which there are plans to put said
11 parcel to use within the next year and evidence of what that use will be. Evidence may include, but
12 is not limited to, architectural plans, capital improvement plan budgeting documents, and
13 comprehensive planning documents.

14 (2) The corporation shall evaluate each parcel submitted to the corporation, along with the
15 proposed use for each parcel so denominated by each public body, for the appropriateness for
16 development into residential housing units.

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

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

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

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 I-195 redevelopment district commission
6 within the I-195 redevelopment district;

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

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

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

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

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

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

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

18 (10) All real estate assets controlled by Rhode Island College;

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

20 (12) All real estate assets located in Cranston at the John O. Pastore Center or in its
21 immediate vicinity;

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

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

26 (15) All assets located in a flood zone;

27 (16) All assets located in a wetland designated by the department of environmental
28 management;

29 (17) All real estate assets which are subject to any farm, forest or open space restriction
30 against building through the department of environmental management, any agricultural
31 conservancy trust, or any not-for-profit entity or trust;

32 (18) All state or municipal parks, conservation areas, management areas, beaches, fishing
33 areas and other sites subject to the management and/or control of the department of environmental
34 management;

1 (19) All parcels designated by the director of the Rhode Island emergency management
2 agency as necessary for emergency preparation purposes;

3 (20) Real estate assets owned, controlled or overseen by the Rhode Island historical
4 preservation & heritage commission;

5 (21) Any property being operated as a farm, for recreational purposes, open space, or as a
6 water supply or for the provision of utilities or serves as a buffer to any watershed, water supply or
7 utility;

8 (22) All real estate acquired for or used as a community residence as defined by § 40.1-24-
9 1; and

10 (23) All real estate assets under the control of the Rhode Island turnpike and bridge
11 authority.

12 (f) Donation or sale prior to disposition. Prior to any transfer of ownership of any real estate
13 asset by any municipal public body or quasi-public agency through sale, long-term lease of more
14 than five (5) years, surplus of property, auction, donation or other method, notice shall be provided
15 to the corporation along with the opportunity to timely evaluate the property and decide whether to
16 exercise an option to purchase or decline to purchase the parcel which shall not be less than thirty
17 (30) days. Notice of the proposed auction date, sale date or the date of the transfer of ownership
18 shall be provided to the corporation. Unless a public auction or sale is required pursuant to other
19 law or judicial order, the corporation shall have the right of first refusal for purchase of the real
20 estate asset by the land bank at:

21 (1) The advertised price, or, if none, then;

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

23 (3) At the lowest price acceptable to the selling entity if acceptable to the corporation. The
24 corporation shall inform the selling agency of its decision to exercise its right of first refusal prior
25 to the auction date, sale date or disposition date contained in the original notice.

26 SECTION 2. Chapter 37-7 of the General Laws entitled "Management and Disposal of
27 Property" is hereby amended by adding thereto the following section:

28 **37-7-16. Transfer of land to the housing land bank.**

29 The Rhode Island housing and mortgage finance corporation may request, pursuant to §
30 37-7-6, that any state-owned land not being utilized for other purposes be transferred to the housing
31 land bank, established pursuant to chapter 55.2 of title 42. In the event of such a transfer, the
32 property may be disposed of in accordance therewith.

1 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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