

MINUTES OF THE STARK COUNTY LAND REUTILIZATION CORPORATION
March 21, 2019

The Stark County Land Reutilization Corporation met for their Annual Meeting on Thursday, March 21, 2019 at 9:00 a.m. in the Stark County Regional Planning Commission Conference Room.

Board Members

Alex Zumbar
Janet Creighton
Bill Smith
Lem Green
John Arnold

1. CALL TO ORDER BY SCLRC CHAIRMAN, Alex Zumbar

2. ROLL CALL – Board Members Present

Roll call found the following Board members in attendance: Alex Zumbar, Janet Creighton, Lem Green, Bill Smith and John Arnold.

3. ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON

Per the regulations of the bylaws, every year at the Annual meeting there must be an election of the Chairperson and Vice Chairperson for the Board of Directors. Creighton moved, Smith seconded, and the motion carried to reappoint Alex Zumbar as Chairperson and Lem Green as Vice Chairperson.

4. APPROVAL OF MINUTES OF FEBRUARY 25, 2019 MEETING

Green moved, Creighton seconded, and the motion carried to approve the minutes of February 25, 2019 meeting.

5. PUBLIC SPEAKS – No public speaks

6. PRESENTATION OF ANNUAL REPORT

Sarah Peters presented the Annual Report. This report summarized the accomplishments of the SCLRC during 2018 and projected the expectations for 2019. (Annual Report attached) Arnold moved, Creighton seconded, and the motion carried to approve the 2018 Annual Report.

7. TREASURER/FISCAL REPORT

Peters reviewed the Treasurer's Report for the month of February. Creighton moved, Smith seconded, and the motion carried to approve the Treasurer's Report for February.

8. NEIGHBORHOOD INITIATIVE PROGRAM (NIP) REPORT – Lynn Carlone**Carlone presented the Neighborhood Initiative Program (NIP) Update****City of Canton:**❖ **570– Total number of acquired properties to date:**

- 480 demolitions have been completed overall – 0 new packets have been completed since the December report
 - 480 demolitions have been approved by OHFA – 0 new packets since the February report.
 - Current average cost of demolition per property is \$16,636.00
 - OHA mortgages are fully executed on 480 properties & OHFA reimbursement to SCLRC - \$7,985,155.66
 - Canton has been reimbursed a total of \$7,356,406.58 for 480 properties

City of Alliance:❖ **161 - Total number of acquired properties to date:**

- 140 demolition reimbursement packets have been submitted overall – 0 new packets since the November report.
 - 140 demolitions have been approved by OHFA – 0 new packets since January report
 - Current average cost of demolition per property is \$14,412.00
 - OHA mortgages are fully executed on 140 properties & OHFA reimbursement to SCLRC - \$2,017,617.99
 - Alliance has been reimbursed a total of \$1,834,692.07 for 140 properties

City of Massillon:❖ **61 - Total number of acquired properties to date**

- 31 demolitions have been completed overall – 0 new demolitions has been completed since December report
 - 23 demolitions have been approved by OHFA – 0 new packets since November report.
 - Current average cost of demolition per property is \$12,227.40
 - OHA mortgages are fully executed on 23 properties; OHFA reimburse to SCLRC - \$268,158.27
 - Massillon has been reimbursed a total of \$238,258.27 for 23 properties
 - 8 demolition packets being readied by the RPC for submission to OHFA; OHFA to reimburse SCLRC additional - \$110,892.60

➤ Available NIP Funding	\$12,151,913.71
➤ NIP Funding Reimbursed	\$10,270,931.92
➤ Balance of NIP Funding	\$ 1,880,981.79

Green moved, Arnold seconded, and the motion carried to approve the NIP Report as presented.

9. SIDE LOT/VACANT LOT PROGRAM REPORT – Sarah Peters
Sarah Peters presented the Side Lot Program Update:

Total Applications Submitted: 1668
(2 applications were received since Feb. '19 update)

Cities – 1421
 Canton: 1134, Massillon: 111, Alliance: 176

Other Communities – 247

Bethlehem Twp – 10, Brewster – 3, Canal Fulton – 1, Canton Twp – 51, East Canton – 7, East Sparta – 2, Hartville – 3, Jackson Twp – 4, Lake Twp – 4, Lawrence Twp – 6, Lexington Twp – 36, Limaville – 2, Louisville – 2, Meyer’s Lake – 1, Minerva – 3, Nimishillen – 5, North Canton – 1, Osnaburg Twp – 13, Paris Twp – 3, Perry Twp – 10, Pike Twp – 14, Plain Twp – 33, Sandy Twp – 15, Sugarcreek Twp – 6, Tuscarawas Twp – 2, Washington Twp – 5, and Waynesburg – 4, Wilmot -1

- Total Number of Applications under Preliminary Review: 0
- Total Number of Applications Denied: 572
- Number of Canceled Applications/Fee Refunded: 64
- Total Number Pending Approval by Community: 4
- **Total Number of Approved Applications: 1028**
(13 Applications approved since Feb '19 update)

- Total Number of Approved Applications Pending Deposit Receipt / NIP Early Lien Release Approval / Request for Foreclosure / Completed Foreclosure Proceeding: 290
- Total Number Being Prepared for Transfer: 32
- **Total Number Transferred to Date: 706**

Vacant Lot Program Update:

Total Applications Submitted: 186
(0 Applications received since Jan '19 update)

Cities – 160; Canton: 146, Alliance: 11, Massillon: 3

Other Communities – 26

Bethlehem Twp - 8, Canton Twp – 3, Hartville – 1, Lexington Twp – 2, Sugarcreek Twp – 1, Washington Twp – 4, Jackson Twp – 2, Sandy – 5,

- Total Number of Applications under Preliminary Review: 0
- Total Number of Applications Denied: 138
- Number of Canceled Applications/Fee Refunded: 5
- Total Number Pending Approval by Community: 0
- **Total Number of Approved Applications: 43**
(9 Applications approved since Feb '19 report)

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- Total Number of Approved Applications Pending Executed MOU/ Completion of Foreclosure Proceeding: 22
 - Total Number Being Prepared for Transfer: 0
 - Total Number Transferred to Date: 21

Creighton moved, Smith seconded, and the motion carried to approve the Side Lot/Vacant Lot report as presented.

10. NEW BUSINESS

- a. Targeted Acquisition Assistance Program Requests
 - City of Alliance – parcels # 101179, 101691, 109059, 110201

Peters reviewed the TAAP requests from the city of Alliance. Green moved, Smith seconded, and the motion carried to approve the TAAP requests from Alliance.

- b. Comments on the State Audit

Zumbar stated the state audit is underway, and members may be contacted by the auditors to discuss matters pertaining to the SCLRC. Green asked if there was any approved policy in respect to the need to occasionally change who conducts the audit. Zumbar stated the State permits us to use another independent public accounting firm to handle the state audit, but it has to be approved by them. If the Board would direct the administrator to take a look at seeking a different audit firm, he was willing to entertain that as a motion for next year. The State Auditor has performed the audit for the Land Bank since 2013. Creighton agreed that it is a good practice to occasionally change who conducts the audit, because you do not always want the same set of eyes looking at it.

- c. Discussion on Supreme Court

There was discussion about an email Zumbar and the Prosecutor's office staff received from Attorney Suzanne Mandros which stated the Supreme Court accepted jurisdiction over a case involving the legitimacy of a BOR to do expedited foreclosures. Gerry Yost, Prosecutor's office, was unsure what it would mean to the Land Bank if the Supreme Court were to find expedited foreclosures through BOR unconstitutional. The Land Bank has done many foreclosures through that process. There are several things that could happen: the decision of the court could ratify everything, or they could invalidate the process but not overturn what's already been done, or they could say it's invalidated and we're offsetting all of these. If that were to happen, Yost believed that it would bankrupt a few counties and land banks. This is being watched carefully, and in speaking to other Land Banks, Yost stated they are proceeding as

status quo. He didn't recommend changing anything until a decision has been made. The case just got accepted, and he had not seen any of the briefs.

Zumbar stated the Land Bank has also been utilizing HB294, which has never been challenged. Green believed that it is being challenged by this action and stated the US attorney has always taken a position that HB294 is unconstitutional and it's not a trivial position to take, but every land bank has always circumvented it effectively whenever there is a federal tax lien on any of these properties. Yost stated the Land Bank's activities are not completely by the BOR process. The Land Bank takes a lot of forfeited lands and property through judicial foreclosure, so we're not looking at 100% invalidation. Green stated no one can object because anybody that has had their property taken from them have had adequate opportunity to object, and we have never fought them on that. Yost stated the position has always been taken that if there's any question, don't litigate it, send it the other direction and avoid that fight. It was believed that this current case is coming from Lucas County, and that they would diligently fight it.

11. OLD BUSINESS
12. Next Meeting – April 15th - 9:00 a.m.

The meeting was adjourned at 9:38 a.m.

SCLRC 2018 ANNUAL REPORT

This report sets out the accomplishments of the Stark County Land Reutilization Corporation (Land Bank) during 2018 and projects the expectations for 2019.

MISSION STATEMENT

“To strategically acquire properties, return them to productive use, reduce blight, increase property values, support community goals and improve the quality of life for county residents.”



Administration

The Stark County Regional Planning Commission (RPC) continued to administer the programs and activities of the Land Bank during 2018. The RPC entered into a contract in May 2014 for the general administration, financial planning and oversight, and secretarial duties of the Land Bank. The RPC has a staff with experience in operating federal and state grant programs and financial management.

2018 PROGRAMS & ACTIVITIES:

DEMOLITION

The **Neighborhood Initiative Program (NIP)** is administered by the Ohio Housing Finance Agency (OHFA), with funding coming from US Department of Treasury, utilizing Hardest Hit Funds (HHF). Funding is utilized to acquire, demolish, and green vacant, blighted, and delinquent residential properties within designated target areas in the cities of Canton, Alliance, and Massillon. The program is expected to stabilize property values and prevent future foreclosures for existing homeowners.



The NIP commenced during 2014 with an initial award to the Land Bank in the amount of \$4,235,000. Over the next two years, another \$7,797,445.95 was awarded; bringing the total grant allocation to \$12,032,445.95. Since this time, an additional \$78,534.90 has been added to the available NIP funding through the remittance of unspent maintenance funding, generating a total of \$12,100,980.85 in available NIP funding as of December 31, 2018.

By December 18, 2018, the Land Bank was required by OHFA to spend down 75% of its overall funding. In order to meet this deadline, the Land Bank was required to spend a minimum of \$9,083,235.64. As of the end of 2018, a total of \$9,675,185.41 was expended through the demolition of 606 residential structures; this is approximately 80% of the total available NIP funding. By December 18, 2019, the balance of NIP funding is required to be 100% expended.

Once properties are owned by the SCLRC, they are demolished by the partner city and greened. After properties are fully completed and a final mortgage is placed by Ohio Homeowner Assistance LLC (OHA) to insure the NIP funding, the SCLRC holds title to the vacant properties for three years unless a qualified end-user can be located. To date, as 11 properties reached the required three years of Land Bank ownership. As such, these properties were deeded to the City of Canton; no properties were deeded to the other two cities as of the end of 2018, and 32 additional properties were transferred to a qualified end-users.

As of December 31, 2018, the following has taken place:

- ❖ 726 properties owned by the SCLRC
 - 526 in Canton
 - 153 in Alliance
 - 47 in Massillon
- ❖ 129 additional properties being pursued for ownership
 - 98 in Canton
 - 6 in Alliance
 - 25 in Massillon
- ❖ 637 reimbursement packets submitted to OHFA
 - 466 approved properties in Canton – reimbursed \$7,743,251.34; 8 additional properties are pending with an expected reimbursement of \$129,977.83
 - 117 approved properties in Alliance – reimbursed \$1,663,775.80; 23 additional properties are pending with an expected reimbursement of \$353,842.19
 - 23 approved properties in Massillon – reimbursed \$268,158.27; no additional properties pending reimbursement
- ❖ \$15,966 - Average cost of demolition per property



Aside from NIP, the SCLRC offers a **50/50 Demolition Assistance Program (DAP)** that is available to Stark County cities, villages, townships in order to facilitate the demolition of property that is beyond repair or rehabilitation, by providing matched funding up to 50% of hard-demolition costs of the project. Cities, villages, townships must either own the property or have completed the proper legal authority in order to demolish the structure prior to applying for DAP funding assistance. During 2018, the Land Bank provided funding assistance for 1 demolition project.



- Bethlehem Township – 6011 Kemary Avenue SW (1000151)
 - Funding Agreement for 50% of demolition hard-costs not to exceed \$5,880.00
 - Funds assisted in the demolition of a condemned residential property damaged by a fire
 - Request submitted in March 2018
 - Project completed in June 2018
 - SCLRC reimbursed Township \$5,880.00

PROPERTY ACQUISITION & DISPOSITION

The Land Bank also offers three (3) programs aimed towards acquiring tax delinquent, vacant and abandoned property, cleaning the title, and transfer the property into new ownership for a productive use.

Program	Description	Year Est.
Side Lot Program	Available to qualified contiguous property owners who wish to extend the size of their yard.	2013
Vacant Lot Program	Available to qualified <u>non-contiguous</u> applicants who wish to acquire tax delinquent property in the County for an approved use.	2015
Targeted Acquisition Assistance Program (TAAP)	Available to Stark County cities, villages and townships or qualified non-profits applicants to assist with the strategic acquisition of blighted, vacant, or abandoned properties to facilitate community & redevelopment projects	2017

Amongst these programs, to date the Land Bank has been able to transfer 733 properties across 20 communities in Stark County for side lots, sites for redevelopment, land assemblage, and for new home construction. In 2018 alone, 109 properties were transferred to new ownership across 13 communities.

As demolitions continue under NIP, additional vacant lots became available for disposition to eligible side-lot owners, qualified non-profits, or the respective partner city for immediate development for reuse. A total of 86 post-demolition lots have been transferred to new ownership (68 in Canton, 15 in Alliance, and 3 in Massillon) have been transferred so far.



BROWNFIELD REMEDIATION AND ECONOMIC DEVELOPMENT

On August 20, 2018, the Land Bank was awarded a \$100,000 grant from the Ohio Development Services Agency (ODSA) to clean up an abandoned gas station located at 1652 Whipple Avenue NW in Canton Township.

The property was developed as a gas station and operated as such until 2008, when operations ceased, and has since been vacant. In 2016, a U.S. Environmental Protection Agency (EPA) Brownfield Assessment Grant was utilized to conduct property assessments of the site. These assessments identified asbestos in the existing structure, four (4) underground storage tanks, and limited amounts of chemicals of concern in the soil. Of the issues identified, the RPC removed the 4 tanks from the property with funds from a previous EPA grant; the other identified issues were not funding-eligible activities through that grant.



The newly-awarded ODSA grant will allow the County to undertake remaining remediation steps at the site, including undertake assessment and remediation activities- asbestos abatement, building and canopy removal, contaminated soil excavation (if warranted), and parking lot clearance. A consultant was selected to oversee the project and work began in November 2018. The building and canopy removal will begin in early 2019 and the overall project is anticipated to be finished by August 2019.

Once complete the property will ultimately be returned it to an economically viable property reusable for future redevelopment.

General Expectations for the Future

Vacant and abandoned properties negatively impact property values, discourage development/ investment, and are easy targets for criminal activity. Residential demolition has been one method the Land Bank has taken to address these abandoned properties. As demolition work is anticipated to end under NIP by December 2019, the RPC will explore and make recommendations to the Land Bank for potential implementation/inclusion of new programs, such as rehab and other community development projects to support County and local community initiatives.

2018 FINANCIAL REPORT:

STARK COUNTY LAND REUTILIZATION CORP. - 2018	
First Commonwealth Bank Checking Account	
Beginning Balance at 1/1/18	1,066,183.27
Revenue:	
DTACT Funds	713,621.91
OHFA NIP Funds	5,321,431.39
Side Lot Fees	13,900.00
Vacant Lot Fees	13,570.00
TAAP Program	17,082.71
NIP Property Redemptions	3,207.15
OHFA - NIP Prosecutor Fees	78,500.00
Miscellaneous	1,916.76
Total Revenue	<u>6,163,229.92</u>
Expenses:	
RPC General Admin Fees	189,000.00
Treasurer's Office Services	54,852.35
Prosecutor's Office Land Bank Unit Funding	135,000.00
Accounting Fees	1,100.00
Liability Insurance	36,082.80
Audit Fees	8,425.50
Bank Fees/Charges	780.98
OHFA NIP Program Disbursements	5,009,711.12
Travel	-
Property Maintenance	-
Side Lot Expenses	46,622.87
Vacant Lot Expenses	17,998.00
TAAP Program Expenses	8,347.14
Property Management Software	25,000.00
Property Acquisition Expenses	-
Demolition Program Expenses	34,180.00
Miscellaneous	8,871.28
Total Expenses	<u>5,575,972.04</u>
Net Expenses over Revenue	(587,257.88)
Ending Balance at 12/31/18	<u><u>1,653,441.15</u></u>

STAR Plus Fund	
Beginning Balance at 1/1/18	6,146.73
Interest Earned	121.43
Transfer to STAR OHIO	-
Ending Balance at 12/31/18	<u>6,268.16</u>
STAR OHIO Fund	
Beginning Balance at 1/1/18	1,012,027.15
Transfer from STAR Plus	-
Interest Earned	19,919.83
Ending Balance at 12/31/18	<u>1,031,946.98</u>