

MINUTES OF THE STARK COUNTY LAND REUTILIZATION CORPORATION  
September 17, 2018

The Stark County Land Reutilization Corporation met for their regular meeting on Monday, September 17, 2018 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 – Alex Zumbar, SCLRC Chairman

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. APPROVAL OF MINUTES OF AUGUST 20, 2018 MEETING

Green moved, Creighton seconded, and the motion carried to approve the minutes of August 20, 2018 meeting.

4. PUBLIC SPEAKS – No public speaks

5. TREASURER/FISCAL REPORT - Heather Cunningham

Cunningham reviewed the Treasurer's Report for the month of August and changes that were made to the budget. Arnold moved, Smith seconded, and the motion carried to approve the Treasurer's report and budgetary changes as submitted.

6. NEIGHBORHOOD INITIATIVE PROGRAM (NIP) REPORT

**Lynn Carlone presented the Neighborhood Initiative Program (NIP) Update**

**City of Canton:**

❖ **506– Total number of acquired properties to date:**

- 456 demolitions have been completed overall – 42 new packets have been completed since the August report
  - 375 demolitions have been approved by OHFA – 20 new packets since the August report.
    - Current average cost of demolition per property is \$16,531.00

- OHA mortgages are fully executed on 364 properties & OHFA reimbursement to SCLRC - \$5,926,670.02
- OHA mortgages are pending on 11 properties & OHFA expected to reimburse SCLRC - \$171,074.46
  - Canton has been reimbursed a total of \$5,954,603.55 for 395 properties
- 20 additional demolitions waiting on OHFA approval - \$359,165.36
- 39 demolition packets being readied by the RPC for submission to OHFA; OHFA to reimburse SCLRC additional - \$701,551.54
- 22 additional packets are under preliminary review by the RPC for submission to OHFA

❖ **136 - Total Number of Properties Identified on a Current Active List for Acquisition under Round 3**

**City of Alliance:**

❖ **153 - Total number of acquired properties to date:**

- 117 demolition reimbursement packets have been submitted overall – 31 new packets since the August report.
  - 75 demolitions have been approved by OHFA – 0 new packets since June report
    - Current average cost of demolition per property is \$14,141.00
    - OHA mortgages are fully executed on 75 properties & OHFA reimbursement to SCLRC - \$1,059,345.47
      - Alliance has been reimbursed a total of \$920,919.56 for 75 properties
  - 30 demolition packets being readied by the RPC for submission to OHFA; OHFA to reimburse SCLRC add - \$425,491.59
  - 12 additional packets under preliminary review by RPC for submission to OHFA

❖ **12 - Total Number of Properties Identified on a Current Active List for Acquisition under Round 3.**

**City of Massillon:**

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

- 23 demolitions reimbursement packets have been submitted overall – 0 new packets since August report
  - 14 demolitions have been approved by OHFA – 0 new packets since August report.
    - Current average cost of demolition per property is \$11,660.00
    - OHA mortgages are fully executed on 14 properties & OHFA reimbursement to SCLRC - \$160,071.73
      - Massillon has been reimbursed a total of \$238,258.27 for 23 properties
  - 9 additional demolitions waiting on OHFA approval - \$108,086.54

❖ **27 - Total Number of Properties Identified on a Current Active List for Acquisition under Round 3.**

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

7. SIDE LOT/VACANT LOT PROGRAM REPORT

**Sarah Peters presented the Side Lot/Vacant Lot Program Update:**

**Total Applications Submitted: 1582**

*(14 applications were received since August '18 update)*

Cities – 1361

Canton: 1093, Massillon: 104, Alliance: 164

Other Communities – 221

Bethlehem Twp – 9, Brewster – 2, Canal Fulton – 1, Canton Twp – 47, East Canton – 7, East Sparta – 2, Hartville – 3, Jackson Twp – 4, Lake Twp – 4, Lawrence Twp – 6, Lexington Twp – 33, Limaville – 2, Louisville – 2, Meyer’s Lake – 1, Minerva – 3, Nimishillen – 5, North Canton – 1; Osnaburg Twp – 12, Paris Twp – 3, Perry Twp – 10, Pike Twp – 14, Plain Twp – 31, Sandy Twp – 2, Sugarcreek Twp – 5, Tuscarawas Twp – 2, Washington Twp – 5, and Waynesburg – 4, Wilmot - 1

- Total Number of Applications under Preliminary Review: 0
- Total Number of Applications Denied: 539
- Number of Canceled Applications/Fee Refunded: 62
- Total Number Pending Approval by Community: 37
- **Total Number of Approved Applications: 944**  
*(15 Applications approved since August '18 update)*

- Total Number of Approved Applications Pending Deposit Receipt / NIP Early Lien Release Approval / Request for Foreclosure / Completed Foreclosure Proceeding: 288
- Total Number Being Prepared for Transfer: 13
- **Total Number Transferred to Date: 643**  
*(5 Side Lots were transferred since the Aug '18 update)*

**Vacant Lot Program Update:**

**Total Applications Submitted: 168**

*(5 Applications received since the last month’s update)*

Cities – 157; Canton: 144, Alliance: 11, Massillon: 2

Other Communities – 11

Canton Twp – 1, Hartville – 1, Lexington Twp – 2, Sugarcreek Twp – 1, Washington Twp – 4, Jackson Twp - 2

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- Total Number of Applications under Preliminary Review: 0
  - Total Number of Applications Denied: 134
  - Number of Canceled Applications/Fee Refunded: 5
  - Total Number Pending Approval by Community: 5
  - **Total Number of Approved Applications: 24**
- (0 Applications approved since the August report)
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- Total Number of Approved Applications Pending Executed MOU/ Completion of Foreclosure Proceeding: 8
- Total Number Being Prepared for Transfer: 0
- Total Number Transferred to Date: 16

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

## 8. NEW BUSINESS

### a. 717 E. Cambridge St., Alliance, (#10010340)

Dave Thorley referenced a packet prepared for the board regarding the review of 717 (1/2) E. Cambridge Street, Alliance. At the corner of S. Liberty and Cambridge St. are two buildings. A commercial structure is fronting 612 S. Liberty, and on 717 (1/2) Cambridge there is an abandoned, blighted house. This process started on August 30, 2016 when the City of Alliance submitted the initial packet to RPC staff for review for NIP eligibility. At the time of RPC's review, both of those buildings were on the same parcel. The Auditor's records listed the parcel as *commercial* and the house on Cambridge St. as *other commercial*, which caused a red flag to go up. The NIP program only operates to demolish blighted, tax delinquent, vacant and abandoned property within residential districts. In October 2016, RPC staff contacted OHFA regarding this situation, and OHFA responded by asking some questions which were forwarded to Alliance, but RPC staff did not receive any response from the city, and consequently OHFA/RPC's review was never completed.

In August 2018, Alliance submitted to RPC staff new documentation and a letter from the Mayor asking again that RPC request OHFA make a determination of NIP eligibility regarding this parcel. During the two years, Alliance actually did a split of the land, which places the residential building on its own parcel. There is no argument that the structure is residential and is definitely blighted and needs to be demolished. But the problem with OHFA is that it looks like this was orchestrated to put it into the NIP. This can be seen in their emails and conversations that staff had with OHFA. In an email conversation with Holly Swisher (OHFA) she stated, "In the event that this parcel is pulled for audit by the oversight group, you run the risk of them determining that the property was not eligible." It was Thorley's recommendation that this property not be included within the NIP program, but that the city utilize the SCLRC's 50/50 demolition assistance program. Staff have worked very hard the last few years to develop a good working relationship with OHFA. OHFA is saying do what you want, but there is risk involved. Going forward with this may result in a finding from SIGTARP, and staff does not want to possibly damage their relationship with OHFA. Green asked if they had an estimated amount for demolishing the

house. Thorley referenced the letter by Michelle Cutler, who submitted a one page summary that estimated the cost to be \$13,800.

Mike Dreger, Alliance, stated there are a couple of points that they disagree on. He understood the concern that it appears the city was manipulating this, but the owner didn't know they had bought the house as part of the property. The owner wants to utilize the part that was a business, so including it in the NIP was a problem for them because obviously they have to surrender the whole parcel. Attorney Bill Morris worked hard with the county, and he found that basically these parcels should never had been combined. Alliance didn't split the parcels, but the city requested the county correct what they had erroneously called one parcel. So this house has always been a house. It shouldn't have been considered to be part of the other property. It's listed as commercial because when that parcel got combined with the commercial parcel in the front, it took on that designation. It has never been commercial; it's in a residential zone. In addition to that, the city did answer all of the questions that OHFA had asked. He realized it's been two years, but they are part of your packet.

Thorley stated that he agreed with everything that Mr. Dreger just said. But it's OHFA's perception that an audit could pick up on this situation. This may not be a parcel that is even picked for purposes of audit, but if it is, this Board risks a finding.

Smith asked if the splitting of the property is what OHFA is saying is the problem. Dreger stated everyone uses what the county Auditor says to determine about property. If that's what the Auditor says, then that is what it is. The county Auditor had it listed as one parcel instead of two, and it tied the commercial designation to the house, which was listed as part of the parcel with the commercial property. The error is that it should never had been combined. The city cannot get the Auditor to change the designation of that parcel the house is on back to residential. They still haven't assigned that. But the city has that zoned as residential, it's always been residential. Zumbar asked if he has spoken with the county Auditor. Dreger stated that their attorney, Bill Morris, has done that. He has not been able to get this changed. The city sent this packet with this deadline, because they knew if the packet didn't come, it had no chance.

Creighton asked what happened between October 13, 2016 and August 14, 2018. Alliance addressed in their letter that they knew they were up against the deadline, so why did the city wait until August 2018. On the timeline, it states that after October 2016, RPC did not receive a response from the city, and OHFA/RPC's review was never completed. Creighton asked why there was no sense of urgency on anyone's part to ask what is going on with this.

Michelle Cutler stated that the city was actually doing additional research on the property. There was an additional email that was sent to RPC in late October that said the city had found the discrepancy and that the parcels were actually two separate parcels and it was being further investigated. The city was also trying to work with the property owner, because the property taxes were not delinquent on this, so the property was actually going to have to be donated instead of being taken through the foreclosure process, which is typically done with these NIP properties. It was a combination of doing research and trying to coordinate efforts with the owner, the county Auditor and the city's assistant law director. There was one email that was missed; it was a follow up email that was done in October. Creighton asked October of what year. Cutler stated it was October 2016. Creighton asked what happened year 2017. Cutler stated the city was working on it, and unfortunately that wasn't being communicated to RPC, because it was internal discussions and nothing was resolved at that point.

Green asked if the property owner was eager to donate this. Cutler stated the owner is willing to donate the residential structure. They will keep the commercial property that faces Liberty; the former bar/restaurant. Smith asked what was going to happen to the property after being donated. Cutler stated it is across from a park and the city intends to keep it green space. Green stated but the problem is to get OHFA to commit to pay for the demolition costs. Thorley stated OHFA won't commit to pay for anything. RPC staff would submit it, and then OHFA would either accept it or deny it. That is where a potential problem can start. There is a solution, and it is the 50/50 Demolition Assistance Program (DAP) that was put into place a couple of years ago just for these types of issues. The Board will pay up to one half of the hard costs of the demolition. The estimated demolition costs of \$13,800 seems like negligible costs for the city to have this done. Obviously the city must do the contracting, but the Land Bank has done this with the city before.

Dreger stated it is not a negligible cost for the city, and that cost matters very much where they are at financially. It's not that nothing was happening. It was being worked on, and the city did answer the questions OHFA asked. More of the city's time was working with the owner because they were going have to commit the entire property to this program, and they weren't sure they wanted to do that. In the beginning the city was approaching it as one parcel but then they realized it's not all part of one parcel, and it should never had been combined. Green stated in this context it's got to be what the Auditor says it is; it's one parcel. Dreger stated it's no longer one parcel, but it's now designated as two, because it was always two. Green stated he understood that it's been split, but the record previously showed it to be one parcel, and that question is definitely answered by what the Auditor's office says it is, because they define what a parcel is. The record showed it was one parcel, and we have to overcome the possibility that somebody says the city split it up so they could be NIP eligible.

Green moved and Creighton seconded to accept a possible future Demolition Assistance Program (DAP) application from Alliance and authorize the expenditure of up to half of the hard demolition costs. Smith asked if there is a deadline. Zumbar stated the deadline is with the OHFA NIP, but utilizing the DAP can happen any time, providing the city has the resources. Smith asked if combining this parcel was a mistake, how can the city get the Auditor to clarify and correct this. Zumbar stated taking into consideration the time span that has already occurred and the fact that the Auditor's office was made aware of the situation, but that a change has not taken place makes it appear that it will not be done. A vote was taken on the previous motion and carried.

9. OLD BUSINESS

10. EXECUTIVE SESSION

Zumbar moved that the board enter into an executive session to consider the appointment, employment, dismissal, discipline, promotion, demotion or compensation of a public employee or official; and to consider the investigation of charges or complaints against a public employee, official, licensee or regulated individual, unless the employee, official, licensee, or regulated individual requests a public hearing. Those attending this meeting will be Assistance Prosecuting Attorney, Jerry Yost; Chief Deputy Treasurer, Jamie Allbritain; Administrator, Bob Nau; all Board members of the SCLRC, and Lynn Carlone, Dave Thorley and Sarah Peters of the RPC. Creighton seconded, and a vote was taken by Roll Call: John Arnold – yes; Bill Smith – yes; Janet Creighton – yes; Lem Green – yes; Alex Zumbar – yes. Executive Session began at 9:34 a.m.

Zumbar moved, Creighton seconded, and the motion carried to end the Executive Session.

11. ADJOURNMENT

Smith moved, Arnold seconded and the motion carried to adjourn at 10:02 a.m.

Next Meeting – October 15, 2018 - 9:00 a.m.