

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

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

Board Members

Alex Zumbar
Richard Regula, Representing Janet Creighton
Tom Bernabei
Bill Smith
Lem Green

RPC Staff

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

Others

Joe Mazzola
Jim Wallace
Maureen Austin
Michelle Cutler
Edward Daniels
Lisa Miller
Allan Harold
Dave Maley
Linda Chain
Deana Stafford
Jerry Yost

1. CALL TO ORDER BY SCLRC CHAIRMAN, Alex Zumbar

2. ROLL CALL – Board Members Present

Alex Zumbar, Stark County Treasurer
Tom Bernabei, Stark County Commissioner
Richard Regula, Representing Janet Creighton, SC Commissioner
Lem Green, Municipal Representative
Bill Smith, Township Representative

3. MINUTES OF THE NOVEMBER 16, 2015 MEETING

Bernabei moved, Green seconded, and the motion carried to approve the minutes of November 16, 2015.

4. PUBLIC SPEAKS

Joe Mazzola referenced a letter dated December 17th from Mayor Andreani that was submitted to the Land Bank which formally requested the City of Alliance be allocated the \$500,000 of additional NIP funding that has become available. They are fully prepared to expend those additional funds and provided an inventory of 38 homes which is already prioritized.

5. TREASURER REPORT – Jim Wallace

Wallace stated the bank reconciliation statement for the month of November ended with a checking account balance of \$426,119.80. Revenues for the month were \$77,262.63. Total expenses were \$115,293.35. For the Star Plus funds, there was a balance at the end of November of \$1,002,856.53. Interest for the month was \$172.90. Green moved, Bernabei 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 \$65,225.14 (Request #6)
 - a. 1806-4th St. NE – Parcel 226030 - \$16,219.12
 - b. 812 – 11th St. NW – Parcel 219444 - \$11,153.13
 - c. 1729 Virginia Place NE – Parcel 226179 - \$10,077.07
 - d. 2040-3rd St. NE – Parcel 207839 - \$9,415.82
 - e. 806 – 10th St. NW – Parcel 220689 - \$18,360.00

- 2) City of Canton – NIP Demolition Payment – Total \$83,063.81 (Request #7)
 - a. 522-9th St. NE – Parcel 208297 - \$23,700.00
 - b. 1418 -4th St. NE – Parcel 209098 - \$16,305.32
 - c. 1227-11th St. NW – Parcel 228819 – \$15,703.13
 - d. 402 Reynolds Place NW – Parcel 1005759 - \$12,255.36
 - e. 834 The O'Jays Parkway – Parcel 285798 - \$15,100.00

3) Approval of Payment

- a. Stark County Recorder – recording fees for side lot/vacant lot programs - \$10,000.00

Green moved, Smith seconded, and the motion carried for the post approval of payment of the above-noted NIP invoices and payment to the Stark County Recorder as noted above.

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

Carlone presented the Neighborhood Initiative Program (NIP) Update

City of Canton:

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

- 102 demolitions have been completed overall – 2 new demolitions have been completed since last month/report. Canton expects to bid/contract another 50 demolitions in the near future.
 - 35 – Canton currently developing reimbursement packets
 - 35 - Canton ready to have reimbursement packets reviewed by RPC
- 32 demolition reimbursement packets have been submitted overall – 0 new packets since last month/report.
 - 24 demolitions have been fully approved by OHFA – 10 new packets since last month/report
 - Current average cost of demolition per property is \$15,689.00
 - OHA mortgages are fully executed on 14 properties & OHFA total reimbursement to SCLRC- \$207,102.26
 - Canton has been reimbursed \$188,902.26.
 - 8 demolitions are in various stages of review/approval by OHFA; outstanding reimbursement requests - \$133,644.18.

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

- **20 – Properties pursued through board of Revision Foreclosure; they are ready to be recorded and transferred to SCLRC ownership.**
- **4 – Aeon Tax Lien properties**
- **1 – Property to be acquired through REO donation.**
- **3 – Properties currently on hold for possible redemption**

City of Alliance:

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

- 5 – Asbestos evaluation completed
- 4 – Asbestos evaluations needed

* **26 – Additional eligible NIP properties identified:**

- 4 – Properties to be transferred to SCLRC ownership by end of the year
- 15 – Requested through Board of Revisions – RJP ordered/received
- 2 – Requested from Auditor’s forfeited lands list
- 5 – Under RPC review for NIP eligibility pending receipt of property info. from Alliance

Green referenced the \$20,000 General Liability insurance bill, and asked if that was for NIP properties. Carlone stated that is for all the properties owned by the Land Bank. This includes side lots and vacant lots until they are transferred, plus any properties that the Land Bank has taken. Pearson stated the Land Bank pays \$20 a year on the side lots and then the insurance company prorates that based upon how many days the Land Bank holds title. Peters stated technically the Land Bank owns them as of the date the entry is journalized from the Board of Revision, which most of the time is about a month. Zumbar added that sometimes it can be several months before the individual comes in to complete the final transfer process.

8. SIDE LOT/VACANT LOT PROGRAM REPORT – Sarah Peters

Sarah Peters presented the Side Lot Program Update:

Total Applications Submitted: 936

(18 applications were received since the Nov '15 update)

Cities – 799: Canton: 663; Massillon: 66; Alliance: 70

Other Communities – 137

Bethlehem Twp – 5, Brewster – 2, Canton Twp – 22, East Canton – 5, East Sparta – 3, Hartville – 3, Jackson Twp – 2, Lake Twp – 1, Lawrence Twp – 6, Lexington Twp – 23, Louisville - 1, Minerva – 1, Nimishillen – 4, Osnaburg Twp – 7, 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.

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- Total Number of Applications Under Preliminary Review: 8
 - Total Number of Applications Denied: 341 (6 applications were denied since the last update)
 - Number of Canceled Applications/Fee Refunded: 35
 - Total Number Pending Approval by Community: 68
 - Number of Applications received for NIP Properties Pending Review/Eligibility: 43
 - **Total Number of Approved Applications: 484**
(13 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: 150

- Total Number Being Prepared for Transfer: 46
- **Total Number Transferred to Date: 274** (29 Side Lots were transferred since the last update)

Vacant Lot Program Update:

Total Applications Submitted: 51 (2 applications received since the last update)

Cities - 48: Canton – 42; Alliance – 5; Massillon - 1

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

- Total Applications under Preliminary Review: 0
- Total Applications Denied: 16
- Total Pending Approval by Community: 12
- **Total Approved Applications: 23**

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- Total Applications pending return of MOU/Purchase Agreement & Purchase Price: 15
 - Total Approved Applications Pending Executed MOU/Completion of Foreclosure Proceeding: 8
 - Total Being Prepared for Transfer: 0
 - Total Transferred to Date: 0

Green asked if there was any feedback to whether the vacant lots were properly priced and if the assessed valuation is the number they are being sold for. Peters stated the assessed value plus administration costs is being used, so it's 35% of whatever the appraised value is plus the \$1,100 admin fee. Green asked if she had the impression that they could be priced higher and still get the business. Peters stated that some people had requested additional time to come up with the money, but she didn't know the answer to that.

Regula asked what the reasons were that people are getting denied for the side lot. Peters stated some of the reasons for denial would be if they don't have at least 50% common boundary to the lot, if they are tax delinquent, or if any of their properties have code violations that were identified by the community. Zubar added that the community may also deny them as well.

PUBLIC HEARING – 9:15 a.m.

Zubar called the public hearing to order. Opportunity was given for anyone in opposition to the proposed 2016 SCLRC budget to speak. There were no comments. Zubar gave opportunity for anyone in favor of this budget as proposed to speak. Green moved, Bernabei seconded, and the motion carried to close the public hearing.

Pearson presented the details of the 2016 SCLRC budget. (See attached) Bernabei moved, Regula seconded, and the motion carried to approve the 2016 SCLRC budget as presented.

9. **ADOPT SCLRC 2016 MEETING SCHEDULE**

Regula moved, Green seconded, and the motion carried to adopt the SCLRC 2016 meeting schedule.

10. **NEW BUSINESS**

- a. Lexington Township – Demolition of properties:

- 11070 Webb Street NE – Parcel #2900096
- 11405 Tullis Ave. NE – Parcel #2802439
- 11100 Vaugh Ave. NE – Parcel #2900284

Nau referenced a letter from Lexington Township requesting assistance in the demolition of three properties. Linda Chain described the condition of the three properties and asked what the average cost of demolition could be for these houses. Zumber stated that the average cost is around \$8,000, but does not include the asbestos abatement. Chain stated that one property probably has asbestos, but the others do not. Zumber stated that it is the responsibility of the township to deal with the asbestos, but the general cost of demolition would be split between Lexington Township and the Land Bank under a 50/50 contract agreement. Chain stated they are in a position financially to meet those terms. Zumber suggested that she get estimates from demolition contractors and make sure the asbestos information is obtained as well, and then she can contact Bob Nau or Dave Thorley to have that information brought back to the Board for consideration at a future meeting where they can get either a green light or advice on how to proceed going forward. Thorley stated if these properties are in the NIP target area, then they won't have to go into the budgeted amount on the 50/50 contract. Zumber stated the grant was written to include the entire county, so the only thing to do is to look at the target areas and see where these properties fall. If that would be the case, the money would be put up front, but they would get it back.

b. City of Massillon/City of Alliance

Thorley referenced the December 15, 2015 letter from the City of Massillon where they are requesting the Land Bank lend an additional \$100,000 that would be reimbursed through the NIP process. He reminded the Board that when Canton City Council met on December 7th, they made a request for additional funding out of the \$500,000. Prior to receiving the Massillon letter, he had a conversation with Dave Maley who had advanced the idea that Massillon only has \$100,000 to put toward the demo program. The average cost of doing a demo through NIP is \$15,640, so they are looking at only being able to do six plus properties under NIP.

Thorley stated that initially the Land Bank had conversations with the cities of Alliance and Massillon in regards to participation in the NIP program, and at that time, neither were able to participate because of financial reasons. The City of Alliance since then has been able to participate and has funding in place to do that. Also the City of Canton when they first came in had Council bond \$1 million on two separate occasions. At one point they had actually expended all of that \$2 million toward the NIP program and the 240 properties, but requested to hold off on doing any additional properties. Now that Canton has reimbursements coming back in, they are able to knock down more properties and are moving forward on that. But at no point did Canton come to the Land Bank and ask for money, and neither did the City of Alliance.

Thorley stated the additional \$500,000 the Land Bank received makes a total of about \$4.8 million. At the average rate of \$15,640 per property, that enables about 302-305 properties to be demolished. But that \$15,640 is a moving target and is based upon the 30 property packets submitted to OHFA that have been reimbursed. Out of that 302, the Land Bank has already committed to 240 for the City of Canton, 35 for the City of Alliance and 10 properties right now for the City of Massillon. That would be 285 properties which leaves about 15-20 properties available out of that \$4.8 million. He recommended that the Board allow RPC to hold off on expending the last 20 properties until next spring until they see exactly how Alliance performs and Canton moving forward.

Green asked if the proposal is that the Land Bank would lend \$100,000 to Massillon in anticipation of recouping the entire amount from NIP in reimbursements. Thorley stated he believed that was the proposal. In the packets the City of Canton has submitted to OHFA for reimbursement, there have been expenses that have been denied, so it's not necessarily 100% reimbursement. For example, there was a consultant involved and his fees won't be paid. The reimbursement is only up to \$25,000 per property, and during MOF, some of the properties in Massillon had asbestos abatement involved, and as a result would have been more than \$25,000, so that would be a cost that would not be reimbursed. Last week the RPC asked the Auditor, prior to the Auditor's sale, to transfer four properties from their list in Massillon to the Land Bank. So once transferred to SCLRC, Massillon will have four properties they can go forward with and do the asbestos testing, remediation and demolition, etc. The City of Massillon can move forward, and he suggested that as they get reimbursed, more can be added to the list. The Land Bank doesn't even have a signed contract with Massillon yet. The Land Bank/RPC has actually jumped ahead somewhat to be user friendly with them. There should be a signed contract this week because the Massillon City Council meeting is tonight and it should be passed.

Maley stated that Massillon was looking at reimbursement to try to initiate money because of the fiscal situation they are in. It sounds like the properties will quickly absorb the money. Massillon may not be able to turn some of these properties. The City has four properties that they will acquire through the Auditor's sale. Even though those weren't some of the worst properties, they were at least eligible under NIP and easily acquirable. Based upon the MOF program, some of Massillon's properties were more costly to demo, so we're probably looking at being able to demo five properties or so. We prefer to get as many properties as we could down with this program with the limited amount of resources we have, with the understanding that all the money would be reimbursed to the Land Bank. Even if there were costs that were not reimbursable per NIP, the City of Massillon would also reimburse those costs to the Land Bank. He anticipated having a signed contract this week.

Zumbar wanted Massillon to understand what they are about to embark upon, and Maley will have to impress upon Council the way this program works. Right now all costs are paid by the municipality up front, and if the reimbursement packets are approved, it's possible to get fully reimbursed up to \$25,000. But there are specific amounts that are only allowed to be expended on certain areas. Knowing that and entering into the agreement, it's possible to not get fully reimbursed and also it could take months to get reimbursed. Maley stated they understand all that, and also understand there could be a property or two on their list that may go over that amount, and that is money that will come out of the city's pocket.

Thorley stated at the Land Bank meeting held in Mansfield, Jim Rokakis mentioned that in the federal budget bill, they were anticipating \$2 billion which would be freed up for a similar type of demolition program. With \$150 million coming to the State of Ohio and anticipate that \$5-10 million may come into Stark County. There always appears to be a program on the horizon in furtherance of dealing with blighted, and vacant tax foreclosed properties. What is important is that the Land Bank has infrastructure in place to deal with this in the future.

Zumbar stated he did speak with Jim Rokakis on Friday and made a phone call to Commissioner Bernabei and Commissioner Creighton. The efforts that were made from the Land Bank's Board members in contacting the Congressional individuals have come to fruition. Congress did approve the budget bill on Friday at 1:00 p.m. and Mr. Rokakis did confirm the language was included in the bill and it was adopted. So Ohio is one of the states that is going to see some these funds. Zumbar stated it is for foreclosure mitigation and demolition. Nau stated Canton City Council is now interested in doing

more than 240 properties. Thorley stated Canton put us on hold at one point, but what came out of their meeting with City Council was they would like that \$500,000 also, so we have a number of municipalities competing for the same dollars. Thorley stated it looks like with the approximately \$4.8 million, we have only the ability to do 12-20 more properties, and he asked that the Board hold off on that and see what happens with the City of Alliance and their tear down efforts and where it goes and the City of Canton as we go forward and let us make that decision in the next few months.

Green asked if we would have enough information by then. Thorley stated yes, one of the things that works in our favor is that the original deadline which was June 2016 has been extended one year. We now have until October 2017 with no really hard date when the demolitions have to be down. We would like to keep the demolition deadline June 2017, and no more after that. Thorley stated he thought that was one of the reasons the City of Canton asked us to hold off at 240 properties. There was a financial issue but more importantly it was the fact the timing wasn't good to be able to get them all down by the end of June 2016. Lisa Miller stated what Thorley stated is exactly true. With the \$2 million that Canton City Council gave to start the program, Canton wanted to make sure any properties acquired through the Land Bank would be able to get demolished, but Canton is definitely open to more properties.

Thorley thought they should take action on the Massillon request for a \$100,000 loan. Bernabei asked where that would come from in the budget. Zumbar stated that would probably fall under demolition and \$180,000 has currently been approved, but the Land Bank has never loaned anybody money. Regula asked if the Land Bank could do it. Thorley stated he believed they could, but he believed municipalities have a number of ways in which they can get their own funding. They could borrow from other sources or get a bond; it doesn't have to come out of economic development. Regula asked if Massillon can bond money since they are under fiscal watch. Nau stated they have the ability to borrow from the Enterprise fund, but they would have to pay it back. The Land Bank is hesitant to recommend approval for this based upon setting a precedent of the Land Bank acting as a "bank", when the Land Bank has a generous 50/50 split demolition program. Green asked what our attitude would be if Massillon's request is more aggressive and they just ask the Land Bank to demolish it for them. Nau stated at this point the Land Bank does not have a demolition program where the Land Bank actually does the demo work. Clearly that is within the purview of the Land Bank, but we have not to date done that, nor have we budgeted that either. Even with Lexington Township, they will actually need to select and contract with the contractor to do the demo, and we would just reimburse them at 50% of the eligible hard costs. Maybe at some point in the future the Land Bank could develop that capacity, but the Land Bank is not there yet.

Zumbar asked what the Board's pleasure might be concerning the recommendation from the RPC regarding the loan of \$100,000 to Massillon. Green moved and Bernabei seconded to defer final action until sometime in spring when the funding resources become clearer. Regula asked if Massillon has four properties that are funded. Thorley stated they have four properties the Land Bank is in the process of acquiring for them. They can start the process with those properties once acquired, and there will soon be a signed agreement with them. Zumbar stated their request is for a loan, and it is not the policy of the Land Bank to do loans. The Land Bank's current demolition policy covers 50% of the hard costs. That has worked out well with the other communities that we have been involved with. The asbestos costs are not part of the package, and is something the city has to completely take care of themselves. Those costs can go as high as \$30-40,000 just on asbestos abatement, and in addition the demolition itself which is only around \$8,000. A vote was taken and carried on the previous motion to defer the final decision on the request at this time until April/May.

11. OLD BUSINESS – None

Stafford wanted to mention to the Board that an RFP for that computer based property management program has been issued. With Massillon now coming on board and Alliance picking up, that is definitely something the Land Bank should revisit to make sure there is organized communication among inter-departments. Carlone clarified that it was just a draft RFP, and we are not at that stage yet. Zumbar asked when we anticipate issuing an RFP. Nau stated in January the RPC planned to get all potential users together to get their input. Zumbar asked that the Prosecutor's office be invited so they can be part of the process. Green asked if they could continue to copy the Board on their meetings.

12. Next Meeting – January 19, 2016, 9:00 a.m.

13. Adjournment was at 9:30 a.m.

2016 SCLRC DRAFT EXPENDITURES BUDGET

PROGRAM EXPENSES

	Total Budget
Contracted Expenses	
Administration - RPC	\$ 180,000.00
Stark County Treasurer	\$ 52,000.00
Stark County Prosecutor	\$ 135,000.00
Julian & Grube, Inc.	\$ 1,200.00
	\$ 368,200.00

notes

Overall admin of SCLRC, secretarial and financial
NIP program expenses
NIP program expenses
Financial Report preparation

Insurance	
Sirak Ins - Property Insurance	\$ 30,000.00
Sirak Ins. - D & O	\$ 3,598.00
	\$ 33,598.00

expires 4/15/16

Audit	
Auditor of State	\$ 6,500.00

Travel	
Travel by SCLRC Board	\$ 1,500.00

Side Lot Expenses	
Expenses related to side lot	\$ 158,000.00
Various Vendors	\$ 2,000.00
	\$ 160,000.00

200 lots
Average cost per parcel is \$790 from application to transfer
Side lot app fee reimbursement \$100 x 20

Property Maintenance	
Grounds maintenance	\$ 8,000.00
Securing of properties	\$ 12,000.00
	\$ 20,000.00

mowing
boarding up of properties as needed

Vacant Lot Program	
Acquisition Costs	\$ 38,500.00
Administrative Fees	\$ 38,500.00
	\$ 77,000.00

Avg. Acq. Costs of \$1,100 x 35 parcels
All expenses related to transfer of vacant parcel

Property Acquisition	
Land Assemblage/Rehab	\$ 65,500.00

Demolition Program - Land Bank	
Demolition	\$ 180,000.00
	\$ 180,000.00

1/2 of approved hard demolition costs

TOTAL PROGRAM EXPENSES	\$ 892,298.00
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Contingencies \$ 22,242.00

NIP Expenses	
Demolitions under NIP	\$ 2,700,000.00

TOTAL EXPENSES	\$ 3,614,540.00
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Earned Revenue

Program Revenue

DTAC	\$ 773,000.00
Side Lot App Fees	\$ 20,000.00
Vacant Lot Program	\$ 77,000.00
NIP Prosecutor Fees	\$ 42,500.00
Interest from Investment	\$ 2,040.00
Miscellaneous	

notes

\$768,000 DTAC + \$5,000 MFG
200 applications x \$100 each
approximately \$2,200 per parcel x 35
\$500 per property x 85 properties for
Prosecutor Expenses (45 in Canton and 40 in Alliance)
\$170/month x 12 months

TOTAL EARNED REVENUE

\$ 914,540.00

NIP Income

NIP	\$ 2,700,000.00
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approx. 65% of remaining grant including additional \$500,000 minus estimated reimbursements 1-10

Total Estimated Revenues

\$ 3,614,540.00