

Montgomery County Land Reutilization Corporation (MCLRC)
October Board Meeting
December 17, 2019

Attendees: Carolyn Rice, Montgomery County Commissioner (Chair of the Board)
Doug Harnish, Principle, Market Metrics (Vice Chair of the Board)
Russ Joseph, Treasurer (Board Member)
Sheila Crane, Realtor/Community Dev. Specialist, HER Realtors (Board Member)
Todd Kinskey, Director of Plan. & Comm. Dev., City of Dayton (Board Member)
Judy Dodge, Montgomery County Commissioner (Board Member)
Scott Paulson, Trustee, Washington Township (Board Member)
David Williamson, MCLRC (General Counsel)
Mike Grauwelman, MCLRC (Executive Director)
Darren Andrews, Dir. of Finance, Treasurer's Office (Treasurer)
Angela Lilly, Montgomery County Treasurer's Office (Secretary)
Paul Bradley, Assistant Treasurer, Montgomery County Treasurer's Office
Sharon Lowry, Trustee, Washington Township

Absent:
(Copies To)

Call to Order

Carolyn Rice, Chair of the Board, noting a quorum, called the meeting to order. A copy of the agenda is attached for reference.

Approval of Minutes

Russ Joseph moved to approve the October 15, 2019 Board meeting minutes. The motion was seconded by Judy Dodge and approved unanimously by voice vote.

Item No. 1 – 2020 Objectives

Mike Grauwelman provided an overview of the 2020 Objectives and Metrics.

Strategic Objectives

- Develop a Land Bank Strategic Plan Framework (3 to 5 years) - substantial changes have been made to earlier objectives as the market has changed – how do we allocate our resources? Do we want to narrow down the markets we work in?
- Increase Service Resources - leverage resources to the best extent possible with new financial support. 1) USEPA Community Wide Brownfield Grant (this grant provides phase I and phase II funding to assess properties and the Land Bank could be the administrator for Montgomery County. 2) Residential Property Assessed Clean Energy Financing (finance improvements to residential Homes where energy improvements can be rolled into debt). 3) Jobs Ohio Shovel Ready Sites Funding, 4) Support NAIOP, GOPC, Ohio LB Association Funding Efforts,

5) De-construction Job Training to Enhance Skills and Reduce Costs (product that is deconstructed to learn the construction trade).

- Develop a Historic Preservation Program – complete a strategic planning session for this program.
- Tornado Community Long Term Response – participate in recovery meetings and continue going out to the field to proactively assess recovery efforts. Identify a geography every one to two weeks to determine proactive efforts.
- Transformative Development Program has been removed from the 2020 objectives.

Primary Objectives

- Increase Tax Collections and Improve Neighborhood Health - include tenant occupied homes and pursue more tax lien properties as they have to go through the judicial process.
- Reduce Blighted Property Inventory – develop a demolition program framework that shares a similar outline to the NIP program that is sun setting.
- Stabilize Neighborhoods Increase Thriving Neighborhoods Scale – scale up and formalize this program. Diversify participants to include historic neighborhood pilot and enlist support from community partner organizations.
- Support the Development of Community Stabilization Programs - acquire 24 additional properties to demo and hold in the Carillon Neighborhood and provide data and planning process assistance to the Miamisburg Cares program.

Stretch Objective

This objective may be satisfied through one or more of the existing programs.

Program Objectives

Program objectives have been broken down into reactive and proactive activities. Reactive activities are those the Land Bank has little control. For example, the number of people that apply for the properties in the TFAP program.

- TFAP – transfer approximately 20 properties through the program.
- Land Banking – enter into new agreements to build a larger portfolio and maintain current agreement.
- NIP – prepare 60 oversubscribed properties for demolition, disposition 300 properties and maintain 860 properties.
- Commercial – support estimated five commercial redevelopment requests. Acquire, develop and begin repositioning the Keowee Street property.
- DIY- award 15 new property contracts.

- Thriving Neighborhoods – add another neighborhood to the portfolio. Pineview – submitted one property into the system for acquisition. Castlewood (pending Township approval) – four properties submitted for acquisition with disposition to be determined. Harrison Township is looking to fund \$50,000 each year over a five-year period toward the program required funding match.
- Planning Grant and Community Loan - estimating three planning grants and one community loan next year.

Financial and Administrative Objectives

- Generate income, manage expenses and recapture all NIP unallowable costs.
- Obtain a clean audit and put a records retention policy in place.

Doug Harnish moved to approve the 2020 Objectives. The motion was seconded by Sheila Crane and approved unanimously by voice vote. *See attached 2020 Objectives and Metrics memo for more details.*

Item No. 2 – 2020 Budget

Operating Budget

Overall, there is a \$26,000 increase in the total operating budget from 2019 to 2020.

- The personnel line item increased by 1.1% as the newly hired staff member did not require health insurance.
- The total consulting number increased to account to receive support in applying for an EPA Brownfield grant.
- The travel/meals and capital/equipment line items decreased.
- The website line item increased due to the need for outside consulting support to improve the website.

Judy Dodge moved to approve the 2020 Operating Budget. The motion was seconded by Doug Harnish and approved unanimously by voice vote. *See attached budget summary for more details.*

Program Budgets

The Board reviewed the 2020 program budgets.

- Loan Program – one new loan commitment to the City of West Carrollton.
- TFAP - continued activity.
- Landbanking – signed agreement with West Carrollton, including old Roberds properties.
- NIP – if additional funding is received for 2020, net zero for the year.
- Residential/Commercial acquisition – revolving pool to be able to acquire properties as needed.

- Planning grant – \$150,000 committed for 2020
- Thriving neighborhood – anticipate additional property acquisition and renovation.
- Reforestation – Twig to Trees program
- Demolitions – these funds will be used sparingly to offset DIY demolition costs
- Proactive – Keowee street property – Russ noted that the cost could be less with the addition of financial partners.
- Project 9 Commitment – 5-year agreement ending in 2020.
- Demolition 2.0 – Russ ongoing demolition program.

Doug Harnish moved to approve the 2020 Program Budget. The motion was seconded by Sheila Crane and approved unanimously by voice vote. *See attached program budget summary for more details.*

Other Business – Demolition Program

Mike Grauwelman provided an overview of the Demolition Program, which includes equitable distribution of funds to the communities, strategic use of the funds and ease of use and management.

Other Business – Board Appointment

David Williamson provided the resolutions from the three Townships that have a greater population of 10,000. The bylaws of the organization were adopted prior to a change in the law by the Ohio Legislature, which states the Townships that have a greater population of 10,000 shall choose the representative to the Board. The Board will need to address a change in the bylaws. David Williamson will follow-up with the Townships and come back to the Board with changes in the language to the bylaws. Per the Township resolutions, Sharon Lowry, Washington Township Trustee, has been appointed to the Board.

Other Business – Financials

The Board reviewed the MCLRC program expenditures and revenues, including a NIP expenditures summary. The cash balance is approximately \$8.2 million.

Other Business –Pinview Update

Mike Grauwelman provided the Board with an overview of the improvements made to the properties in the Pineview Neighborhood.

Announcement

The next Board meeting is scheduled for Tuesday, February 18, 2020.

Call to Adjourn

There being no further business, the meeting was adjourned.

I hereby certify that the minutes related to the Board of Directors' monthly meeting December 17, 2019 set forth above are the minutes approved by the Board of Directors at their meeting of February 18, 2020.

/s/ Angela Lilly

**Angela Lilly, Secretary
Montgomery County Land Reutilization
Corporation**



Board Meeting Agenda

Montgomery County Land Reutilization Corporation

December 17, 2019 3:30 pm

Montgomery County Treasurer's Office

Call to Order: Carolyn Rice, Chair

Roll Call:

New Board Member Introduction

Approval of Minutes: October 15, 2019 (Attached)

Old Business:

New Business:

Item No. 1 – 2020 Objectives (Attachment)

- Presentation and Discussion
- Motion to Approve

Item No. 2 – 2020 Budget (Attachment)

- Presentation and Discussion
- Motion to Approve

Other Business:

- **Discussion:**
 - Demolition Program 2.0
 - Board Appointment

Next Meeting: February 18, 2019 @ 3:30 pm

Adjourn

2020 OBJECTIVES AND METRICS

Board Final

December 12, 2019

Introduction: This document contains the annual objectives and metrics to direct the organization's efforts and provide a means to measure its results annually. The objectives are based upon the organization's mission and how it operates. The operating construct is also provided as a reminder of how we conduct our business as well as the mission and business goal and their supporting strategies and tactics. Finally the operating environment is reviewed as it impacts program and organizational performance. You will find a description of challenges in the operating environment, and operational changes that the organization needs to make to adapt to the challenges.

Mission: The mission of the Montgomery County Land Reutilization Corporation is to *facilitate the transition of blighted, foreclosed, and abandoned properties into viable, marketable properties* by working collaboratively with public and private entities in a financially responsible, transparent manner with a long term goal of returning these properties to the tax roll.

Mission Strategies and Tactics: The organization works to support Montgomery County communities and citizen's development (community and economic) aspirations, preserve community wealth, and improve the quality of life. Land Bank programs and projects accomplish this by:

- Leveraging the organizations unique authorities under the ORC
- Encouraging and conducting strategic planning.
 - Aligning its programs and projects with community goals and objectives.
 - Aligning community organizations and resources
 - Coordinating activities with other organizations
- Acquiring and repositioning distressed tax delinquent properties
- Returning balance to market supply and demand.
 - Demolishing blighted properties.
- Eliminating barriers (financial, title) that prevent a property's reuse.
 - Repositioning and conveying distressed properties.
- Generating tax revenues thru reuse by new ownership
- Investing in Target Neighborhoods
 - Returning consumer / market confidence
- Seeking creative solutions to real estate issues
- Assembling and banking properties for redevelopment

Business Goal Strategies and Tactics: The organization's business goal is to operate efficiently and in a sustainable manner, while delivering the greatest impact to the community*. The organization uses the following strategies and tactics to support the goal:

1. Operate programs that are sustainable.
 - a. Charging fee for service to offset expenses.
2. Leverage resources to encourage private investment.
 - a. Invest in target areas that the market could ultimately support.
3. Acquire or leverage other forms of public investment.
 - a. Requiring match from communities.
4. Maintain a range of real estate capability outsourcing specialized areas, while maintaining core competencies.
 - a. Provide incentives for communities to develop plans and strategies for their neighborhoods / properties through planning grant.
 - b. Provide tools for local communities to address challenged properties through the loan program, land banking, TFAP, commercial redevelopment.
 - c. Leverage local involvement to obtain community input in the development of neighborhood plans.
 - d. Core Competencies Include: Real estate, Community / Economic development, Program and project management, Grant administration, Facility Management, Finance.
 - e. Identify and embed specialized competencies such as: legal, environmental, brokerage, appraisal, etc.

* Community benefits includes increased tax collections, resolving blight, crime, facilitating investment, community pride, establishing market confidence, etc.

Operating Environment: The challenges that the organization currently faces in advancing its mission include available reuse inventory, financial risk, and project control / support. These issues are further articulated below.

Reuse Inventory: The available reusable foreclosure property inventory is dwindling. The inventory was largely generated by the foreclosure crisis, depression, and a weak market, which is now ten years distant. A vast majority of the housing crisis properties have aged and are now either in an accelerated state of disrepair, or have been absorbed by the market. The improved economy has enabled the market (Owner's improved financial position, Banks willingness to foreclose, Investor confidence to purchase, and Consumer increased demand) to respond to viable properties as assets, when they might have been available during the crisis / depression period. Consequently the Treasurer's Office has been able to increase collections leveraging sheriff's and tax lien sales, and reducing available viable program inventory.

There remains a significant amount of vacant, abandoned, and tax delinquent inventory on the landscape that can broadly be characterized as: located in highly distressed neighborhoods with very weak markets; currently do not having a strategic purpose / plan; have historically suffered from disinvestment; and / or are functionally obsolete.

The impact to the organization has been increased field time reviewing properties that are not viable for reuse or represent high risk investments. The result is TFAP, DIY are unlikely to produce the (income, number properties impact) results as in the past including the impact on neighborhoods, and citizens.

Financial Risk: The organization's operating activities largely depend upon arranging for transactions in which a property disposition is in place, or is highly likely. Although we have established programs that are pro-active, it is increasingly difficult to find properties in which we are confident that we can disposition, or can disposition without suffering significant financial loss. Our inability to access properties to determine their condition pre-foreclosure (structural, environmental) furthers this challenge.

Project Control / Support: The organization has positioned itself to support communities and not lead. This places overall project management responsibility (outcomes, schedule, etc.) with the community. Our experience has been that other organizations involvement adds complexity in completing projects as these organizations are often managing other activities seen as a higher priority. This basic alignment issue consistently challenges the Land Bank's productivity and implementation schedules.

The organization is highly dependent upon a variety of organizations to process foreclosures in support of its mission. These organizations have various roles, responsibilities, and priorities that challenge a predictable process. This is a reality of the complexity of the legal process, and the number of organizations that support it. Further there are instances in which the Land Bank objectives are directly competing with those of the support offices. The Treasurer's Office responsibility to collect taxes and the Land Bank's use of foreclosure to reposition properties is one such example. As these issues become apparent it will be imperative to develop policy that best serves the overall public interest.

Operational Changes: The organization will need to become more aggressive in the future in order to remain effective. Loosely translated this means there will need for a greater tolerance for risk (properties / neighborhoods) not otherwise being absorbed / accepted by the market. Below are some examples of how this approach will change our activities.

For commercial pro-active properties we will see greater financial challenges to reposition properties, and there may not be a full understanding of risk including:

- Property's disposition- Holding Costs
- Environmental condition – Remediation Costs
- Repositioning costs – Demolition Costs
- Title Challenges – Legal Costs

For residential properties a more aggressive posture would include foreclosing on additional properties that do not qualify as vacant and abandoned under the Ohio Revised Code, but are tax delinquent. These may include:

- Landlord owned

- Undetermined to be abandoned (Appear vacant but Utility service on)
- Acquiring higher risk (demolition) properties

For Thriving Neighborhoods the implication is to be flexible in choosing neighborhoods to allow the program to develop, and for a variety of communities and markets to experience the program. The program will see increased rehab and acquisition costs (purchases may become a norm).

The organization will be adjusting its human resource in 2020 to make use of the capacity made available from NIP demolition activity (maintenance, reporting, and disposition activities will continue). These resources will in part be committed to assisting in the development of plans associated with Long Term Response to the tornado, and leadership activities associated with funding, policy, and development initiatives.

The organization's 2020 focus will be to make resource and program adjustments to account for changes in the operating environment, and enhance existing initiatives by incorporating additional tools and resources, and involving additional communities.

STRATEGIC OBJECTIVES

- **Develop a Land Bank Strategic Plan Framework**
 - ✓ Develop a 3-5 Year Plan Framework to Include:
 - Organizational Mission and Vision
 - Goals and Objectives
 - Program, Population and Market Focus
 - Role and Responsibilities / Community MOU
 - Resource Allocation
 - Financial / Cash Flow Estimates

- **Increase Service Resources :**
 - ✓ Add 1 New Financial Support Resource
 - Apply for USEPA Community Wide Brownfield Grant Funding
 - Residential Property Assessed Clean Energy Financing
 - Jobs Ohio Shovel Ready Sites Funding
 - Support NAIOP, GOPC, Ohio LB Association Funding Efforts
 - De-construction Job Training to Enhance Skills and Reduce Costs

- **Develop a Historic Preservation Program Framework**
 - ✓ Board Review Post Strategic Planning

- ~~**Conduct Feasibility Study for a Transformative Development (Multi-Parcel Assembly for Development)**~~
 - ~~✓ Assemble Feasibility Data~~
 - ~~○ Identify Potential Target Area(s)~~

- ~~○ Identify Target Market(s)~~
- ~~○ Discuss Approach / Locations with Community Staff~~
- ~~○ Determine Financial Feasibility~~
- ~~○ Determine Social / Political Feasibility Neighborhood~~

- **Tornado Community Long Term Response**
 - ✓ Participate in MVRPC Long Term Recovery Organizing
 - ✓ Pro-Actively Assess Field Recovery Efforts
 - ✓ Identify Potential Short and Long Term Needs and Roles
 - ✓ Recommend Actions and Resource /Budget Requirements

PRIMARY OBJECTIVES

- **Increase Tax Collections and Improve Neighborhood Health**
 - ✓ Amend Property Policy Guidelines to Expand Eligible Property Portfolio
 - Include Tenant Occupied (2.B.4) and Federal Tax Lien Properties
 - Develop a Policy for Vacating/ Managing Occupied Properties
 - ✓ Support Treasurer Development of Tax Lien Sales Approach
 - Provide Data to Support Policy /Decision Making
- **Reduce Blighted Property Inventory**
 - ✓ Develop a Demolition Program Framework
 - Board Adoption Q1
 - Develop Support Agreements
 - Launch Q2
- **Stabilize Neighborhoods Increase Thriving Neighborhoods Scale**
 - ✓ Establish Program Guidelines and Participation Requirements
 - Clarify Project Planning and Implementation Control
 - Board Adoption Q3
 - ✓ Diversify Participants to Include Historic Neighborhood Pilot
 - ✓ Enlist 1 Additional Supporting Organization
- **Support the Development of Community Stabilization Programs**
 - ✓ Carillon Neighborhood
 - Acquire 24 Properties
 - Maintain 24 Properties
 - Rehab By Client 2 in 2021
 - Demolish 7 Properties in 2021
 - Disposition 24 Properties in 2021
 - ✓ Miamisburg CARES
 - Support Community Neighborhood Identification Process
 - Complete Neighborhood Planning Process
 - Identify Land Bank Role(s)

- **STRETCH OBJECTIVES:**
 - ✓ **PROVIDE PROGRAM SUPPORT TO 1 DISADVANTAGED POPULATION GROUP.**
 - IDENTIFY GROUP AND PARTNERING OPPORTUNITIES

PROGRAM OBJECTIVES

REACTIVE ACTIVITIES

- **TFAP:**
 - ✓ ESTIMATE TRANSFER 20 PROPERTIES
 - ✓ ESTIMATE 25 PROPERTIES PROCESSED
- **LAND BANKING:**
 - ✓ ESTIMATE 2 NEW AGREEMENTS 25 NEW PROPERTIES

PRO-ACTIVE ACTIVITIES

- **NIP**
 - ✓ POSITION THE ORGANIZATION FOR ADDITIONAL FUNDS
 - PREPARE 60 “OVER SUBSCRIBED” UNITS FOR DEMOLITION
 - ✓ MEET NIP 2020 MILESTONES / DEMOLITION CLOSEOUT
 - \$19.5M EXPENDED
 - ✓ DISPOSITION 300 PROPERTIES
 - ✓ MAINTAIN 860 PROPERTIES
- **LAND BANKING:**
 - ✓ MAINTAIN 2 CURRENT AGREEMENTS AND 48 PROPERTIES

REACTIVE ACTIVITIES

- **COMMERCIAL**
 - ✓ SUPPORT ESTIMATED 5 COMMERCIAL REDEVELOPMENT REQUESTS
 - RESEARCH FEASIBILITY AND PROVIDE GUIDANCE

PRO-ACTIVE ACTIVITIES

- **COMMERCIAL**
 - ✓ ACQUIRE AND DEVELOP AND BEGIN REPOSITIONING 1 PROPERTY
- **DIY**
 - ✓ AWARD 15 PROPERTY CONTRACTS
 - ✓ ACQUIRE 15 ADDITIONAL PROPERTIES
 - ✓ TRANSFER 15 PROPERTIES
- **THRIVING NEIGHBORHOODS**
 - SCALING
 - ✓ ADD / SUPPORT 1 ADDITIONAL NEIGHBORHOODS TO TNI

PINEVIEW

- ✓ 1 PROPERTIES IDENTIFIED AND SUBMITTED FOR ACQUISITION
- ✓ 1 ACQUIRE
- ✓ PROPERTY DISPOSITION
 - 1 PROPERTIES RENOVATED
 - 1 PROPERTIES DEMOLISHED
 - 1 PROPERTIES DISPOSITIONED (RENOVATION)

CASTLEWOOD (PENDING TOWNSHIP APPROVAL)

- ✓ 4 PROPERTIES SUBMITTED FOR ACQUISITION
- ✓ 4 ACQUIRED
- ✓ PROPERTY DISPOSITION
 - 1 PROPERTIES RENOVATED
 - 3 PROPERTIES DEMOLISHED
 - 1 PROPERTIES DISPOSITIONED

REACTIVE

- **PLANNING GRANT**
 - ✓ ESTIMATED 3 NEW GRANTS AWARDED
- **COMMUNITY LOAN**
 - ✓ ESTIMATED 1 NEW LOAN APPROVED

FINANCIAL AND ADMINISTRATIVE OBJECTIVES

- **FINANCIAL**
 - ✓ GENERATE INCOME TO BUDGET
 - ✓ MANAGE EXPENSES TO BUDGET
 - ✓ RECAPTURE ALL NIP UNALLOWABLE COSTS
- **ADMINISTRATIVE**
 - ✓ OBTAIN CLEAN 2019 AUDIT
 - ✓ IMPROVE FINANCIAL REPORTING TO INCLUDE FUND ENCUMBRANCE
 - ✓ ADOPT A RECORDS RETENTION POLICY

Summary Budget Totals

LAND BANK 2020 BUDGET

<u>Expense Category/Type</u>	<u>2020 Budget</u>	<u>Notes</u>	<u>2019 Budget</u>
Total Personnel	720,211.98	7.6 Employees	712,274.64
Total Hosting	54,412.05	County Corp. includes office rent, IT services, Phone services, etc.	53,597.52
Total Consulting	91,000.00	Legal services, Accounting/Audit, Data/Market analysis study/Grant writing/Facilitation	78,500.00
Total Advertising/Events	15,850.00	Events/Advertising/Media/Marketing/Copy writing	15,070.00
Total Travel and Meals	12,746.00	Local Travel, Conferences, Events - Local Land Bank Conference, National conference - Land bank (no National conference in 2020) or other based on subject / area of expertise	16,616.00
Equipment and Capital	8,600.00	Includes Furniture, Computers	13,900.00
Website	18,000.00	Annual Hosting plus annual maintenance	6,000.00
Real Estate / Web software	38,300.00	Property Management software annual subscription, Tolemi Annual subscription plus other miscellaneous software	37,400.00
Total Supplies	14,860.00	Includes office supplies, postage, computer software and hardware (minor purchases), cell phones and tablets	13,760.00
Total Education and Training	4,500.00	Includes conference fees for Ohio Land Bank conference and National Conferences (no National conference in 2020) plus one local training courses for each employee	6,350.00
Total Fees and Dues	17,930.00	Memberships, Employer Liability insurances (increased coverages)	17,445.00
Total Operating	996,410.03		970,913.16

2020 Program Budgets

<u>Expense Category/Type</u>	<u>2020 Budget</u>			<u>Notes</u>
	<u>Expense</u>	<u>Income</u>	<u>Net</u>	
	Loan Program	50,200.00	51,000.00	
TFAP	45,828.00	48,700.00	2,872.00	19 Properties processed
Land Banking	-	5,000.00	5,000.00	Current inventory plus West Carrollton and CityWide/Choice Properties
NIP	-	-	-	Assuming all reimbursements are accounted for in 2019. If additional funding is received for 2020 it should be net zero
Residential Acquisition Pool	150,000.00	150,000.00	-	Revolving pool to support residential acquisition
Commercial Acquisition Pool	200,000.00	200,000.00	-	Revolving pool to support commercial tax lien purchases, includes Honeywell commitment
Residential Acquisition/Demo	100,000.00	100,000.00	-	Lender and NCST donations for donations
Commercial Program	99,670.00	-	(99,670.00)	Revenue/expense neutral
Planning Grant Program	150,000.00	-	(150,000.00)	\$150,000 committed for 2020
Thriving Neighborhoods	197,250.00	70,000.00	(127,250.00)	Revenue based on 5 acquisitions/renovations and 1 home sale
Reforestation	2,500.00		(2,500.00)	See description
Demolitions	100,000.00		(100,000.00)	Residential demolition pool
DIY	218,500.00	157,500.00	(61,000.00)	15 units sold
Pro Active Commercial	620,000.00		(620,000.00)	1301 Keowee project demolition and environmental expenses
Project 9 Commitment	100,000.00		(100,000.00)	Committed in previous years - 225 S Main & 34 N Main
Demolition 2.0	-		-	
Total Program Budget	2,033,948.00	782,200.00	(1,251,748.00)	
Program budget net of NIP	2,033,948.00	782,200.00	(1,251,748.00)	
Revenue positive				
Revenue neutral				
Investments				
	Operating Budget		\$ 996,410.03	
	Program Budget		\$ 1,251,748.00	
	Total Budget		\$ 2,248,158.03	