Housing Rehab for Smaller Land Banks

Policies, Pointers and Pitfalls

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• My expanded “elevator pitch”

• Review a few key components
How it Works in Mahoning County

First: All credit to Cuyahoga Land Bank for providing the model.

- Equity review determines the rehab candidates.
- Commission the inspection report and generate the rehab estimate.
- Post house information and report on web site with asking price and rehab estimate.
- Accept owner-occupant applications the first 30 days.
- Accept all other applications the next 30 days if no approved owner-occupants.
- Applications need proof of funds attached.
  - Proof of funds = asking price + rehab estimate.
  - Walk-thru arranged once complete application submitted.
- Find the best fit – experience, timeline, purchase price offer are all considerations.
- Negotiate sale price and rehab timeline.
- Make 10% deposit on the purchase price, made out to the escrow agent.
- Start and finish rehab.
- Inspector signs off.
- Closing with escrow agent within 2 weeks of completed rehab.
- Land Bank preps, records and conveys deed.
Key Components

Equity Evaluation
• Auditor values & sales data vs. rough rehab estimate.
• Kitchen, bathroom and utilities test.
• You know it when you see it.

Inspector & the report
• Everybody knows upfront what they’re getting into.
• Inspector is the boss.
• Follows through to completion. Saves you time.

Financials at application
• Screens the lookie-loos from the serious candidates and saves your time.
• Know who you are bringing through houses.

Pricing
• We seek 80% of auditor value to be reinvested. Ex: $35K auditor value = $28K reinvestment goal
  $28K reinvestment goal
  -$20K rehab estimate
  $8K asking price
Before
Before
After
After
After
Before
After, still in construction
After
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