

**Resolution to Approve an Increase to the Treasurer's Delinquent Tax and Assessment Collection Fund for Dedicated Use by the County Land Reutilization Corporation.
(Treasurer)**

WHEREAS, the Franklin County Board of Commissioners, pursuant to resolution number 154-12, authorized the Treasurer to incorporate a county land reutilization corporation under Chapters 1724 and 5722 of the Ohio Revised Code ("ORC") and, in accordance with ORC §1724.10(A)(2), designated the Central Ohio Community Improvement Corporation ("COCIC") as the agency for the reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed, or other real property in the County; and

WHEREAS, in furtherance of the implementation of an effective land reutilization program and in accordance with ORC Section 321.261(B), the Franklin County Treasurer requests and the Board of Commissioners desires to designate an additional amount of five percent of all collections of delinquent real property, personal property, and manufactured and mobile home taxes and assessments be deposited in the Treasurer's Delinquent Tax and Assessment Collection ("DTAC") fund for appropriation to the county land reutilization corporation; and

WHEREAS, the COCIC's proposed business plan and budget reflects the County land reutilization program's objectives of maintaining and returning real property to a productive status and merits an increase in DTAC withholding; and

WHEREAS, the County Treasurer and COCIC's Board of Directors strongly support and recommend this resolution.

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS, FRANKLIN COUNTY, OHIO:

1. That starting with the disbursement of second-half settlement in 2012, an additional amount of five percent of all collections of delinquent real property, personal property, and manufactured and mobile home taxes and assessments shall be deposited in the Treasurer's delinquent tax and assessment collection fund and be available for appropriation by the Board for the use of the county land reutilization corporation, pursuant to and in accordance with ORC Chapters 1724, 5722, and Section 321.261(B).

Prepared by: Stephen Porte
cc: Auditor

SIGNATURE SHEET

Resolution No. 0268-12

April 03, 2012

**RESOLUTION TO APPROVE AN INCREASE TO THE TREASURERS
DELINQUENT TAX AND ASSESSMENT COLLECTION FUND FOR DEDICATED
USE BY THE COUNTY LAND REUTILIZATION CORPORATION.**

(Treasurer)

Upon the motion of Commissioner John O'Grady, seconded by Commissioner Paula Brooks:

Voting:

Paula Brooks, President

Aye

John O'Grady

Aye

Board of County Commissioners
Franklin County, Ohio

CERTIFICATE OF CLERK

IT IS HEREBY CERTIFIED that the foregoing is a true and correct transcript of a resolution acted upon by the Board of County Commissioners, Franklin County, Ohio on the date noted above.



Debra A Willaman, Clerk
Board of County Commissioners
Franklin County, Ohio

Resolution Summary

To effectively attack the problem of blighted properties, the Treasurer recently launched a new county land reutilization corporation, the Central Ohio Community Improvement Corporation (COCIC). This corporation will implement the County's land reutilization program, which includes the reclamation, rehabilitation, and reutilization of vacant, abandoned and tax delinquent properties. The COCIC has prepared an attached proposed business plan and budget in support of the funding that would be provided through this resolution.

To fund the COCIC, this resolution requests the Board of Commissioners authorize an additional five percent (5%) withholding increase to the Treasurer's existing DTAC fund for dedicated use by the land bank corporation, pursuant to ORC Section 321.261(B).

The existing Delinquent Tax Assessment and Collection ("DTAC") fund comes from withholding five percent (5%) of the collection of delinquent taxes, which includes statutory penalties and interest. The existing fund has been historically distributed equally between the Treasurer and Prosecutor for use in ongoing delinquent-tax collection. The additional five percent DTAC increase being requested would be earmarked for exclusive use by the land bank and could generate estimated annual operating revenues of \$3.5 million (based on 2010 delinquent tax collection data).

**SUMMARY OF PROPOSED BUSINESS PLAN FOR
THE NEW FRANKLIN COUNTY LAND BANK
CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION**

I. INTRODUCTION

1) Mission Statement and Sustainability

All stakeholders recognize the need to maintain and improve the County's tax base by addressing the growing problem of vacant and abandoned properties in their communities. Recent studies quantify intuitive feelings that blighted properties are a drag on surrounding values and values increase when you remove these properties.¹ Yet, given the scope of the problem and limited resources, the overarching goal of the County Land Reutilization Corporation ("CLRC") must be sustainability, which means ensuring the Franklin County land bank entity, the Central Ohio Community Improvement Corporation ("COCIC"), takes on only the volume and types of properties that can be effectively handled over time.

Though the COCIC will seek input from various political subdivisions, not every property presented can be pursued for acquisition. Decisions as to which properties to pursue will be governed by considerations of acquisition and maintenance costs and the likelihood of ultimate disposition. Amassing a tremendously large number of properties without the requisite capacity to maintain, improve, and/or dispose of those properties would simply be counterproductive. This is a lesson learned from other communities that have undertaken land banks and now have ownership of a large volume of properties.

Instead, a key to the success of the Franklin County land bank will be its ability to maximize and leverage limited financial resources for the greatest impact. The COCIC envisions the CLRC initially taking a very conservative approach to acquiring property that makes economic sense in terms of the costs associated with acquisition, demolition, rehabilitation, and ultimate disposition and the economic impact of the properties' revitalization. An exception to this approach would be the land bank partnering to assemble and hold parcels for large-scale redevelopment, where the critical mass or tipping point for economic viability can require acquisition of 100 to 200 parcels.

During its first year of start-up operations, the COCIC plans to develop channels and procedures to evaluate and acquire properties, processes for maintenance, demolition and rehabilitation of properties and channels for the disposition of the properties. Steps to acquire a property will be taken with a plan for holding, demolishing and ultimately disposing of the property.

¹ Cleveland Federal Reserve *Working Paper 11-23*, September 2011 (properties within 500 feet of vacant, tax delinquent foreclosed property lost 7-8 percent of value; closer properties lost 16-22 percent of value); Michigan State University Land Policy Institute Report Number 2007-05, *Economic Impacts of Residential Property Abandonment and the Genesee County Land Bank in Flint, Michigan*, pp. 4-5 (\$3.5 million spent on demolition resulted in \$109 million aggregate increase in property values).

2) Cooperation with Other Political Subdivisions

The COCIC anticipates that, in many cases, it will pursue property at the request of the political subdivisions and in cooperation with community leaders. County Treasurer Edward Leonard, the land bank chairman, and the COCIC's Executive Director Joel Teaford, have already met with officials from various communities and have invited them to provide the land bank with targeted properties in their communities. If those properties qualify as both tax delinquent and vacant and abandoned, they would be considered for acquisition, either through an expedited tax foreclosure or some alternate acquisition method.

The Treasurer and COCIC leadership will continue to work together to identify qualifying properties throughout Franklin County. Those qualifying properties will be presented to representatives of the political subdivisions to gauge the interest of those municipalities, villages and townships in those properties. Input from school districts will also be solicited as it relates to delinquent and abandoned properties near schools or that might be of interest to the school districts for direct acquisition.

3) Cooperative Relationship with the City of Columbus Land Bank

The COCIC, as the new Franklin County land bank, will coordinate its efforts with the City of Columbus, which runs the largest and longest serving municipal land bank in Central Ohio. Over the last few years, the COCIC already has been working in coordination with Columbus land bank officials regarding the acquisition of Poindexter Tower units. That structure will be demolished in 2012 and will be one of the CLRC's first major success stories. Ongoing discussions will continue to identify areas where the COCIC's and Columbus' land bank resources and capabilities can be shared and accessed for the mutual benefit of both entities and to ensure resources are not wasted on duplicative efforts.

Columbus officials readily recognize the value that the county land bank program would bring to the table. The challenge will be harnessing the strengths of both entities while reducing any barriers that might hamper the ultimate success of a collaborative effort. The COCIC's broader county-wide scope of authority makes integrating the work of two entities a challenge in the short run, but worthy of exploration as the collaborative efforts bear fruit both inside and outside the boundaries of the City of Columbus.

4) Funding of the County Land Reutilization Corporation

The General Assembly provided several possible options for land bank funding mechanisms. From a review of these options, Treasurer Leonard recommends the most appropriate initial funding come from an increase to the withholding for the Delinquent Tax Assessment and Collection ("DTAC") fund.

As the name implies, the DTAC fund comes from withholding five percent (5%) of the collection of delinquent taxes, which includes statutory penalties and interest. The fund has been historically distributed equally between the Treasurer and Prosecutor for use in ongoing delinquent-tax collection.

The new land bank funding option provided by the legislature authorizes up to an additional five percent (5%) withholding increase within the Treasurer's existing DTAC fund for dedicated use by the CLRC only. Land bank funding, then, can be viewed as coming entirely from the penalty portion paid by delinquent taxpayers while the entire delinquent tax "principle" amounts are still preserved for distribution to schools and other political subdivisions. With an additional five percent DTAC withholding, the land bank can expect estimated annual revenues of \$3.5 million (based on 2010 delinquent tax collection data).

The Treasurer and Board of Commissioners, who serve on the COCIC's board of directors, ultimately decide whether to appropriate and distribute DTAC funds to the COCIC, thus ensuring County oversight of these monies. The COCIC is also required to prepare an annual financial report that describes its use of DTAC funds and must submit to audits by the State Auditor.

As land bank operations grow, the COCIC plans to pursue other funding opportunities to generate additional revenue streams, such as proceeds from the sale of property, donations, and federal and state grant programs.

5) Startup Budget and Opportunity for Matching Funds

While the land bank's mission is not limited to demolitions, with recent developments at the local, state, and federal levels, the land bank is uniquely poised to maximize its funding leverage for demolitions while playing a major role in transforming the landscape of central Ohio through blight removal. First, the city of Columbus is investing more than \$11 million to launch a large-scale demolition initiative during the next three years and plans to partner with the county land bank on this project. Second, as part of the 49-state settlement agreement with the nation's five largest mortgage lenders, State Attorney General Mike DeWine recently announced he is committing \$75 million of Ohio's share to demolition of vacant and blighted structures. The Attorney General stipulated that organizations able to take on the workload and able to capitalize on these funds through a match would be most likely to receive funding to address demolition in their communities. Thus, every dollar the land bank can make available for demolition could be doubled through a match from this program. And third, at the federal level, Congress is proposing the bipartisan Restore our Neighborhoods Act of 2012, which could provide \$4 billion for states and established land banks to issue 30-year demolition bonds to be used for demolition of vacant, foreclosed and abandoned homes across the country.

To take full advantage of these potential funding opportunities and for start-up budgeting purposes, the COCIC has assumed it will receive a five-percent increase from the Treasurer's DTAC withholding. Based on this assumption, the COCIC has proposed various programs, as outlined in greater detail below, and projected budgets for the second-half 2012 and all of 2013 operations. These budgets include expenditures for overhead, which includes staffing, office space, and other administrative expenses. After projected acquisition and maintenance costs, the land bank projects spending \$1 million on demolitions in 2012 and \$2.3 million in 2013. With matching funds, these budget projects for demolitions could be doubled to \$7 million, which could translate into the demolition of roughly 700 to 800 blighted properties throughout the County.

II. OUTLINE SUMMARY OF PROPOSED LAND BANK PROGRAMS

1) Acquisition of Properties

The Land Bank will acquire properties through:

- Expedited tax foreclosure of vacant or abandoned properties and, in some instances, the County Auditor's forfeited lands list.
- Donations by individuals or institutions.
- Deeds-in-Lieu of foreclosure.
- Other transactions approved by the Board.
- Whenever possible, the land bank will determine potential transferees for properties before acquisition.

2) Demolition of Blighted Structures

The Land Bank will demolish properties based on the following standards:

- The primary criteria for demolition candidates will be nuisance abatement and public health, safety, and welfare.
- While COCIC will demolish buildings, COCIC will have a preference to save and restore rather than demolish buildings. Historic properties will be preserved, if possible, unless the cost is prohibitive.
- If buildings are being demolished, whenever possible, COCIC will attempt to follow green practices, such as fixture salvaging and deconstruction of buildings, to minimize construction debris in landfills and to salvage unique and historic architectural features.

3) Disposition of Properties

The Land Bank will dispose of properties based on the following standards:

- COCIC will transfer properties for productive use to end users, including governmental units, home owners, individual investors, for-profit companies, community development corporations, community improvement corporations, non-profit organizations, and institutions.
- All end-user applicants will be required to undergo a qualification process before any properties are transferred. End-users must provide plans and demonstrate their ability to complete the plans.
- End-users who have undergone the qualification process once may be considered pre-qualified for future transfers, subject to some limitations.

- Transfer restrictions, such as restrictive covenants, may be imposed on property transfers to ensure that approved plans are completed. Failure to timely meet such restrictions may result in COCIC's reacquisition of the property.
- COCIC may list and market any property with a realtor if it determines that will provide the best redevelopment opportunity.

4) **Payment**

The Land Bank will price properties to sell based on the following standards:

- COCIC will negotiate the transfer price for land bank properties. When possible, land bank properties will be transferred for the fair market value of the property. However, the price will depend on a wide variety of factors, including fair market value, compatibility of the transaction with COCIC's goals, proposed use, and the mission and goals of the transferee.
- Since the primary goal of the COCIC is to maintain or increase the tax base, consideration for the transfer may be cash, development restrictions, or other non-monetary consideration at the discretion of COCIC.

5) **Side-Lots Program**

If local governments have no reutilization plan or need for a property, then the Land Bank will sell side lots to adjoining owners based on the following standards:

- Individuals who own residences next to vacant lots may qualify to acquire them as a side lot through the COCIC.
- COCIC may demolish buildings to create the vacant lots.
- Consideration for the acquisition of side lots will depend on the same factors as above. Generally, though, individuals may receive a side lot for as little as \$100 and transaction costs.
- If both neighbors express interest, lots may be split evenly between owners on each side.

6) **Maintenance**

- In the circumstances when properties must be held, COCIC will contract with the City of Columbus or private entities to maintain properties.

7) **Land Assembly**

- COCIC may partner with a qualified end-user and hold title to property for a set period of time and enter into agreements where the end-user maintains the property during that period and proceeds with plans to reutilize the property.

I. Acquisition Stage

Tax Foreclosures

Bank REO Fannie Mae Portfolios

Deeds in Lieu of Foreclosure

Other Acquisition Opportunities



II. Possession Stage

- Inspection to Determine Renovation v. Demolition
- Maintenance Activities
- Environmental Remediation
- Renovation Activities
- Demolition Activities
- Marketing Activities



III. Disposition Stage

Transfers to Political Subdivisions

Direct Sales to Individuals, Investors, or Non-Profits

Commercial and Bulk Residential Redevelopment Projects

Community Gardens Program

Side Lots Program

**CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
 PROPOSED BUDGETS FOR OPERATION OF COUNTY LAND BANK ACTIVITIES**

2012 CASH BASIS

INCOME

ADVANCE FROM COUNTY TREASURER	\$	120,000
DTAC FUNDS (LESS ADVANCE)	\$	1,380,000
TOTAL INCOME	\$	1,500,000

EXPENDITURES

ADMINISTRATIVE COSTS

OCCUPANCY COSTS (1500 SQ. FT @ \$15)	\$	22,500
PURCHASE OF FF&E	\$	10,000
COMPUTERS AND PROGRAMS	\$	7,500
TELEPHONES	\$	1,500
OFFICE SUPPLIES AND POSTAGE	\$	1,500
SALARIES (8 Months)		
Executive Director	\$	40,000
Assistant Director	\$	52,000
Property Manager	\$	33,333
Office Manager	\$	26,664
Intern	\$	12,800
	\$	164,797
BENEFITS, INCLUDING SOCIAL SECURITY, HEALTH INSURANCE	\$	52,500
INSURANCE	\$	10,000
AUDIT	\$	20,000
TRAINING AND TRAVEL	\$	5,000
WEB CREATION AND MAINTENANCE	\$	15,000
ADMINISTRATIVE TOTAL	\$	310,297

PROGRAMMATIC COSTS

ATTORNEY FEES	\$	50,000
COURT FEES, SHERIFF FEES	\$	15,000
MAINTENANCE, PERMITS	\$	35,000
CLOSING COSTS	\$	10,000
DEMOLITION & REHABILITATION	\$	1,015,203
(Including Environmental Testing & Remediation)		
CONTINGENCIES	\$	64,500
PROGRAMMATIC COSTS TOTAL	\$	1,189,703

TOTAL EXPENDITURES	\$	1,500,000
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**CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
 PROPOSED BUDGETS FOR OPERATION OF COUNTY LAND BANK ACTIVITIES**

2013 CASH BASIS

INCOME

DTAC FUNDS	\$ 3,000,000
TOTAL INCOME	\$ 3,000,000

EXPENDITURES

ADMINISTRATIVE COSTS

OCCUPANCY COSTS (1500 SQ. FT @ \$15)	\$ 22,500
PURCHASE OF FF&E	\$ 5,000
COMPUTERS AND PROGRAMS	\$ 3,500
TELEPHONES	\$ 1,500
OFFICE SUPPLIES AND POSTAGE	\$ 2,500

SALARIES

Executive Director	\$ 60,000	
Assistant Director	\$ 80,000	
Property Manager	\$ 50,000	
Property Manager	\$ 50,000	
Office Manager	\$ 40,000	
Intern	\$ 20,000	
Intern	\$ 15,000	\$ 315,000

BENEFITS, INCLUDING SOCIAL SECURITY, HEALTH INSURANCE	\$ 78,750
INSURANCE	\$ 20,000
AUDIT	\$ 25,000
TRAINING AND TRAVEL	\$ 7,500
WEB MAINTENANCE	\$ 5,000
ADMINISTRATIVE COSTS	\$ 486,250

PROGRAMMATIC COSTS

ATTORNEY FEES	\$ 75,000
COURT FEES, SHERIFF FEES	\$ 30,000
MAINTENANCE, PERMITS	\$ 80,000
CLOSING COSTS	\$ 40,000
DEMOLITION & REHABILITATION	\$ 2,288,750
(Including Environmental Testing & Remediation)	
CONTINGENCIES	\$ 78,750
PROGRAMMATIC COSTS TOTAL	\$ 2,513,750

TOTAL EXPENDITURES	\$ 3,000,000
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