

MINUTES OF THE STARK COUNTY LAND REUTILIZATION CORPORATION
September 21, 2015

The Stark County Land Reutilization Corporation met for their Regular Meeting on Monday, September 21, 2015 at 9:00 a.m. in the Stark County Regional Planning Commission Conference Room.

Board Members

Alex Zumbar
Tom Bernabei
Bill Smith
Lem Green
Janet Creighton

RPC Staff

Bob Nau
Jill Gerber
Sarah Peters
Lynn Carlone
Beth Pearson
Brenda Sarsany

Others

Joe Mazzola
Jaime Allbritain
Jim Wallace
Deana Stafford
Vince Marion
Dave Maley
Maureen Austin
Gerald Yost
Nancy Molnar
Michelle Cutler
Sarah Gregg

1. CALL TO ORDER BY SCLRC CHAIRMAN, Alex Zumbar

2. ROLL CALL – Board Members Present

Alex Zumbar, Stark County Treasurer/Chairman
Tom Bernabei, Stark County Commissioner
Janet Creighton, Stark County Commissioner
Lem Green, Municipal Representative
Bill Smith, Township Representative

3. MINUTES OF THE AUGUST 17, 2015 MEETING

Bernabei moved, Creighton seconded, and the motion carried to approve the minutes of August 17, 2015.

4. PUBLIC SPEAKS

There were no public speaks.

5. TREASURER REPORT – Jim Wallace

Wallace stated the bank reconciliation statement for the month of August ended with a checking account balance of \$503,654.88. Revenues for the month were \$217,484.52. Total expenses were \$221,359.21. For the Star Plus funds, there was a balance at the end of August of \$1,002,348.88. Interest for the month was \$170.08. Creighton moved, Bernabei seconded, and the motion carried to accept the Treasurer's report as submitted.

6. FISCAL REPORT – Beth Pearson

Post Approval of Payments

1. City of Canton – NIP Demolition Payment – Total \$34,844.28
 - a. 442 Waynesburg Dr., SE - \$8,815.26
 - b. 910 Gibbs Ave., NE - \$14,061.92
 - c. 2560 Kirby Ave., NE - \$11,967.10

Creighton moved, Bernabei seconded, and the motion carried to approve the above-noted payment of NIP invoices. Pearson commented that they will be working on the budget for the next year, which according to the bylaws must be presented to the Board no later than 30 days prior to the end of the year, so that will be at the November meeting.

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

Carlone presented the Neighborhood Initiative Program (NIP) Update - City of Canton:

* **202 - Total number of acquired properties to date**

- 62 demolitions have been completed overall – 31 new demolitions have been completed since last month/report.

- Canton expects to complete another 5 demolitions by the end of September.
- Canton expects to complete another 36 demolitions by the end of October.
- 17 demolition reimbursement packets have been submitted overall – 10 new packets since last month/report.
 - 10 demolitions have been fully approved by OHFA – 6 new packets since last month/report
 - Current average cost of demolition per property is \$14,793.00
 - Once OHA mortgages are fully executed, OHFA total reimbursement to SCLRC- \$148,269.63.
 - Canton has been reimbursed \$135,269.63.
 - 4 demolitions awaiting OHFA review of support data & cost.
 - 3 packets have been reviewed by RPC; additional info. to be submitted by Canton prior to submission to OHFA.
 - Canton has stated 4 additional packets will soon be submitted to RPC for review.

*** 60 - Total Number of Properties Identified on a Current Active List for Acquisition**

➤ **59 - Number of Properties the Prosecutor’s Office is currently pursuing for Board of Revision Foreclosure**

- 17 10-Day Demand letter(s) sent
- 1 PJR ordered; waiting to be received
- 4 PJR ordered and received; waiting for complaint to be filed
- 0 Complaint filed; waiting for hearing date
- 0 Regular foreclosure docket
- 6 Hearings scheduled for 8/27/15 Est. Redemption Date 9/25/15
- 5 Hearings scheduled for 9/3/15 Est. Redemption Date 10/2/15
- 6 Hearings scheduled for 9/24/15 Est. Redemption Date 10/22/15
- 12 Hearings scheduled for 10/8/15 Est. Redemption Date 11/6/15
- 5 Hearings scheduled for 10/22/15 Est. Redemption Date 11/20/15
- 3 Waiting to be reviewed/holding for payment

➤ **0 - Auditor acquisitions pending**

➤ **0 - Pending BOR foreclosure procedures to commence**

➤ **1 - Number of anticipated properties to be acquired through direct purchase or deed in lieu of foreclosure**

*** 0 - Additional properties on the “Waiting to be Active” list**

8. SIDE LOT/VACANT LOT PROGRAM REPORT – Sarah Peters**Sarah Peters presented the Side Lot Program Update:****Total Applications Submitted: 869**

(31 applications were received since the Aug '15 update)

Cities – 751: Canton: 621; Massillon: 63; Alliance: 67

Other Communities – 118

Bethlehem Twp – 5, Brewster – 2, Canton Twp – 20, East Canton – 5, East Sparta – 3, Hartsville – 3, Jackson Twp – 2, Lake Twp – 1, Lawrence Twp – 1, Lexington Twp – 18, Minerva – 1, Nimishillen – 3, Osnaburg Twp – 7, Paris Twp – 3, Perry Twp – 7, Pike Twp – 2, Plain Twp – 22, Sugarcreek Twp – 4, Tuscarawas Twp – 2, Washington Twp – 4, Waynesburg – 3.

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- Total Number of Applications Under Preliminary Review: 16
 - Total Number of Applications Denied: 319 (3 applications were denied since the last update)
 - Number of Canceled Applications/Fee Refunded: 33
 - Total Number Pending Approval by Community: 47
 - **Total Number of Approved Applications: 454** (24 applications were approved since the last update)

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- Total Number of Approved Applications Pending Deposit Receipt / Request for Foreclosure / Completed Foreclosure Proceeding: 210
 - Total Number Being Prepared for Transfer: 34
 - **Total Number Transferred to Date: 210** (9 Side Lots were transferred since the last update)

Vacant Lot Program Update:**Total Applications Submitted: 42** (3 applications were received since the last update)

Cities - 39: Canton – 35; Alliance – 3; Massillon - 1

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

Total number of Applications under Preliminary Review: 2

- Total Number of Applications Denied: 2
- Total Number Pending Approval by Community: 3

- Approved Applications (waiting for MOU to be signed and returned): 35

Green asked if all the applicants were proposing to pay the full auditor's appraised value for the properties. Peters stated it is the auditor's assessed value plus administrative costs. They could be looking at \$1,100 for the administrative costs plus whatever the assessed value is. The deposit is \$500 or 10% of the assessed value up front. Green asked if the characteristic buyer is a side lot family. Peters stated most of the applicants are not contiguous to the vacant lot or they would attempt to go under the side lot program. One or two applicants are churches who are across an alley and wanting a lot for additional parking, or AEP wants a lot because it is near to one of their properties. But some of them are residents who are either on land contract and they don't own the property or they are not contiguous.

Nau stated they had some discussions with staff about market value versus assessed value. The guidelines say assessed value, and he understood that is 35% of market value. Green thought the price was based on market value. Bernabei thought it was the Board's intent to use the Auditor's value, but he didn't recall the discussion. Nau stated this can be changed moving forward if that is what the Board wants. Peters referenced the Vacant Lot policy where it stated that property would be priced according to the Auditor's assessed value. Green stated that was sloppy on the Board's part because that is ambiguous, but if market value is used, he didn't think they would get any buyers. Smith commented that may be why using the assessed value was approved. Green stated the Auditor's number is an appraisal at fair market value, and the tax duplicate shows the taxable amount is 35% of that. So effectively the vacant lot is being offered at 35% of market value plus the cost of acquisition, which we're saying is \$1,100 on average. The Board asked to see a copy of the Vacant Lot policy. Green stated that assessed value is fine with him. They had originally proposed it at some bargain value, but there is already the Interested Purchasers program, so he did not believe anyone would get into the Vacant Lot program for the same amount of money.

9. NEW BUSINESS

a. Thriving Communities Institute Funding Project

Zumbar stated that Jim Rokakis is the primary individual who has been lobbying for the Land Banks and potential new dollars. He is looking at potentially lobbying the Governor for consideration for using the "rainy day fund" as a source for the next pool of dollars for the demolition program. There is a cost associated with the lobbying effort and the cost for a Land Bank of our size in our county is \$2,500. The larger Land Banks are being charged a higher dollar amount. But this particular request before the Board is for \$2,500 to go to Thriving Communities Institute for their lobbying efforts. Green asked if the two funds mentioned here are federal or state funds. Zumbar stated the hardest hit funds were federal dollars; the "rainy day fund" is the Governor's funds. Creighton asked if it was correct that the \$2,500 is going towards the hiring of Vorys Advisors for \$100,000, but that everyone will benefit regardless if they contribute or not. Zumbar stated that is correct. Bernabei stated that it would appear to be a fair share of participation as long as it is optimistic that something can be achieved by it. Green moved, Bernabei seconded, and the motion carried that \$2,500 along with the Land Bank's participation be approved towards the lobbying efforts by the Thriving Communities Institute Funding Project.

b. City of Alliance – NIP Agreement

Nau stated up to this point, the NIP program has been a Canton oriented program, and there was \$4.3 million made available to the SCLRC. If Canton demos 244 properties at approximately \$15,000 per property, that is about \$3.6 million, so funds remain, and the Board has discussed ways to fully utilize that money. RPC met with Alliance a month ago about including them in the NIP. When the initial application was submitted, Canton took the lead, but we made sure Massillon and Alliance were included in that grant. Alliance has executed a NIP agreement that mirror's Canton's agreement. Alliance has about 30 properties they would like to take down. One of the challenges is that the ultimate number is a moving target, and it all depends on exactly how much the demolition ends up costing. Zumbar clarified that the original applicant was the City of Canton, however, OHFA said the city could not be the lead entity, it had to be the Land Bank, and so everything had to be resubmitted. Green asked if there was any formality with the contract with OHFA that requires Canton's participation in acquiring title to the Alliance properties, or whether the Land Bank can do it single handedly. Zumbar stated the Land Bank acquires the title. The grant was written to include the entire county. Bernabei asked if the program still has the same deadlines, and how will the Alliance properties meet the September 30th deadline that was for Canton. Zumbar stated that the Land Bank has met its required deadlines. Canton was the main player at that point in time. The Land Bank has acquired the necessary properties by the specific deadline dates and have exceeded their goals. Nau stated that it will be challenging for Alliance because the projects must be completed by June 30, 2016, and they have not yet been acquired. We have had those conversations with Alliance, and they need to move quickly. Green moved, Creighton seconded, and the motion carried to approve the NIP agreement with the City of Alliance and authorize the Chairman to sign it.

c. City of Massillon – Request for Demolition Funding

Nau referenced a letter from the City of Massillon asking for up to \$20,000 for the demolition of seven properties. The SCLRC budgeted \$80,000 to do demolition for this year. Already spoken for is \$60,000 by Alliance, and there is an existing agreement with Louisville for \$20,000. The budget has been used up, although he didn't think Alliance would use all of that \$60,000. This request from Massillon goes beyond what has been budgeted for this year. The funding agreement states the Land Bank's participation is only for demolition activities, not environmental work or environmental studies. It does allow the city to get credit for the total project cost, but the agreement states the Land Bank will only pay for demolition up to 50% of total project costs. Regarding Massillon's request, Nau recommended the city submit actual estimates for the removal of asbestos and demolition for these properties so a true figure is available to work with. The city wants to know if the Board is willing to partner with them, but more information is needed. Green referenced the letter from Massillon that states "the following properties are being scheduled for demolition" and asked if that meant that it is contingent on the Land Bank agreeing to help them with the financing, or will they do it regardless. Maley stated it is based on what types of funds will be available through the Land Bank, because the city is strapped for cash. But they have already gotten estimates on a couple of the properties. He thought if the city was given half the demo costs from the Land Bank of \$20,000, they could probably take down five properties. Green asked if the city got Board approval today for this request, would the houses come down during calendar year 2015. Maley stated no. But whether the city gets approval or not, they will start the legal process. Green believed action should be deferred until the 2016 calendar year, because this year's budget is exhausted. Zumbar stated or the Board could amend the budget. Nau stated the funding for Massillon could be put into the budget for next year if they aren't going to do it until next year. Bernabei moved, Creighton seconded, and the motion carried to approve the funding of

50% of the demolition costs for the properties provided by the City of Massillon, not to exceed \$20,000. This will become effective for the 2016 budget.

10. OLD BUSINESS

a. City of Louisville – Revised Agreement

Nau stated that the Land Bank has an existing agreement with Louisville for up to \$20,000 for demolition. He referenced a letter from the city requesting an increase of the funding amount. The issue is that the asbestos abatement costs for the properties are substantial. The agreement states the Land Bank will only fund demolition costs. The city provided a spreadsheet that shows the breakdown of the three addresses with the various costs. Vince Marion stated the estimates from their building inspector for the demolitions of the three properties were in line for the physical demolition costs. As they got their environmental assessment reports back and the potential contractors took a look at the homes, it can be seen that it was \$38,500 for just removing the asbestos from the homes. Most of that is the one home at 708 Church where the plaster in the house has asbestos which must all be removed and disposed of properly prior to demolition actually occurring. He asked the Board to consider amending the contract to allow for the costs of the asbestos removal to be included in the contract and increasing the amount to 50% match as well as allowing an additional month to get the work done.

Green asked what the increase amounted to. Marion stated \$14,357. Bernabei asked if he got competitive bids on the removal of the asbestos. Marion stated yes, they went out for bid three months ago and received none. Since then the city had a couple of contractors contact them saying that they would reevaluate the situation and wanted to bid. A package was sent out to those contractors and the city got the bids back. He was surprised by the high numbers. Marion made a call to the Alliance Health Department to talk to the Health Commissioner if they ever had a situation where a house was full of asbestos plaster. He was told that the average cost is \$30,000 per home to remove the plaster and dispose of it properly, and that his numbers were in line. Marion stated that he didn't anticipate having any other residential demolitions for quite a while. These three homes coming down will make a dramatic effect on those blocks. Louisville's match is coming from their general fund and they don't have any other source of funding.

Green stated he didn't have any reservations about approving the request, but what if Massillon comes in next month and requests another \$37,000, so he didn't want to establish a precedent. The process needs to be tightened up where we don't constantly have a two part process, the initial request and then the overage. Marion pointed out with the estimates on the other two houses that it was considerably less, because it was only in the windows sills and some of the glaze, so it went from \$2,800 to \$20,800 where the plaster has to come out. Nau stated the Board made a very cognizant decision when the agreement was drafted to fund only demolition just from an environmental liability standpoint. The Land Bank is acting as a bank; we are not involved in the bidding of the project or doing the studies. The thought process was to help insulate the Board from any problems associated with that, so if we do it now, it sets a precedent. Nau provided another scenario, given the fact that Alliance probably won't use all the \$60,000, the Board could increase their match from \$20,000 to \$27,250, which is strictly demolition costs based upon the bid provided by Vince Marion. Carlone stated the contract reads that the Land Bank will pay 50% of overall project costs up to 100% demolition. Green asked if the contract specifically says we are funding only demolition. Nau stated it says, "the entire sum committed by the Land Bank to this project will be allocated towards the physical demolition ...". Nau stated RPC is recommending that funding be increased to not exceed \$27,250 and to give them an

additional month and a half to complete the project. Bernabei moved, Smith seconded, and the motion carried to amend the contract for the contribution of the Land Bank to cover 50% of the total cost, not to exceed \$27,250, but that it all be applied to the demolition, and to extend the time period to January 15, 2016.

Peters passed out the Vacant Lot Policy to all board members and asked if the Board wanted to revisit that issue at this time. Zumbar asked that this issue be put on the agenda for the next meeting. Carlone asked if the Board would like to hold off sending out the MOUs for the vacant lots. Peters stated the applications that were received have been approved under the current Vacant Lot policy, and the deposit and overall purchase price of those approved lots would right now be based upon the assessed value plus \$1,100 cost. Peters asked the Board if staff should proceed with the ones that are approved now under the current policy, and then moving forward, they would review and approve under the potential revisions. Bernabei asked if the individuals who have the prospective purchases think they are buying it at assessed value and do they know what that number is. Peters stated a large number of the vacant lot applicants were denied under the Side Lot program, and RPC then sent them a letter stating they may be eligible to apply under the Vacant Lot program, and they were given a copy of this policy or directed to find it online. Carlone stated no one has received a figure yet. Bernabei asked staff to put together numbers for those 35 properties at assessed value versus the auditor's market value so the difference can clearly be seen, and no MOUs will be sent until after a decision is made by the Land Bank Board.

11. NEXT MEETING – October 19, 2015, 9:00 a.m.

12. ADJOURNMENT was at 9:40 a.m.