

ECONOMIC IMPACT OF LAND BANKING

(A Review of Allen County's Experience)



INTRODUCTION

The Allen County Redevelopment Commission ("Commission") began a land banking program in 2009 following staff research into the benefits and different approaches to land banking starting around 2007. In 2009, the Commission established the Redevelopment Capital Fund for the purpose of the acquisition of land and expenditures to make property shovel-ready. That is, to do the due diligence such as soil borings, Phase I environmental, and wetland studies. As the program has reached its 10 year anniversary, it seems appropriate to now take a look at the impact of the land bank program.

The land banking program was discussed with, and received support from, the Board of Commissioners of the County of Allen, as well as the Allen County Council. The original funding for this program was provided in July 2010 in an amount of \$4,750,000 from various sources. The Commission also contributed \$385,357 of funding, and another \$300,000 for a local income tax fund was provided in the three years following the start of the program. As a result, the total funding for the Commission's Capital Fund came to \$5,435,357.

The first two land purchases were the Clancy and Hohenbrink properties in March 2011, which included about 150 acres at what is now known as Stonebridge Business Park. The next purchases were the Bandelier property in May 2011 consisting of 107 acres, followed by 79 acres of the Fox property. The Brandenberger property, just south of Fox, was purchased in February 2012. Finally, the Meadowbrook property, which is also in Stonebridge, was purchase in 2013.

OVERALL IMPACT

Since 2011, the Commission has purchased eight properties totaling 512 acres of land. At the beginning of 2020, the Commission still owned about 110 acres in four areas. The properties were purchased at a combined cost of \$4,812,625, while sales have provided \$5,947,655 in proceeds. As a result, on the basis of the land alone the Commission has gained \$1.135 million on the sale or use of about 79% of the land. (Note that some of the land purchased was dedicated to things like roads, drainage or common areas.)

The Commission also constructed infrastructure improvements in these areas. The total cost of these improvements was \$7.65 million. Many of the improvements, with the exception of Stonebridge Business Park, were only done once the land had been sold. In fact, many of these costs would have occurred if the business had purchased property from someone else. The overall impact of these types of costs will be included in the full report that looks at the cost – benefit of each project. These types of costs are typically covered by the tax increment generated by the project.

Total Property Cost

\$4,812,625

Total Proceeds

\$5,947,655

Total Profit

\$1.135 Million



SDI LaFarga

2019 Impact	Employment	Annual Payroll	Annual Property Taxes	Annual Income Taxes
All Properties	1,470	\$64 Million	\$1 Million	\$503,971

CONCLUSION

On the local tax impact, even with tax abatements still active on many of the properties, these businesses still paid about \$1 million in property taxes in 2019. The payroll at these facilities resulted in an estimated \$500,000 in local income taxes in 2019. Since 2012, the benefits come to \$2.5 million in local income taxes and \$3.2 million in property taxes.

Even if you look just at the most basic level at whether the land purchases and due diligence costs incurred by the Commission were covered by the sale, the Commission made about \$937,508 on the sale of land including the site due diligence costs. And the Commission still has 110 acres remaining in four [Locations](#).

On the individual site level the results have been positive as well. Although some of the sites have only recently been developed, the cost-benefit ratio is good in each case. The cost-benefit ratio's for each project both through 2019 and estimated over a longer period is listed below. Note that anything over 1.0 is considered a good result.

Company	Property	Cost Benefit (as of 2019)	Estimated Cost-Benefit	Period for Estimate
SDI LaFarga	Bandelier	1.76	3.10	Through 2022
General Mills/XPO	Fox	1.03	3.81	Through 2025
Walmart	Brandenberger	0.43	2.28	Through 2026
Northpoint (Now GM)	Stonebridge	0.70	1.62	Through 2026

**These figures are based on current assessed property values and investments as of 2019. Cost-benefit ratios do not factor in any investments made thereafter.*

