

MINUTES OF THE STARK COUNTY LAND REUTILIZATION CORPORATION
June 20, 2016

The Stark County Land Reutilization Corporation met for their regular meeting on Monday, June 20, 2016 at 9:00 a.m. in the Stark County Regional Planning Commission Conference Room.

Board Members

Alex Zumbar
Janet Creighton
Richard Regula
Bill Smith
Lem Green

RPC Staff

Sarah Peters
Lynn Carlone
Beth Pearson
Emma Posillico
Brenda Sarsany
Jill Gerber
Dave Thorley
Bob Nau
Katie Phillips

Others

Jim Wallace
Deana Stafford
Jaime Allbritain
Maureen Austin
Lisa Miller
Joe Mazzola

1. CALL TO ORDER BY SCLRC CHAIRMAN, Alex Zumbar
2. ROLL CALL – Board Members Present

Alex Zumbar, Stark County Treasurer
 Richard Regula, Stark County Commissioner (late arrival)
 Lem Green, Municipal Representative
 Bill Smith, Township Representative
 Janet Creighton, Stark County Commissioner

3. MINUTES OF THE MAY 16, 2016 MEETING

Creighton moved, Smith seconded, and the motion carried to approve the minutes of May 16, 2016.

4. PUBLIC SPEAKS – None
5. TREASURER REPORT – Jim Wallace

Wallace stated the bank reconciliation statement for the month of May ended with a checking account balance of \$887,168.95. Revenues were \$6,077.45 and total expenses were \$156,666.83. City of Canton NIP Property Demolitions – Maintenance Costs in Reserve remain unchanged since last month for 87 properties at \$104,400. For the Star Plus funds, there was a balance at the end of May of \$1,004,513.73. Interest for May was \$315.58.

Smith moved, Green seconded, and the motion carried to accept the Treasurer’s report as submitted.

6. FISCAL ITEMS – Beth Pearson

Post Approval of Payments

1. City of Canton—NIP Demolition Payment—Total \$147,574.69 (NIP#15)
 - a. 204008-1221 4th St NW \$16,346.38
 - b. 213326 -1024 13th St NW \$16,218.11
 - c. 217182-508 9th St NE \$18,052.37
 - d. 218346-1238 10th St NW \$14,407.95
 - e. 221582 -2302 11th St SW \$11,301.10
 - f. 224068—2068 3rd St SE \$14,395.52
 - g. 208951- 744 Ross Ave NE \$12,228.44
 - h. 227034 -2135 Penn Pl NE \$14,655.76
 - i. 200074 -2015 9th St SW \$14,330.68
 - j. 235044 -721 Ross Ave NE \$15,638.38

2. City of Alliance—NIP Demolition Payment—Total \$31,169.36
(NIP#16—Alliance#1)

- | | |
|-------------------------------|-------------|
| a. 101374 -143 11th St. | \$10,305.00 |
| b. 109672 -420 W. Main St. | \$12,238.51 |
| c. 109556 -757 S. Liberty Ave | \$ 8,625.85 |

3. Ohio Auditor of State—2015 Audit Invoice #3—\$7,236.50

Green moved, Smith seconded, and the motion carried to approve the above-noted payments.

7. NEIGHBORHOOD INITIATIVE PROGRAM (NIP) REPORT—Lynn Carlone

Carlone presented the Neighborhood Initiative Program (NIP) Update

City of Canton:

*** 237 – Total number of acquired properties to date**

- 156 demolitions have been completed overall – 2 new demolitions have been completed since the last report.
 - 17 – properties are waiting to be greened
 - 14 – Canton currently developing reimbursement packets/Canton ready to have reimbursement packets reviewed by RPC
- 125 demolition reimbursement packets have been submitted overall – 29 new since last report.
 - 115 demolitions have been approved by OHFA – 19 new packets since last report
 - Current average cost of demolition per property is \$15,408.00
 - OHA mortgages are fully executed on 87 properties & OHFA reimbursement to SCLRC - \$1,357,914.72
 - Canton has been reimbursed a total of \$1,611,497.32 for 115 properties
 - OHA mortgages pending payment/execution on 29 properties; once completed, OHFA reimbursements to SCLRC – and additional \$403,062.60
 - 10 demolitions are being readied by the RPC for submission to OFHA - \$164,953.41

*** 19 – Total Number of Properties Identified on a Current Active List for Acquisition**

- 2 – Aeon Tax Lien properties
- 1 – Direct Purchase
- 1 – REO Donation
- 1 – Requested through Auditor Acquisition
- 13 – Requested through Board of Revision (1 additional property on hold as it may no longer qualify)

City of Alliance:

- **30 – Total number of acquired properties to date:**
 - 27 Demolitions have been completed overall – 13 new demolitions have been completed since last report
 - 6 - Alliance currently developing reimbursement packets/Alliance ready to have reimbursement packets reviewed by RPC
 - 18 – Properties are waiting to be greened
 - 3 – Demolitions reimbursement packets have been submitted overall – 3 new packets since last report.
 - 3 demolitions have been approved by OHFA – 3 new packets since May report.
 - Current average cost of demolition per property is \$11,690.00
 - Alliance has been reimbursed a total of \$31,169.36 for 3 properties
 - OHA mortgages pending payment/execution on 3 properties; once completed, OHFA reimbursements to SCLRC - \$35,069.36
 - 3 – Asbestos evaluations completed; asbestos abatement needed
- * **26 – Total Number of Properties Identified on a Current Active List for Acquisition:**
 - 3 – Requested through Auditor Acquisition
 - 23 – Requested through Board of Revisions

City of Massillon:

- * **4 – Total number of acquired properties to date:**
 - 4 – Asbestos evaluations completed
 - * **7 – Additional eligible NIP properties identified:**
 - 7 – On hold/no action taken; reviewed and approved as NIP eligible by RPC
8. SIDE LOT/VACANT LOT PROGRAM REPORT – Sarah Peters

Sarah Peters presented the Side Lot Program Update:

Total Applications Submitted: 1,038

(20 applications were received since the May '16 update)

Cities – 889: Canton: 730; Massillon: 73; Alliance: 86

Other Communities – 149

Bethlehem Twp – 5, Brewster – 2, Canton Twp – 22, East Canton – 7, East Sparta – 3, Hartville – 3, Jackson Twp – 3, Lake Twp – 1, Lawrence Twp – 6, Lexington Twp – 26, Limaville 2, Louisville – 2, Meyer's Lake – 1, Minerva – 2, Nimishillen – 4, Osnaburg Twp – 8, Paris Twp – 3, Perry Twp – 10, Pike Twp – 2, Plain Twp – 22, Sandy Twp. – 2, Sugarcreek Twp – 4, Tuscarawas Twp – 2, Washington Twp – 4, Waynesburg – 3.

- Total Number of Applications Under Preliminary Review: 19
- Total Number of Applications Denied: 364
(5 applications were denied since the May '16 update)
- Number of Canceled Applications/Fee Refunded: 35
- Total Number Pending Approval by Community: 87
- **Total Number of Approved Applications: 533**
(16 applications were approved since the May '16 update)

- Total Number of Approved Applications Pending Deposit Receipt / Request for Foreclosure / Completed Foreclosure Proceeding: 126
- Total Number Being Prepared for Transfer: 40
- **Total Number Transferred to Date: 367**
(5 Side Lots were transferred since the May '16 update)

Vacant Lot Program Update:

Total Applications Submitted: 64 (5 applications received since the May '16 update)

Cities – 61: Canton – 53; Alliance – 7; Massillon – 1

Other Communities – 3: Lexington Twp. – 2; Sugarcreek Twp. – 1

- Total Applications under Preliminary Review: 0
- Total Applications Denied: 25
- Number of Canceled Applications/Fee Refunded: 1
- Total Pending Approval by Community: 13
- **Total Approved Applications: 25**

- Total Applications pending return of MOU/Purchase Agreement & Purchase Price with an extension/final deadline to proceed or application will be canceled: 13
- Total Approved Applications Pending Executed MOU/Completion of Foreclosure Proceeding: 11
- Total Being Prepared for Transfer: 1
- Total Transferred to Date: 0

9. NEW BUSINESS

- City of Massillon – Acquisition of 216 – 1st Street NE (Parcel #605334)
- City of Alliance – Acquisition of 519 W. Main St. (Parcel #101464)
- City of Canton – Acquisition of 1306 Logan Ave. NW (Parcel #228343)

Peters stated regarding Massillon’s request for acquisition assistance of 216-1st Street NE, the city has not identified any end-user for that property. RPC has prepared a request to initiate a tax foreclosure on this property so the Land Bank can take title and then transfer to Massillon.

The property for Alliance is certified delinquent, but the owner is on a payment plan, so the Land Bank must wait before they can proceed on the foreclosure request. It was submitted to the Treasurer for foreclosure request, but until they default, they won't be able to proceed.

Canton's request for acquisition assistance for the property at 1306 Logan Ave. had already been forfeited to the State. Staff has submitted a request to the Auditor to acquire that property on the city's behalf and then transfer to Canton. Peters indicated that they were looking for post-approval on those three acquisition requests.

Nau stated that in the past, RPC would wait to move on these type of items until the next meeting to get approval, but if it is acceptable to the Board, in the interest of saving time, once RPC receives the request for acquisition assistance, Staff could start moving forward immediately and notify the Board at the next meeting. Land acquisition requests are straight forward and it is a good role for the Land Bank to help the cities with those acquisitions. Zumbar stated that is not a problem, rather than delay someone on an acquisition. Green stated he was also comfortable with that process. Creighton moved, Green seconded, and the motion carried for post approval for the acquisitions of the properties as submitted.

- Wells Fargo Property Donation – 1931 Bryan Ave. SW, Canton (Parcel #204748)

Peters stated the Land Bank was notified by Wells Fargo that a property was available for donation. The City of Canton has reviewed the property and identified it as NIP eligible. RPC went forward to accept the donation and is in the process of acquiring that property to be included in the NIP program. Creighton moved, Smith seconded, and the motion carried to give post approval for accepting the property donation located at 1931 Bryan Ave. SW, Canton.

- NIP Site Visit Report – Spring 2016

Carlone stated they received a report from OHFA on June 3rd, stating they had conducted a site visit on at least five properties under the NIP program. A copy of that report was provided for the Board. Staff has submitted this report to the City of Canton and have asked them to remedy the situations on these five lots and provide written documentation that they have done that along with pictures by June 28th, so that staff can submit a response to OHFA by July 5th. Canton has said they are working on the situation. Carlone referenced the report where it states that this is a warning only, but OHFA has stated if they come in the future, it is possible that it will change from a warning into fees. Staff has not spoken to OHFA about this report, but it is within the OHFA guidelines for NIP that penalties can take place. The guidelines state that fees for the first offense is \$100, second offense is \$200 and third offense \$400.00. It appears that they can take back the entire \$1,200 that they have given for maintenance on each property if there is an issue. But they do not know how or when it goes from a warning to a fee. Carlone stated that staff were unsure if these were the only five properties OHFA looked at, or if they looked at a hundred.

Green asked Lisa Miller if she has had any contact with OHFA. Miller stated no, all the contact has been through Stark County, but she wanted to comment on the report. The city did send inspectors out to look at the lots in question and have contacted companies to go out and fix the ruts. Many times the neighbors will park on these lots and that is how the ruts appear. The lots are not regularly watered except for rain, so the grass doesn't grow. There are many properties that have ruts and bare spots. They are hiring a company that will go out to regrade and reseed the lots. Vehicles parking on the lots

will get posted, giving the owner a number of days to remove them or the police department will be contacted to have the cars towed. The plan is to have someone look at the lots every two weeks, and the city will probably have to contract that out because it does not have the man power to do it. Regarding the driveway that should have been removed, Miller stated there was concern about removing the driveway initially because they were concerned about damage being done to the adjacent property, but said that it would be taken out.

10. OLD BUSINESS

- Property Management Software

Green requested the decision on the software be deferred, and he felt inclined to vote no, because it is a lot of money without proven benefit. He believed the City of Canton was on the verge of hiring a city planner and all their committee work dovetails closely with this. He understood the Comprehensive Plan will create an inventory of properties that are eligible for restoration and properties that should be demolished. He believed that acquisition of a big software package like this certainly ought to be coordinated with the city's plans. He didn't perceive the purchase of software to be urgent to the Land Bank and wanted to defer this decision until the city gets further along with their planning so it can be coordinated.

Zumbar stated that he appreciated Green's thoughts on the topic. The RPC staff are going to be the end users. It's really a tool that is going to be used by them, not by himself nor Canton. As more and more properties are being acquired, the Land Bank should go towards some type of tracking system. This matter has been deferred two years now and he didn't know where RPC stands, but he certainly is committed to hearing their opinion and discussing what property management system they want to go with. He was comfortable making a decision today.

Nau referenced the summary that was provided for the two property management software packages. This summary analyzed the pros and cons of each software program along with a five-year cost study. Nau stated that he had been involved with the City of Canton's Steering Committee that was created to provide guidance in their planning process, and the city's consultants went out and actually looked at every residential property in the city and rated those properties on a 1-5 scale. That is where they came up with 3,500 units that are candidates for demolition, which was part of the initial plan. The city may be hiring a city planner, but he had not heard of anything on the horizons as far as software. Regarding the analysis done by Staff, the eProperty Plus software offers more than the Land Bank needs, plus the start-up costs and yearly fees are more expensive. What is a plus for the Property Profile System 2.0 from Cuyahoga County is that it is tailored towards Land Banks. One of the negatives is that it is internal to Cuyahoga County, and if they have staff changes, it could be an issue down the road. RPC's recommendation is the Cuyahoga Land Bank's Property Profile System 2.0. Green asked Nau if he thought the time is right. Nau stated that yes he does. They have been talking about it for the past year. The presentation was detailed and time consuming, but they think in the long run, this software will improve service and save staff time.

Creighton stated a year ago, she was not in favor of doing this because it was too soon. But the Land Bank has grown over the last year and half, and she believed they are at a point where staff does need some assistance. She was also in favor of the software from Cuyahoga County. She understood the argument that personnel can change, but personnel can change with any company. There is no guarantee. If the purchase of this software is approved, she would not support any request from RPC within the next six months to hire another person or increase their budget exponentially. She was in favor of Property Profile System 2.0.

Smith stated that he was in favor of the Property Profile System 2.0. He believed the eProperty Plus program offers more than they need and it is priced higher. From what he has seen, it seems like it's time to put some efficiencies in place and get this systemized. The personnel change that could occur would be a concern, but Cuyahoga Land Bank is also running their system too, so they are not going to do without. They also have some revenue stream coming from outside sources. SCLRC emulates what Cuyahoga Land Bank's software program does closer than the other software program. It is time and he felt comfortable with Property Profile System 2.0

Regula stated that he was in agreement with Nau's recommendation. Smith moved and Creighton seconded to approve entering into an agreement with Cuyahoga County for the Property Profile System 2.0, and the first year cost is not to exceed \$35,000. Creighton asked if the Land Bank can opt out somewhere along the line. Nau stated he would make sure the agreement is set up to allow that. A vote was taken on the previous motion and carried.

- Private Letter Ruling

Thorley stated in the past the Board had a discussion regarding an email from Robin Thomas from the Western Reserve Land Conservatory dated June 7, 2015, concerning a private letter ruling. Cuyahoga County had received a legal opinion from a law firm stating that they had tax exemption status. They had passed that out and thought it was great, however, that did not apply to other Land Banks, and so Robin Thomas wanted to form a consortium of Land Banks. Nineteen Land Bank's jumped on board and Clark County took the lead in asking for a Private Letter ruling from the IRS that was going to apply to each Land Bank to show that they had tax exempt status. It is now one year later and the IRS has contacted Attorney Alexis Kim from the law firm of Walter Haverfield, and stated that they are going to write one letter for Clark County but that it will not apply to any other Land Bank. The IRS believe that Land Banks are not similarly situated, even though all Land Banks are organized under the ORC and basically do the same things. The IRS stated that they would have to do research into each Land Bank, and as a result, they are asking for another \$26,000 from each Land Bank to go forward. Clark County is going forward because it got the money. Lucas and Lorain have jumped on board to go forward because they want the certainty of whether or not they have tax exempt status. Most of the other Land Banks are taking a wait and see attitude. In all likelihood, Lucas and Lorain will be granted individual tax exempt status, but now it is understood the SCLRC can't rely on that.

Thorley stated the IRS has said that SCLRC can take a "wait and see" attitude for a very short period of time; no longer than a month. He called Alexis Kim and let her know that the SCLRC felt they were sold a bill of goods and were led to believe that one blanket private letter from the IRS could be given. Since the SCLRC has been doing business, only two properties have been donated through Wells Fargo and at neither time have they asked for any proof of tax exempt status. No one from the public has asked for any tax exempt status; no one has donated property to the Land Bank. Most of the Land Banks that are in the same situation are not going to ask for the private letter ruling, because the IRS is asking for another \$26,000 from each Land Bank for that private letter ruling. In Thorley's conversation with Alexis Kim, he asked her how much the SCLRC would get charged if they decide in the future that they need that private letter ruling. Kim believed that if the law stays very similar, it would be a nominal fee to go forward at that time. It is likely the \$28,700 fee will go up every couple of years with the IRS. As it stands currently, the Land Bank doesn't necessarily need tax exempt status. Green stated that SCLRC's only donors are likely to be the banks, and they can take care of themselves in respect to handling the tax exemption status. Green moved, Creighton seconded and the motion carried that the Land Bank request a refund of the \$2,700.

- Audit Update

Zumbar stated the State Auditor is completing their work with SCLRC's audit. There are no findings and no issues and the SCLRC has have received a good report. After discussing the matter with the Board, it was decided to opt out of the post audit conference. A report will be issued once it becomes released from the State. We are now identified as a component entity for Stark County and as a result of that, the SCLRC can no longer file biannually with the state. Going forward, it will be an annual audit.

- July SCLRC Meeting

Commissioners Creighton and Regula stated they would not be able to attend the July 18th Land Bank meeting. There was discussion whether the meeting should be canceled, and it was decided to wait closer to that time to make that decision.

11. Next Meeting – July 18, 2016, 9:00 a.m.

