Land Bank 101: The Basics of Land Banking in Ohio

Lucas County Land Bank
David Mann, President
Joshua Murnen, Vice President & General Counsel
Introductions & Your Questions
Land Bank 101

Getting Started
Lucas County Land Bank - Brief History

* Incorporated – Aug. 2010
* Hired first staff member – Nov. 2010
* Received funding / acquired first property – Feb. 2011
* As of today:
  * 9 full-time staff members, one part time
  * Efforts on approximately 9,000 parcels
  * Approximately 1,600 structures demolished to date
  * Nearly 350 individual properties sold for renovation
Why a County Land Bank?

* Tackles the challenges of vacant, abandoned, & tax-delinquent properties with new tools
* Offers a dedicated funding for these efforts
* Streamlines the county tax foreclosure processes
* Builds and grows community partnerships
* Opens door to federal, state, and private funding sources
An Ohio land reutilization corporation (or more commonly, “land bank”) is a hybrid organization that combines:

(1) the private sector efficiency of a nonprofit corporation, with

(2) the public purposes, powers, and funding of a governmental organization.
A Land Bank has four statutory purposes in Ohio:

* Facilitating the reutilization of vacant, abandoned, and tax-foreclosed real property;
* Efficiently holding such property pending reutilization;
* Assisting entities to assemble and clear the title of such property in a coordinated manner; and
* Promoting economic and housing development.

Source: R.C. 1724.01(B)(2)
Our Mission

To strengthen neighborhoods and preserve property values by strategically returning vacant, abandoned, and tax-delinquent properties to productive use.

Toledo’s historic Pythian Castle
Answering Skepticism

- County Buy-In and Cooperation
  - Treasurer
  - Prosecutor
  - Commissioners
  - County Offices & Other Local Gov’ts
- Community Support
  - Listening Sessions
  - Clear Mission & Business Plan
- Transparency & Predictability
A land reutilization corporation may now be incorporated by any county in Ohio

The County Treasurer acts as formal incorporator

Articles of Incorporation must be approved by resolution of the Board of County Commissioners

The Articles are filed with the Secretary of State, after review and approval by the Attorney General

Source: R.C. 1724.04
Chapter 5722 – Land Reutilization Program

- At the same time as incorporation, the Board of County Commissioners designates, by resolution, the Land Bank as its agent for exercise of the County’s land reutilization powers under Chapter 5722.

- The County and Land Bank also enter into a formal “Agreement and Plan” regarding effective land reutilization, including the:
  - Specific powers of the Land Bank;
  - Compliance with applicable law; and,
  - Access to shared county services.
Like other nonprofit corporations, the Land Bank is governed by a Board of Directors, comprising 5, 7, or 9 members according to statute, who serve without compensation.

The Board members include:

- (1) County Treasurer
- (2) County Commissioners
- (1) Representative of the largest municipality, based on population
- (1) Representative of all townships with population over 10,000 in the unincorporated area, chosen by a majority of such trustees
- Up to (4) additional members

- At least (1) Board member must have private sector or nonprofit experience in rehabilitation or real estate acquisitions

Source: R.C. 1724.03
YOUR BOARD – Proper Oversight

- The Board is both very public and also private
  - Public officials given the flexibility to achieve in a non-profit setting
- Take advantage of the 2 or 4 additional representatives
  - Build community relationships
  - Ensure representation that is diverse and community focused
- Recognize the value of the Board and also its limitations

- Delegation with Oversight
  - Our Policies & Procedures give day-to-day authority to staff
  - With intervention and appeal opportunities at the Board level
  - Trust your staff – or consider why you don’t?
Officers

※ The Land Bank is managed by a President
※ Additional necessary officers include a Secretary and Treasurer
※ The President (or the Board directly) may hire additional employees as necessary

※ But, Ohio law permits shared services agreements between the Land Bank and employees of the Auditor, Treasurer, or Commissioners (R.C. 1724.02(O))
How many staff members does it take to make a Land Bank successful?

1?

9?

30?
The Better Question –
WHAT DO YOU INTEND TO DO?

* Our Land Bank started with one official staff member for more than a year
* Crawl / Walk / Run philosophy
* Today, 8 full-time staff members and 1 part-time contractor

* County employees also serve in key roles for the Land Bank
  * County Treasurer
  * Deputy Treasurers
  * Board of County Commissioners employees
Lucas County Land Bank – Organizational Chart

Board of Directors*

President

Vice President & Director of Community Engagement

Vice President & General Counsel

Secretary & Projects Manager

Projects Coordinators (3)

Field Technicians (2)

Heritage Home Program Director

Treasurer*

* Denotes uncompensated position
Building a successful culture

- A successful organization is built through its people
- Establish a culture committed to your mission
- AVOID THE NOID!

- Our Land Bank
  - Clear Chain of Command
  - Focused on Getting Things Done
  - Focused on Serving the Public
  - Regular staff meetings
  - Regular opportunities to relax too…
As part of its overall operations, the Land Bank should adopt the following:

* A Code of Regulations (By-Laws)
* A Conflict of Interest / Ethics Policy for Board and staff
* Employee Manual
* Records Retention Commission or R.C. 149.412 option
* A Public Records Policy
* A Purchasing Policy
  * Land Banks are not subject to a County’s competitive bidding requirements
Policies and Procedures

- Develop written Policies & Procedures to guide day-to-day staff decisions
  - Acquisition / Disposition
  - End User Priorities
  - Valuation
  - Demo vs. Rehab
- Sets expectations with end-users, community at large
There are a variety of potential funding sources for Land Banks, from statutory authority and through its operations:

- Up to 5% direct allocation from the Delinquent Tax and Assessment Collection fund (DTAC);
- Penalties & interest on delinquent taxes with DTAN (with 12% interest);
- A direct appropriation by the Board of County Commissioners;
- A direct appropriation by the Treasurer from Treasurer’s DTAC allocation;
- Property sales income from sale of vacant and abandoned properties;
- Federal / state / private grant funding.
## Lucas County Land Bank – Budget Process

<table>
<thead>
<tr>
<th>2015 Income</th>
<th>2015 Expenditures</th>
</tr>
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<tbody>
<tr>
<td>* Carry Forward</td>
<td>* Demolition</td>
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<tr>
<td></td>
<td>$3,406</td>
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<tr>
<td>* 5% DTAC allocation</td>
<td>* Rehab / Reinvestment</td>
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<tr>
<td></td>
<td>$1,290</td>
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<tr>
<td>* Property Sales</td>
<td>* Property Holding Costs</td>
</tr>
<tr>
<td></td>
<td>$232</td>
</tr>
<tr>
<td>* NIP Reimbursement</td>
<td>* Staff Costs / Benefits</td>
</tr>
<tr>
<td></td>
<td>$590</td>
</tr>
<tr>
<td>* Other Income</td>
<td>* Field Services / Overhead</td>
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<tr>
<td></td>
<td>$390</td>
</tr>
<tr>
<td>Total (in thousands)</td>
<td>* Encumbered Expenses</td>
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<tr>
<td></td>
<td>$215</td>
</tr>
<tr>
<td></td>
<td>* Reserve</td>
</tr>
<tr>
<td></td>
<td>$450</td>
</tr>
</tbody>
</table>

Total (in thousands) $6,722

Total (in thousands) $6,573
Business Matters

* **Accounting**
  * Land Banks must maintain separate accounts from the County
  * Quickbooks Online (for accounting and payroll) as one option

* **Healthcare**
  * Land Bank may partner with County to jointly procure health care
  * Land Bank can procure health care independently

* **Retirement**
  * Land Bank employees are not PERS eligible
  * Eligible for 457(b) retirement plan
Land Banks are required to prepare an annual financial report certified by the Board and filed with the Auditor of State (usually by April 30th).

The Auditor of State then conducts an independent public audit (or may delegate to a CPA firm).

Ultimately, these reports must be posted on the Land Bank’s website for public review.

Failure to file such financial reports in a timely manner may cause the Land Bank’s articles of incorporation to be canceled.

Source: R.C. 1724.05-06
Insurance & Immunity

* **Political Subdivision Immunity**
  * Chapter 2744 provides general immunity for tort claims against land banks as a political subdivision of the State

* **Insurance Coverage still necessary**
  * General Liability insurance (property holdings + contracted work)
  * Employee & Automobile Liability
  * Directors & Officers
  * Property Casualty
The Land Bank may consider agreements with local government entities regarding:

* Coordinating acquisition decisions
* Disposition protocols (esp. commercial/industrial)
* Demolition partnerships
* Maintenance of Land Bank-owned properties
* Nuisance abatement powers
  * We have numerous agreements with various subdivisions
Data Management
Attend Data Centralization: Managing Migration and Integration of Discrete Data Systems for an in-depth look at data systems

* Friday, 2:00 p.m. in Vanda South
Land Bank 101

The Acquisition Pipeline
Acquisition Pipeline

Potential sources:

* Tax Foreclosure
  * Primary means of acquisition
  * Expedited and judicial
* Forfeited Land
  * Alternative to direct transfer following tax foreclosure
* Donation
  * Includes private donations, “deed in lieu,” and REO properties
* Purchase
  * “Market” and REO
Acquisition Pipeline

* What are the needs and goals of the community?
  * Identify acquisition priorities; refine acquisition tools as capacity grows
  * Lucas County focuses on expedited tax foreclosure
  * Acquisition sources can be given higher or lower priority depending on community / neighborhood need
    * Ex: REO acquisitions could play a larger role if inventory exists and relationships established
Tax Foreclosure

* Land Banks can directly acquire title to vacant or non-productive land following tax foreclosure
  * Vacant land (RC § 5722.01)
  * Non-productive land: “Abandoned” means “Delinquent + Unoccupied” (RC § 5722.01 & 323.65)
    * Property is presumed unoccupied if insecure, vacant or vandalized upon visual inspection (RC § 323.65)
  * Tax foreclosure can be filed under RC § 323.25, 323.65-323.79, 5721.18, and 5721.14
    * Lucas County cites both § 323 and § 1521
  * Can file 60 days after property is certified tax delinquent (RC § 323.25)
Tax Foreclosure Process

Lucas County: Focus on investigation

* Treasurer orders title work and investigates case
  * Identifies owner and interested parties
  * Donation in lieu of foreclosure?
* Treasurer transfers case file to Prosecutor (civil division); Prosecutor files complaint
  * Board of Revision if possible
* Supplemental title work ordered and filed
* Case set for hearing (BOR) or motion for judgment (judicial)
* Judgment Entry: direct transfer or Sheriff’s sale
In Lucas County, the judicial tax foreclosure process historically took 2-3 years from the time a property was certified delinquent to the time of Sheriff’s Sale.

There simply was not a very scientific way to target delinquent properties for tax foreclosure:

- Focus on value, level of delinquency, or other criteria?
- Even if you have good data, little control over end result.

Land Banks can help to **focus and streamline** the tax foreclosure process, both for BOR and judicial cases.

Invest heavily in investigating case for greatest efficiency.
Land Bank Tax Foreclosure Acquisition Process and Timeline

The Lucas County Land Bank acquires the majority of our properties through tax foreclosure. As an end-user for the property, this timeline is designed to give you a basic sense of our acquisition time frame.

The Tax Foreclosure Process - ~165 Total Days

- At least 14 days
  - Applicant Qualified?
    - Yes
      - 14 days
        - Foreclosure Request and Delinquent Letter Mailed
      - No
        - Applicant Denied
    - Additional 28 days
      - Title Work Ordered and Case Investigated
    - Additional 45 days
      - Complaint Filed / Service of Process
    - Additional 30 days
      - Final Hearing and Judgment
    - Additional 45 days
      - Alternative Right of Redemption Foreclosed

Land Bank Takes Title

- Immediately Marketable
- At least 30 days
- At least 90 days
- Marketable
- Sold to Qualified End-User
- Marketable

Every transaction is different and nothing in this timeline should be construed as a commitment, either as to the length of the actual process or the Land Bank’s ability to secure title. Under Ohio law, an owner may “redeem” their property during the tax foreclosure process and prevent the Land Bank from acquiring it. By receiving an application, the Land Bank does not commit to transferring any property.
Tax Foreclosure: Expedited

- Expedited foreclosure through Board of Revision (RC § 323.25, 323.66-323.79)
- Action filed can only be filed if property is “abandoned” (delinquent and unoccupied: RC §§ 323.65(A)&(F), 323.66)
- BOR Composition: Auditor, Treasurer, Co. Commissioners
  - Dedicated specifically to expedited tax foreclosure
- In Lucas County, BOR cases average **five months** from the date title work is ordered to judgment
  - Cases move much quicker on average than judicial cases
  - Quasi-judicial; Civil Rule 4 applies
Expedited Tax Foreclosure:

- “Alternative right of redemption” (ARR): Owner has **28 days** to redeem taxes and court costs following judgment before direct transfer to Land Bank (reduced from 45)
- ARR is invoked if value of the property is greater than the delinquent taxes (RC § 323.78)
  - Owner can waive ARR to expedite transfer
- If delinquent taxes **exceed** value, property can be directly transferred to Land Bank without ARR
- Property can also be set for Sheriff’s sale following expedited tax foreclosure (RC § 323.73 & 323.77)
Expedited tax foreclosure is the Lucas Co. Land Bank’s largest pipeline: >75% of acquisitions

- Average over 50 cases per hearing
- Typically if an eligible property is eligible for BOR, but will be assessed following forfeiture, it will be filed in the BOR and subsequently set for Sheriff’s sale
- Reasons include IRS or other priority liens and risk reduction
* **Judicial Tax Foreclosure:**
  * High volume leads to longer average case time
  * Can be a good tool when BOR is not feasible, or if party in interest moves to change from BOR
  * Cases can be transferred directly between BOR and Court of Common Pleas (RC § § 323.69, 323.691 & 323.70)
  * Following sale, if no bid property can transfer directly to Land Bank or can transfer to forfeited land list
“Forfeited land” is the end result of the tax foreclosure process in cases when Sheriff’s Sale results in a “no bid” (RC § 5723).

- Land Banks have the statutory authority to acquire forfeited land at any time (RC § 5723.04).
  - Includes property that was not initially eligible for direct transfer.
  - Lucas County historically had a large number of forfeited properties; Land Bank has collaborated with County Auditor to greatly reduce inventory.
Forfeited Land

- Collaborate with Auditor and Treasurer to identify forfeited properties that require closer scrutiny
  - Properties may remain on forfeited land list while a development plan and financing are assembled
- Lucas Co. Land Bank frequently requests that properties go to Sheriff sale, intending to address them following forfeiture
  - This helps minimize risks with larger structures that may prove difficult to rehab, and properties with potential environmental issues
- Land Banks have authority to enter, inspect and appraise forfeited properties prior to taking title (RC § 5723.01)
- RC § 5723.04: Forfeited properties must be put up for action at least annually, so managing the inventory is critical
  - Lucas County: Minimum bid = $100.00!
Donation

- Donation can be an alternative way to acquire property when:
  - Tax foreclosure is not possible (ex: REO properties where taxes are paid out of escrow), or
  - Acquisition can be expedited (ex: tax foreclosure case is being investigated, owner wishes to donate in lieu of foreclosure)
  - “Deed in lieu of foreclosure” statutory provisions apply when case has already been filed (RC § 5722.10)
- Need to ensure title is clean and marketable
  - Require potential donor to produce title examination (or pay outstanding title work costs, if applicable) prior to transfer of title
  - Donor can credit donation as non-cash charitable contribution
    - Frequently, relief from tax and maintenance liability is incentive enough to donate
- Lucas County: REO pipeline with NCST (Fannie and Freddie), Chase, & previously with Wells Fargo
  - REO properties may come with reporting requirements
General discretion to purchase and acquire property
Purchase can potentially be a useful tool to supplement an REO pipeline where donation is not a possibility
In some cases, purchase for a nominal fee may make better economic sense for owner than donation
If Land Bank is taking the lead on project assembly, some purchasing may be necessary
Lucas County has explored / undertaken purchases only in extremely limited circumstances, but it can be a viable tool if necessary to advance an important project
Extends automatic tax exemption enjoyed by LRCs to any other electing subdivision (RC § 5709.12)

Gives priority to LRCs in purchasing tax certificates (RC § 5721.36)

If Land Bank elects to acquire property directly following Sheriff’s Sale and there are no bids, it is considered to have submitted the best “bid” following first sale and second sale is not necessary (useful for situations like IRS tax liens) (RC § 5722.03)

Clarifies that delinquent water, sewer and nuisance charges are abated following tax foreclosure (RC § 5722.03)

Extends tort liability enjoyed by political subdivisions to Land Banks (RC § 2744.01)
Land Bank 101

Property Inspection and Assessment
Property Assessment Basics

* Good information is necessary to make informed disposition decisions
* Gathering as much information as possible on the front end creates an efficient process throughout
* For most properties, gaining full knowledge of conditions is not feasible up front (interior, exterior, environmental, title), so getting the property into a position for redevelopment while minimizing risk is essential
SECTION 1: NONPRODUCTIVE LAND [Check one]

☐ There are **NO BUILDINGS OR OTHER STRUCTURES** located on the parcel.
☐ There are **BUILDINGS OR STRUCTURES THAT ARE NOT OCCUPIED** by any person on the parcel.
☐ There are **BUILDINGS OR OTHER STRUCTURE PRESENT AND OCCUPIED** on the parcel.

SECTION 2: PARCEL CONDITIONS [Check all that apply]

☐ Open or insecure doors and windows
☐ Vandalized
☐ Boarded up structure
☐ Fire damaged structure
☐ Stripped siding
☐ Absence of utility service hookups: Water / Electric / Natural gas
☐ Nuisance citation postings
☐ Dumping / Noticeable accumulation of trash or debris
☐ Overgrown lawn or weeds
☐ Dead or dying trees
☐ Other: ____________________________________________________________
☐ Other: ____________________________________________________________
Inspection Affidavit
(“Green Sheet”)

* Designed to mirror statutory criteria for vacancy (see RC 323.65(F))
  * Need any two of the conditions in 323.65(F)(2)
* Inspection affidavit is used to determine whether case will be filed with BOR; used as evidence that the property constitutes “abandoned land”
* Even if property subsequently becomes occupied after filing, if Treasurer lacks knowledge it still meets statutory definition of “abandoned”
Land Bank, Prosecutor staff and Treasurer staff meet weekly to review new acquisition opportunities.

- New and outstanding issues are discussed.
- Policies and procedures, both formal and informal, can be reviewed, discussed, and updated.
- In addition to serving a pragmatic function, regular meetings create a strong sense of partnership, continuity, and teamwork between all partners.
The Lucas County Land Reutilization Corporation ("LCLRC") is an Ohio community improvement corporation organized under R.C. §1724 and an electing subdivision as defined under R.C. §5722.01. The LCLRC has been designated by the Board of Lucas County Commissioners as the county’s agent to facilitate the effective reutilization of nonproductive land situated within its boundaries pursuant to R.C. §5722.02.

Pursuant to this authorization, the LCLRC, as an electing subdivision, hereby notifies all necessary parties of its request to acquire the following nonproductive land situated within Lucas County upon the foreclosure of the lawful owner’s right of redemption. This request shall further serve as notice that acquisition of this nonproductive land is necessary to accomplish the mission and purpose of the LCLRC, as required by R.C. §5722.01(F).

Parcel:  

Address:  

☐ Vacant
No buildings or structures are currently present upon the property.

☐ Abandoned
Buildings or other structures are present, but not in the occupancy of any person at the time of the initiation of foreclosure proceedings, and the acquisition of this property is necessary for an effective land reutilization program.
The Request for Non-Productive Land, or “Pink Sheet,” is the Land Bank’s formal request to acquire the property directly following tax foreclosure.

At our weekly meetings with Prosecutor / Treasurer, all properties to be investigated for foreclosure receive “Green Sheets.”

Properties that will go through BOR & be transferred directly to the Land Bank receive “Pink Sheets.”

Pink Sheet means we’re ready to assume the risk of ownership based on inspection and assessment.

While many non-direct transfers will go through BOR, these will still be set for Sheriff’s sale.
During Foreclosure

* The Land Bank has access to pre-foreclosure information and case information during foreclosure.
* In pre-foreclosure, if title work comes back clean and owner expresses an interest in donating property “in lieu” of foreclosure, Land Bank may accept property if owner can close in person and pay title work costs.
* If case has been filed and title work clean, all costs will need to be paid for a “deed in lieu”.
* If title work not clean, property will continue through foreclosure.
Post-Acquisition: Full Inspection

- Once Land Bank acquires title, or property becomes “forfeited land,” a “Level 2” full property inspection is ordered
- Includes comprehensive set of photos
- Undertaken by field technicians
- Provides comprehensive information on property conditions and renovation cost estimate
- This information is used to compile a “market assessment” for the property
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<tr>
<th>Property Item</th>
<th>Estimated Costs</th>
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<td>Y / N</td>
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<tr>
<td>2 Roof / Gutters</td>
<td>$</td>
<td>Y / N</td>
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<tr>
<td>3 Plumbing / Water Heater</td>
<td>$</td>
<td>Y / N</td>
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<tr>
<td>4 HVAC</td>
<td>$</td>
<td>Y / N</td>
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<tr>
<td>5 Electrical</td>
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<tr>
<td>6 Siding / Exterior Painting</td>
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<td>7 Windows / Doors</td>
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<td>8 Kitchen / Bathroom</td>
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<td># Baths: _____</td>
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<tr>
<td>9 Interior Walls / Ceilings / Flooring</td>
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<td># Beds: _____</td>
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<td>10 Garage / Porch / Exceptional Miscellaneous</td>
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<td>SQ FT</td>
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<tr>
<td>Bathrooms</td>
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<tr>
<td>Sales Report Comps</td>
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<tr>
<td>List with Realtor</td>
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<tr>
<td>Demolish (Obsolete)</td>
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<tr>
<td>Demolish (High RTV)</td>
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<tr>
<td>Demolish (Nuisance)</td>
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**NOTES:**
“Level 1” Inspection:

- Necessary to determine basic conditions and occupancy
  - Is land really vacant? Does structure have signatures of interior damage (roof issues, unsecured, foundation)?
- Information will be used to determine whether to move forward, likely disposition, and means of acquisition
- Undertaken by field technicians (we have two full time)
- Could conceivably be performed under contract with political subdivision – we’re partnering with City of Toledo for inspecting demolition candidates
Assessing “Level 1” Inspections

* Photos are reviewed by Land Bank staff using a spreadsheet; President makes final decision
  * Process can be streamlined for large scale acquisition (NIP)
* Supplementary data used in assessing Level 1s:
  * Toledo Survey data (gives a sense for neighborhood conditions and project viability)
  * Historic District Information
  * Presence of potential end users (look to neighbors or existing applicants)
Case Study: Typical Acquisition
1850 Glendale, Toledo

- Request for Investigation submitted by residents
- Land Bank conducts exterior “L 1” inspection; confirms property is vacant
- We confirm acquisition priority
  - Stable area but access to demo $$
- We meet with staff from Treasurer’s / Prosecutor’s offices to discuss tax foreclosure options
- Because property meets statutory criteria for “abandoned land” (in this case tax delinquent and unoccupied), it will be filed with BOR
- Not in historic district and access to demo funds, so we elected to directly acquire following judgment
Case Study: Typical Non-Residential Property
4606 Rosetta, Toledo

* 4606 Rosetta: Typical commercial / industrial process
* Identified as potential redevelopment priority, Land Bank coordinate tax foreclosure with Treasurer
  * BOR w/ Sheriff’s sale; no bid, property forfeits
* Land Bank is marketing property as forfeited land to avoid risk from acquisition if no buyer is available
  * Demo costs, environmental clean-up, “political” risks
* Shameless plug: Attend “Platforms for Commercial Redevelopment” Wednesday at 2:00!
Case Study: Non-Residential Property
4606 Rosetta

* 4606 Rosetta
* This lovely 3,000+ sq. ft. light industrial facility in North Toledo can be yours!

* All we will need to see is...
(Predictable segue into the next section)
Case Study: Alternative Acquisition
Anthony Wayne Solar Field, Toledo

BOLSTERING GREEN CREDENTIALS
A group of private investors plans to build a 2-megawatt solar array at 871 Spencer St., a 22-acre plot northeast of the Toledo Zoo.
Case Study: Alternative Acquisition
Anthony Wayne Solar Field

- Former site of Haughton Elevator factory: Local developer sought to construct solar field and partner with Toledo Zoo
  - “Brownfield” property with substantial tax delinquency and multiple lienholders, was in receivership
- Land Bank worked with receiver and developer to take title through fiduciary deed pursuant to judicial order
  - Lienholders consented to transfer; delinquent taxes abated (RC 5722.21)
- Creative strategic reuse of property that still has outstanding (but controlled) environmental issues
Land Bank 101

Disposition Considerations
Disposition – Policies and Procedures

* Policies and Procedures: Look to the needs and goals of individual communities
  * While challenges and solutions will differ by region, political subdivision, and neighborhood, policies and procedures should be clear and predictable
* Disposition objectives should further your mission & goals
* Maximize chances that the property will be productive in the future while minimizing risk that it will fall back into vacancy and abandonment
* Look to plans! (where they exist…)
Disposition: Desired Outcomes

- General policy considerations:
  - Increase values and promote sustainable neighborhoods
  - Facilitate new development consistent with community plans
  - Achieve good planning outcomes
  - Maintain existing housing stock where feasible
  - Preserve historic structures for future redevelopment
  - Strategically eliminate blight
  - Promote local control of property

- With each disposition decision, must be confident that both the end use and end user further the long term viability of the property and the surrounding area
Disposition Priorities - End Users

1. Political Subdivisions – Seek cooperative relationship; in Lucas County, typically no conflict between Land Bank and subdivisions
2. Property Restoration – Usually best use, but development can trump
   a. Owner occupancy – Includes re-sale and family members
   b. Rental – Look to condition of existing properties
3. Demolition – Sometimes best result, but often only possible result
   * Competing priorities between rental investors and owner occupants; investors more likely to demonstrate necessary financial assets
   * Conflict between demolition and rehab in historic neighborhoods
   * Transformative development may ultimately have highest priority
End User Qualification

- Basic Considerations:
  - Current on property taxes
  - No nuisance citations / conditions on existing properties
  - Not prior delinquent owner (includes business entities / family)

- If project is a rehab or new development:
  - Quality project development plan and time line
  - Financing to complete the project
  - Proof of prior work completed (if applicable)
  - Additional information on a case by case basis

- For multi-family, commercial, industrial and new development projects, a comprehensive development plan with development team information and financing is required
Disposition: Vacant Land

- Priority given to end users under the “Side Lot” program
  - “Side Lot” end user is first priority end user for vacant land
  - Must be at least 50% contiguous with adjacent property
  - Owner occupants and landlords both qualify
  - Purchase price is $100
  - If two equally qualified side lot applicants, we will split the parcel
    - Can be costly if survey required, but arguably leads to best planning result
    - Lucas Co. initially prioritized owner occupants, but we now give
      prioritize all adjacent owners to achieve better planning outcomes
  - Retain flexibility to dispose of property outside of “side lot” program
    when situation is unique as to land use, lot size, etc.
Disposition: Vacant Land

- Vacant land (outside of side lot program):
  - Land assembly for non-adjacent business, non-profits, institutional end users, etc., on a case by case basis; minimum $300 per parcel
    - Institutional end users can acquire non-adjacent land without immediate development plan if land is maintained and there is no other available use
  - Larger development projects: qualified on a case by case basis
    - Often involves site control only for a portion of the project
  - Purchase of non-adjacent lots by residents or for profit corporate entities is generally not permitted
    - Can license land for gardens or other community uses
    - Long term gardening or urban agriculture may qualify for purchase
Disposition Procedures: Rehab

- Property sold for “market value”
  - Factor the value of the property in good condition into account, then account for rehab costs to come to a starting offer
- Lucas Co. Land Bank uses a “Renovation Enforcement Note and Mortgage” during the rehab period
  - Purchaser gets title at closing, but executes Note and Mortgage giving Land Bank a security interest until rehab work complete
  - Standard rehab period is 6 months, can be extended
  - Purchaser cannot occupy property or encumber property with mortgage during escrow period (if financeable, the property may be habitable at sale and may not need this standard restriction)
- When work is complete, Land Bank undertakes inspection
  - Provides information on final status of property
  - If inspection passes, satisfaction of mortgage filed
Disposition Procedures: Rehab

Rehab requirements are based on City of Toledo’s occupancy standards, but Land Bank inspects property with private contractor

<table>
<thead>
<tr>
<th>DESCRIPTION OF PROPERTY FEATURE INSPECTED</th>
<th>COMPLIANT?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YES</td>
</tr>
<tr>
<td>1. Structural members are relatively free from deterioration and appear capable of supporting their loads.</td>
<td></td>
</tr>
<tr>
<td>2. Foundation walls appear to be in good condition.</td>
<td></td>
</tr>
<tr>
<td>3. Exterior walls appear to be in good condition.</td>
<td></td>
</tr>
<tr>
<td>4. Roof appears maintained and weather resistant.</td>
<td></td>
</tr>
<tr>
<td>5. Windows and doors appear secure, maintained and weather resistant.</td>
<td></td>
</tr>
<tr>
<td>6. Plumbing is properly installed, functional, and free from defects or leaks.</td>
<td></td>
</tr>
<tr>
<td>7. Electrical is properly installed, functional and appears free from safety hazards.</td>
<td></td>
</tr>
<tr>
<td>8. HVAC &amp; duct system is properly installed, functional, and free from safety hazards.</td>
<td></td>
</tr>
<tr>
<td>9. Mechanical and electrical appliances, including water heating system and kitchen appliances, are properly installed, functional, and free from safety hazards.</td>
<td></td>
</tr>
<tr>
<td>10. All interior and exterior areas of the property are maintained and free from debris, rubbish and garbage, and free from rodent infestation.</td>
<td></td>
</tr>
</tbody>
</table>
“Home Ownership Advantage”: properties with lower rehab values are set aside for owner occupants for 20 days

For owner occupants, we partner with housing counselors to provide an initial homeownership assessment and provide a recommendation as to whether the applicant has the ability to be a home owner in the near and long term.

This allows us to conditionally accept purchase offers from owner occupants rather than guessing as to applicant’s ultimate capacity.
Disposition decisions are made at a weekly “intake” meeting with full staff participation.

President has final decision making authority.

Considerations:

- Market value of property
- Renovation costs
- Availability of demolition funds
- Historic character of property
- Neighborhood conditions
In addition to “hard data,” past experiences on:

- Renovation v. demolition
- Marketability with respect to property characteristics and neighborhood
- Other “soft data” considerations

While renovation is generally our first priority, decisions to market require investment in clean-out and exterior maintenance, as well as broker’s time.

- If it is clear that property is not marketable, a decision to demolish will be reached unless special circumstances
Interactive Assessment and Disposition Fun!
1850 Glendale (Revisited)

* Historic property in stable neighborhood...
* But in extremely distressed condition
* Disposition???
## Market Assessment

<table>
<thead>
<tr>
<th>Address (Parcel)</th>
<th>Completed By</th>
<th>Current Fair Market Value</th>
<th>Sales Report Comps</th>
<th>Sale Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1850 Glendale Ave, Toledo, OH 43614 (06-04284)</td>
<td>Stephanie Beebe</td>
<td>Auditor's Value $92,200</td>
<td>1st Arms-Length $105,000</td>
<td>$105,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Zillow Value $102,458</td>
<td>2nd Arms-Length $92,500</td>
<td>$92,500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Comps Average $76,084</td>
<td>3rd Arms-Length $113,000</td>
<td>$113,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Weighted Fair Market Value $84,582</td>
<td>1st Distressed $52,667</td>
<td>$52,667</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Renovation Cost Estimate $100,000</td>
<td>2nd Distressed $46,667</td>
<td>$46,667</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Purchase Price Discounts</th>
<th>List with Realtor</th>
<th>Pre-Discount Price -$15,418</th>
<th>Demolish (Obselete)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Cash Purchase Discount -$3,855</td>
<td>Demolish (High RTV)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Demolish (Nuisance)</td>
</tr>
</tbody>
</table>

| Negotiation Range       | Offer -$11,564       | Negotiating Range -$5,782 to -$7,748 |

<table>
<thead>
<tr>
<th>Rehab to Value (RTV) Ratio</th>
<th>118.23%</th>
<th>Property Characteristics Approved</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total Living Area 2114 SQ FT</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bedrooms 4</td>
<td>NOTES:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bathrooms 1.5</td>
<td></td>
</tr>
</tbody>
</table>
$15,000 in matching funds available to help save property of historic significance in relatively stable neighborhood

Match can render a project economically viable

While demolition funds are available, attempting to market first will give us complete understanding of whether renovation is viable

No way to “un-do” demolition
### Purchase Offer Assessment

<table>
<thead>
<tr>
<th>Renovation Item</th>
<th>Purchaser</th>
<th>Land Bank</th>
<th>Purchaser Difference</th>
<th>Permit?</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Foundation</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$0</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>2 Roof / Gutters</td>
<td>$10,000</td>
<td>$12,000</td>
<td>$2,000.00</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>3 Plumbing / Water Heater</td>
<td>$5,000</td>
<td>$6,000</td>
<td>$1,000.00</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>4 HVAC</td>
<td>$15,000</td>
<td>$12,000</td>
<td>$3,000.00</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>5 Electrical</td>
<td>$8,000</td>
<td>$6,000</td>
<td>$2,000.00</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>6 Siding / Exterior Painting</td>
<td>$5,000</td>
<td>$6,000</td>
<td>$1,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Windows / Doors</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Kitchen / Bathroom(s) / Appliances</td>
<td>$4,000</td>
<td>$8,000</td>
<td>$4,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Interior Walls / Flooring / Ceilings</td>
<td>$5,000</td>
<td>$10,000</td>
<td>$5,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Garage / Porch / Miscellaneous Costs</td>
<td>$8,000</td>
<td>$10,000</td>
<td>$2,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A Additional Rehab Contingency</td>
<td>-</td>
<td>$10,000</td>
<td>$10,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B Historic District Contingency</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 TOTAL RENOVATION COSTS</td>
<td>$80,000</td>
<td>$100,000</td>
<td>$20,000.00</td>
<td></td>
<td>Renovation plan is sufficient</td>
</tr>
<tr>
<td>12 Purchase Offer / List Price</td>
<td>$3,000</td>
<td>$3,000</td>
<td>$0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21 TOTAL COST OF PROJECT</td>
<td>$83,000</td>
<td>$103,000</td>
<td>$20,000.00</td>
<td></td>
<td>$15,000 matching renovation grant included</td>
</tr>
<tr>
<td>C Negotiation Increases (Decreases)</td>
<td>$(3,000)</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 Total Verified Sources of Funding</td>
<td>$88,861</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22 FUNDING GAP</td>
<td>$0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D Delinquent Property Taxes</td>
<td>NO</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E Housing Code Violations</td>
<td>NO</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F Delinquent Water Accounts</td>
<td>TBD</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G Toledo Survey Average</td>
<td>A</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H Occupancy</td>
<td>Resale</td>
<td></td>
<td></td>
<td></td>
<td>Owns three other properties near this one</td>
</tr>
<tr>
<td>I Renovation Time Period</td>
<td>180 Days</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Initials Date**

Prepared by: DPM 10/21/2015

Approved:
Renovation nearing completion!
Other Disposition Considerations

- While decisions intended disposition are truly “final” until renovated or demolished...
  - Many decisions are very hard to “un-do”
- Utility kills and asbestos abatement make it very difficult to pull properties from the demolition list, as they can greatly increase renovation costs
- We do not generally alter course once it has been categorized as demolition, but we may take a risk and market a likely demolition when circumstances warrant
Land Bank 101

Your Questions &
Open Discussion
Land Bank 101

Flash Drive!
Land Bank 101

In Closing
But You Didn’t Cover … ?!

- Demolition
  - Demolition 101, 10/26 at 9:45 (Vanda North)
- Rehab Partnership Tools
  - Numerous sessions throughout the conference
- Historic Preservation
  - Historic Preservation for Land Banks, 10/26 at 2:00 (Vanda North)
- Other Topics??
  - Let’s talk during or after the conference
Additional Resources

* Thriving Communities Institute
  * Land Bank Playbook
* Center for Community Progress
* Greater Ohio
* LCLRC Resources
Thank You!

Additional Questions?

Contact us at (419) 213-4293

Visit www.LucasCountyLandBank.org