

MINUTES OF THE STARK COUNTY LAND REUTILIZATION CORPORATION
September 16, 2019

The Stark County Land Reutilization Corporation met for their regular meeting on Monday, September 16, 2019 at 9:00 a.m. in the Stark County Regional Planning Commission Conference Room.

Board Members

Alex Zumbar

Lem Green

Janet Creighton

John Arnold

Bill Smith

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, John Arnold and Bill Smith.

3. APPROVAL OF MINUTES OF AUGUST 26, 2019 MEETING

Creighton moved, Arnold seconded, and the motion carried to approve the minutes of August 26, 2019 meeting.

4. PUBLIC SPEAKS

Jerry Yost and Stephan Babik, Stark County Prosecutor's office

Yost stated that he received a phone call from RPC related to the supplemental NIP contract the Prosecutor's office has with the Land Bank. In this phone call, individuals from RPC were questioning ongoing payments under that contract to the end of 2019, considering the fact that most of the NIP work is done. The NIP packets had to be submitted to RPC by September 1st, and OHFA's deadline for submission is October 1st. There are some loose ends that are being tied up with properties that got transferred into judicial foreclosure; however, those are not going to end up being NIP reimbursable. They will go into regular judicial foreclosure fast tracks, but they were generated by the NIP program. It was conveyed to us that since the grant is fully administered, there is no need to pay any more; therefore, the contract would terminate. This was unexpected because the contract states that it runs through the end of 2019. The contract amount was put into the Prosecutor's 2019 budget, and employees were hired based upon the contract going through 2019. It now seems that there is some discussion about the contract not continuing. When John Anthony left, that position was not replaced; however, there is still a paralegal that is being paid through that grant. If that employee is laid off today, there is still the unemployment costs to cover through the end of her unemployment. There is still a considerable amount of work the Prosecutor's office is doing for SCLRC although not necessarily related to NIP. Yost provided statistics on the number of NIP cases as well as all other work done in conjunction with SCLRC requests, such as side lot, vacant lot, and TAAP. They are looking at how to go forward with some assurances from the Board of where that contract stands. They asked for some funding to go

forward, even if it isn't at 100%. Somewhere between 60-80% would help them get through what needs to be done with final layoffs, if that is where it is headed. It was their hope to look at what the goals are for the Land Bank going forward and look at a new contract into 2020, but right now the main focus is dealing with 2019.

Babik stated immediately upon learning that there were questions about how much NIP work under the contract was still outstanding, they looked at the numbers, read the contract, and made staffing changes. The single person in the Prosecutor's office that is 100% funded through that grant was given notice that the position is being eliminated, effective October 1st. They didn't want to make that decision, but they wanted to demonstrate that steps are being taken in response to a diminished work load under the NIP grant.

Green asked if they get paid by the hour. Yost stated the billing is up to \$135,000, and they submit time reports based on the percentage allocation that each person has. For example, he (Yost) is at 85%, the staff member that has been given notice that the position is being eliminated was at 100%. But it was never a bill that was submitted for many hundreds of dollars per hour. Green asked if that is all the work they do for the Land Bank. Laying aside NIP, if the Prosecutor is sent a side lot application, how much does the Land Bank pay for that. Yost stated this was never addressed prior to NIP. When the Land Bank started, the Prosecutor's office did the work at the request of the County Treasurer. When NIP began, John Anthony recognized that the Prosecutor's office would have a significant number of new cases coming in. In the beginning, the Prosecutor's office and Treasurer's office were looking at the initial grant of \$5 million, and it was anticipated that about 300 additional cases would come in. It was believed that increase of work would overwhelm everybody unless additional staffing was hired. As it turned out that grant increased from \$5 million to \$12 million, and those 300 cases ended up being closer to 1,000 over the years, but they never addressed SCLRC work prior to the NIP.

Green asked if the Prosecutor's office has a statutory obligation to represent the Land Bank. Yost stated they have a statutory obligation to represent the Treasurer, and that is clearly not the Land Bank. The Prosecutor's office becomes involved depending on how the Land Bank acquires properties. If the Land Bank acquires the property by means other than tax foreclosure, the Prosecutor's office is not involved. When it goes through tax foreclosure, the County Treasurer is the plaintiff, and the Prosecutor is the statutory counsel for the County Treasurer. If the Land Bank gets property by donation or private acquisition, then the Prosecutor is not necessarily involved, unless they are contracted to be, because the Prosecutor is not the Land Bank's statutory counsel.

Zumbar stated the other piece is that the land bank legislation allows for the opportunity to contract with various supporting agencies to handle the work load. In this case, the grant was able to reimburse for legal fees, and as a result, the Land Bank was reimbursed from the OHFA NIP moneys towards legal fees. The Land Bank still requires services from the offices of the Prosecutor and Treasurer in regards to side lot/vacant lot acquisition let alone the BOR foreclosures. Zumbar stated that the Land Bank doesn't get a bill for his time, and he tries to represent the Treasurer's office when possible; however, there are times when he is not able to attend the BOR hearings and a staff member must go. But in addition, behind the scenes is all the work that is done by the paralegals, the staff attorneys, his office staff, and primarily that is Deana Stafford. There are other staff members in the Treasurer's office that do some work, but nothing compared to what the deputy treasurer does on behalf of the Land Bank.

Yost stated there is also a supplemental contract for the Treasurer's office, and he didn't know if a notice was given to that office with intent to terminate or diminish that contract given for the 4th quarter. Obviously the same argument could be made that everything is submitted to OHFA, and staff is not processing a great amount of work anymore. He just didn't want to see the Treasurer's office caught with an employee and have to figure out how to cover those costs. The Treasurer is in the same boat in line item budgeting, and that contract needs to be addressed as well. Zubar stated no notice was provided to the Treasurer's office, so if RPC wants to submit a notice to him today, please do so, and The Treasurer's office will move forward with what has to be done.

Nau stated that things are not being represented entirely correct, but that it was Thorley that had the conversation with the Prosecutor's office. Thorley stated that he wanted to clarify some facts. An invoice from the Prosecutor's office was given to him by the Fiscal Officer. The Prosecutor's office bills in advance, so this bill was for the 3rd quarter. Knowing that the Prosecutor's office had not procured any property for the Land Bank through the BOR process or otherwise since March 1st, Thorley questioned the fact that the Land Bank should be paying a bill of \$33,500. The contract states up to \$135,000 annually for services related to the provision of NIP, so it's really viewed as a time and materials type of contract. He knew that it has never been billed that way, but that's fine, because they've done a good job in acquiring a tremendous amount of properties for the Land Bank, but Thorley knew that ended in March. Yost had stated that he had this conversation with RPC last week, but it wasn't last week because Thorley wasn't here last week. It was about two or three weeks ago. Yost made the comment that the Prosecutor's office was going to have to lay somebody off right now, and Thorley knew that they had actually given that individual notice that their last day was two Friday's ago. Knowing that was pretty harsh, Thorley had said go ahead, and we'll deal with it going forward into the fourth quarter. But basically there's only three or four items that are being cleared up on behalf of NIP. This contract was solely for NIP, and Yost represented it well that they saw a tremendous amount of work going to be generated because of the NIP program, which is the impetus behind having this contract. But the reality of the situation is this contract is ending, NIP is ending, and Thorley really questioned the payment of the \$33,500 bill for the 3rd quarter, and he tremendously questioned paying the \$33,500 bill for the end of the year.

Zubar interjected, although the NIP program is ending, the Land Bank has made a commitment to the municipalities to do a 50/50 split, and that is going to catch up some of the projects and demolitions that are going through the BOR. They may not get reimbursed under the NIP, but it's a 50/50 split agreement with that particular municipality. Some of those probably are going to be going through the BOR foreclosure. Thorley stated the Land Bank has accumulated all the properties that are going to be accumulated through NIP that will be for 50/50. Any additional properties would come at the request of any municipality aren't NIP now, and they've never been NIP. Zubar stated he understood that they're not going to be NIP, and that was his point. These properties will have to be 50/50 splits, but the Land Bank has made that commitment to these municipalities. Thorley stated if the Land Bank is going to enter into a contract going forward, he suggested that it would be totally different than how it is now, and that it would be done on a case by case basis. For instance, when it was represented that the Land Bank is receiving money back by reimbursement, that's \$500 a case, or maybe even \$750 would be justifiable. So this must be done differently going forward and billed appropriately.

Yost stated for strictly NIP, there are three or four properties the Prosecutor is cleaning up loose ends on, because things have happened that had to be vacated. But there are a number of cases in

process that were converted to judicial forecloses, so there are three or four strictly NIP vacation clean up, but there's more cases that went through and are in the judicial process due to that 50/50.

Green asked what the distinction was between a judicial foreclosure and the BOR. Zumbar stated an expedited process is used with the BOR foreclosures so the Land Bank can take those properties rather quickly. The judicial foreclosure is used when somebody objects, or there's an issue with money and we feel it might be better to go through a judicial foreclosure. Generally those are problems where an affidavit has been signed, sworn and said this place is vacant, abandoned, and then it turns out someone is in it. Yost stated the board does not have authority over a non-abandoned house. If it is discovered that the property is not abandoned, it has to go judiciously. If there's a federal tax lien, it has to go judicially.

Green asked what the distinction is with respect to the obligations for reimbursement for the legal fees. Yost stated, none under the NIP program. If they went in under NIP, even if they went as a judicial foreclosure, the legal fees would be covered under NIP. Where the distinction comes now is that all the properties have been acquired that the NIP will fund, so the properties that are left have now shifted to basically just acquisitions. So whether it is judicial or BOR, they're just not NIP reimbursable grant funded acquisitions. Zumbar stated the Land Bank still needs legal services to acquire the property, and the Treasurer's staff is still needed to push the paper through. There's going to be a reduction in the work load, and that is what Thorley pointed out very clearly. The staff is not going to be processing 1,000 properties in the next two or three years. It's going to be a significant reduction, and ultimately there will be a revision in the contract. Zumbar stated that the Board will not give an answer today as time is needed to review what is being proposed and the change in the contract that the Prosecutor is offering the Land Bank to consider. There needs to be additional discussion with RPC to make sure we are on the same page, and what we foresee the Land Bank tackling going forward.

Nau stated although he was not part of the phone call, he wanted to make it clear that RPC's conversations were not to serve notice to terminate contracts. RPC knew the Prosecutor's role in the NIP was more or less complete, and that was being questioned, and this conversation is necessary to determine what life will be like after NIP, which is over the end of the year. Yost stated their intention was not to put the Board on the spot, but they have an employee that's been served notice to terminate their employment, and Thorley was right when it occurred, which was the week right before Labor Day. So if the Land Bank would not be paying September, the employee will get laid off on Friday. As the Board's aware, the Prosecutor will pay 50-60% of her salary through the end of her unemployment. So what we're looking at, not to put the board on the spot and ask for a decision today, but we're in a sense of urgency because if that funding isn't there and it isn't in our budget, that could create a severe problem for us for the last quarter at the end.

Babik stated they are not trying today to renegotiate a contract 20 years down the road and put the Board on the spot with that. The conversation was that they didn't know if the money was going to be there September 1st, and they certainly don't know if it's going to be there October 1st, so they took the steps to adjust for that. Thorley had let him know the very next day that the invoice for September would be paid, so we have the assurance that we're not dealing with hours, but we're dealing with weeks. The Prosecutor's office would like to renegotiate a contract into 2020 and also have some assurance through 2019. The Prosecutor's contract was through 2019, and it does say up to \$135,000. They wanted the Board to know the situation, and hopefully get some assurance for October, November and December 2019.

Zumbar deferred this item to Nau to put on the agenda for October's meeting, and the various parties should get together to get a contract hammered out to be presented to the Board with a recommendation with approvals or changes.

5. TREASURER/FISCAL REPORT

Cunningham reviewed the Treasurer's Report for the month of August. Nau added that he and Zumbar have spoken regarding moving money from the checking account into the Star Ohio account. They do plan on transitioning with that, but there are some variables to look at before proceeding. Zumbar stated that RPC should send an email to Jaime Allbritain when they are ready to proceed. Arnold moved, Smith seconded, and the motion carried to approve the Treasurer's report for August.

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

Carlone presented the Neighborhood Initiative Program (NIP) Update

City of Canton:

❖ 576– Total number of acquired properties to date:

- 576 demolitions reimbursement packets have been completed overall – 17 new packets have been completed since the August report
 - 504 demolitions have been approved by OHFA – 11 new packets since the August report.
 - Current average cost of demolition per property is \$16,987.00
 - OHA mortgages are fully executed on 493 properties & OHFA reimbursement to SCLRC - \$8,216,629.09
 - Canton has been reimbursed a total of \$7,871,128.12 for 512 properties
 - OHA mortgages are pending on 11 properties & OHFA expected to reimburse SCLRC - \$181,250.82
 - 8 additional demolitions waiting on OHFA approval - \$143,597.29
 - 64 demolition packets being readied by the RPC for submission to OHFA; - total of \$1,077,465.31; OHFA to reimburse the NIP balance of \$820,004.74
- 0 additional NIP reimbursement packets to be remitted prior to the completion of the program

City of Alliance:

❖ 161 - Total number of acquired properties to date:

- 161 demolition reimbursement packets have been submitted overall – 0 new packets since the July report.
 - 140 demolitions have been approved by OHFA – 0 new packets since January report

- Current average cost of demolition per property is \$14,493.00
- OHA mortgages are fully executed on 140 properties & OHFA reimbursement to SCLRC - \$2,017,617.99
 - Alliance has been reimbursed a total of \$2,123,195.46 for 161 properties
 - 29 additional demolitions waiting on OHFA approval - \$315,803.39
 - 0 additional NIP reimbursement packets to be remitted prior to the completion of the program.

City of Massillon:

❖ **60 - Total number of acquired properties to date**

- 60 demolitions reimbursement packets have been submitted overall – 20 new packets since August report
 - 31 demolitions have been approved by OHFA – 0 new packets since April report.
 - Current average cost of demolition per property is \$13,270.00
 - OHA mortgages are fully executed on 31 properties; OHFA reimburse to SCLRC - \$379,050.87
 - Massillon has been reimbursed a total of \$460,482.97 for 40 properties
 - 9 additional demolitions awaiting on OHFA approval - \$143,655.70
 - 8 demolition packets being readied by the RPC for submission to OHFA; OHFA to reimburse SCLRC additional \$107,954.93
 - 12 additional packets are under preliminary review by RPC. OHFA expected to reimburse the SCLRC - \$0.00
 - 0 additional NIP reimbursement packets to be remitted prior to the completion of the program.

➤ Available NIP Funding	\$12,165,180.40
➤ NIP Funding Reimbursed	\$10,596,569.23
➤ Pending NIP Reimbursements	<u>\$ 640,651.50</u>

➤ Available NIP Balance for all outstanding demolitions	\$ 927,959.67
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Carlone stated between the \$820,004 for the City of Canton and the \$180,000 from Massillon, they are looking at fully exhausting all of the NIP money. Based upon current calculations, it looks like Massillon would probably end up having to pay about \$80,000 of those demolitions and the Land Bank would pay about \$80,000, and the City of Canton would be responsible for about \$120,000 and the Land Bank for \$120,000. So it's less than what was said last month. It could be more than \$200,000 over all, but it's around there at this point in time. Creighton moved, Green seconded, and the motion carried to approve the NIP report as presented.

8. SIDE LOT/VACANT LOT PROGRAM REPORT
Lynn Carlone presented the Side Lot Program Update:
Total Applications Submitted: 1,839
(46 applications were received since Aug '19 update)

Cities – 1,565 - Breakdown: Canton: 1,243, Massillon: 120, Alliance: 202

Other Communities – 274

Bethlehem Twp – 18, Brewster – 3, Canal Fulton – 1, Canton Twp – 57, East Canton – 7, East Sparta – 2, Hartville – 3, Jackson Twp – 4, Lake Twp – 5, Lawrence Twp – 9, Lexington Twp – 38, Limaville – 2, Louisville – 2, Marlboro – 1, Meyer’s Lake – 1, Minerva – 3, Nimishillen – 5, North Canton – 1, Osnaburg Twp – 14, Paris Twp – 3, Perry Twp – 11, Pike Twp – 17, Plain Twp – 34, Sandy Twp – 15, Sugarcreek Twp – 6, Tuscarawas Twp – 2, Washington Twp – 5, and Waynesburg – 4, Wilmot -1

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- Total Number of Applications under Preliminary Review: 35
 - Total Number of Applications Denied: 631
 - Number of Canceled Applications/Fee Refunded: 67
 - Total Number Pending Approval by Community: 16
 - **Total Number of Approved Applications: 1,90**
(25 Applications approved since Aug '19 update)
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- Total Number of Approved Applications Pending Deposit Receipt / NIP Early Lien Release Approval / Request for Foreclosure / Completed Foreclosure Proceeding: 303
- Total Number Being Prepared for Transfer: 22
- **Total Number Transferred to Date: 765**

Vacant Lot Program Update:

Total Applications Submitted: 198
(4 Applications received since Aug '19 update)

Cities – 169; Canton: 155, Alliance: 11, Massillon: 3

Other Communities – 29

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

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- Total Number of Applications under Preliminary Review: 3
 - Total Number of Applications Denied: 149
 - Number of Canceled Applications/Fee Refunded: 5
 - Total Number Pending Approval by Community: 1
 - **Total Number of Approved Applications: 40**
(0 Application approved since Aug '19 report)
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- Total Number of Approved Applications Pending Executed MOU/ Completion of Foreclosure Proceeding: 18
- Total Number Being Prepared for Transfer: 0
- Total Number Transferred to Date: 22

Arnold moved, Green seconded, and the motion carried to approve the Side Lot/Vacant Lot report as presented. Peters stated that RPC had an intern this past summer that did a review of the completed side lot and vacant lot transfers. The study looked at whether the new owner was current on their property taxes, had any amount of taxes unpaid or was certified tax delinquent. In looking at all the transfers that have happened through the beginning of the year, 86% are paid in full after the first half tax bill. There was 8.5% that had unpaid taxes, which means they were not delinquent, but they did have an unpaid balance, and about 5% had a certified delinquent balance. Of the parcels transferred, about 30% either were combined for billing purposes where applicable, or combined legally with a survey. Zumbar asked Peters to share this information with Mr. Dicer in the Treasurer's office as he tracks that information and does everything possible to send the property owner a bill. Peters stated RPC staff can provide the information that was gathered.

9. NEW BUSINESS

a. Targeted Acquisition Assistance Program Requests:

- Child & Adolescent Behavioral Health –
 - Parcel #202690 - Third St. NE – vacant land/potential parking lot
 - Parcels #229455, 229456, 216245 - Third St. NE - vacant land/greenspace/garden area

Joe French, representing Child & Adolescent Behavioral Health, provided information on the location and purpose of the four parcels being requested for acquisition assistance. The agency had originally requested acquisition assistance for five parcels, but parcel #210652 is not going to be available for purchase until Oct. 2020, so it is not being requested today. Green moved, Creighton seconded, and the motion carried to grant the request for the three parcels. It was pointed out that there were four parcels being requested by Child & Adolescent. Zumbar stated the motion is to approve the requests as submitted by Child & Adolescent Behavior for the parcels they requested for the two packets, which includes four parcels. Green moved and Creighton seconded to rescind the previous motion. Green moved, Creighton seconded, and motion carried to grant the requests from Child & Adolescence as presented.

- Pike Township – 3500 Gracemont St. SW, East Sparta - Parcel #5000574

Peters stated the township has been monitoring a judicial tax foreclosure on the parcel requested. It went to two Sheriff Sales but the parcel did not sell. The township is interested in acquiring it and once they have ownership, the township may request 50/50 funds from the Land Bank through the Demolition Assistance Program. Arnold moved, Smith seconded, and the motion carried to approve the request from Pike Township as submitted.

b. Demolition Assistance Program Requests:

- City of Canton – 3121 9th St. SW - Parcel #216578

Peters stated the city is requesting demolition funding assistance for the subject parcel. The parcel was originally identified as a possible NIP donation property but was not included as that program is ending. The city is requesting assistance in the amount of \$6,600.00. Green moved, Creighton seconded, and the motion carried to approve the demolition assistance request from the City of Canton.

10. OLD BUSINESS

11. Next Meeting – October 21st - 9:00 a.m.

The meeting was adjourned at 9:25 a.m.