



Board Minutes

Tuesday, April 14, 2015 Board of Directors Meeting, 4:00 PM

Hamilton County Administration Building, 138 E. Court St., Room 610

1. **CALL TO ORDER**

Joe Honerlaw called the Hamilton County Land Reutilization Corporation (HCLRC) Board of Directors meeting to order at 4:06 p.m.

Board Members Present:

Cranley, John
Goering, Rob
Honerlaw, Joe
Monzel, Chris
Portune, Todd
Quarry, Mark
Rolfes, Carolyn
Weidman, Tom

PGCDA, as Management Company of the HCLRC:

Basil, Will
Brunner, Laura
Hall, Darin
Hudson, Rick
Laird, Tiffany
Paul, Gail
Recht, Chris
Robb, Deborah
Sampson, Alison
Thomas, Susan
Weber, Billy

Guests:

Alexander, Theresa – Coldwell Banker West Shell
Luken, Charlie – Port Authority Board Member
Muller, Paul – Cincinnati Preservation Association
Schulte, Skip – Bellevue, KY citizen
Warminski, Margo – Cincinnati Preservation Association
Wise, Kelly – Hamilton County

2. **WELCOME AND INTRODUCTIONS**

Mr. Honerlaw acknowledged and welcomed guests.

3. **PRESIDENT'S REPORT**

Ms. Brunner encouraged Board members to read the formal President's Report, provided in the meeting's materials, which highlights the updated progress at 19 Lincoln Terrace, the partnership with Homesteading & Urban Redevelopment Corporation (HURC), developing relationships with financial institutions, and priorities for 2015.

Ms. Brunner introduced and welcomed Charlie Luken, who is a member of the Port of Greater Cincinnati Development Authority (Port Authority) Board of Directors. Two Port Authority board members, Charlie Luken and Ed Jackson, have agreed to serve on the HURC's reconstituted Board of Directors as representatives and will be more deeply involved in community revitalization work.

Ms. Brunner next introduced Theresa Alexander who is serving as the Real Estate broker, representing the Landbank in Evanston through the REACH program.

4. **APPROVAL OF MINUTES**

Mr. Honerlaw asked Board members if there were any additions or modifications to the January 15, 2015 Board of Directors meeting minutes. Hearing none, he asked for a motion to adopt the meeting minutes.

Motion: Tom Weidman moved to adopt the minutes of the January 15, 2015 Board of Directors meeting. The motion was seconded by Chris Monzel and was approved unanimously.

5. **PROGRAM REVIEW**

Demolition Grant Oversight

Mr. Recht confirmed the Landbank completed the Moving Ohio Forward program at the end of 2014 and has received all reimbursements.

The Landbank is now fully engaged in its efforts on the Neighborhood Initiative Program (NIP). Two goals have been set in place and are on track to meet for 2015; to acquire and demolish 100 properties. This is approximately half of total that needs to be demolished by October 28, 2016. The acquisition goal has been met, which is the more challenging, as the Landbank has to consider the end use for each property. The Landbank has completed demolition of 1 property, has 26 in progress, and will steadily increase that number throughout the year.

Historic Stabilization

Mr. Recht indicated that the Landbank has completed three stabilizations under the Historic Structure Stabilization Program thus far in 2015. In Mt. Healthy, 7428 Hamilton Avenue formerly served as the Main Theater for the community. In Lower Price Hill, 644 and 646 Neave Street were acquired by the HCLRC pursuant to tax forfeiture and via donation, respectively, and are being held for future redevelopment.

A fourth stabilization is underway, as 1706 Lang Street in Over-the-Rhine was set to be an emergency demolition by the City of Cincinnati, but through remarkable support from the community and partnership with the City, the HCLRC was able to preserve this important structure.

Partner Programs

Mr. Weber stated that, under the Local Government Development Program (LGDP), the Landbank accepted the donation of 201 Patterson Street, a single family building in the Village of Lockland, from Wells Fargo in March. After assessing the property with officials from Lockland, it was determined that

this property would be transferred to the Village of Lockland for their redevelopment and sale to a future owner occupant.

Under the Community Partner Program, and in collaboration with the Madisonville Community Urban Redevelopment Corporation (MCURC), the Landbank pioneered a new public-private partnership model to encourage infill development on this residential vacant lot. The Landbank acquired the lot, which had been forfeited to the State of Ohio following a tax foreclosure. MCURC released a request for proposals to find developers interested in building a single-family residence on the lot. Through this process, MCURC was able to define the type of development that they wanted in their neighborhood and select a specific developer.

However, as frequently seen in developing market areas, the selected developer, Copper Creek Homes, Inc., was not comfortable entering into a contract requiring the construction of the home without first identifying a buyer. To make the deal work, the Landbank developed a model where the purchase contract included a pre-sale contingency. The contract with the developer allowed them several months to market the infill project. The Landbank's sale of the lot was contingent upon the developer locating and executing a purchase agreement with a third-party who would purchase and occupy the developed home as an owner-occupant. Also built into the contract was a design review process, allowing MCURC to maintain control over the final development product. The developer was successful in pre-selling the development to a buyer, and a \$240,000 home is currently under construction on the site.

REACH Evanston

Mr. Hall stated the Landbank has completed its first four building rehabilitations under the Rehab Across Cincinnati and Hamilton County (REACH) Program. Three of the four homes are under contract for sale, and the fourth one, 3351 Woodburn, is being used as the model house, serving as the sales office and information portal to the neighborhood. Theresa Alexander, of Coldwell Banker/ West Shell was hired as REACH Realtor. The model home is open by appointment and not currently listed for sale. A REACH website, reachneighborhoods.com, has been created and will go live in mid to late April 2015.

Interior demolition and framing / MEP work is complete on Phase 1-A properties as of March 31, 2015. Contractor bidding for Phase 1-B is completed and work is well under way on the next seven. The goal is to have these homes ready and available for sale by June or July. The Landbank closed on the first property, 1530 Ruth, at a sale price of \$99,900.

The Landbank is working to brand the homes in Evanston, to be clear when entering the neighborhood that this is part of a bigger effort. Additionally, Mr. Hall and Ms. Paul met with the Greater Cincinnati Energy Alliance regarding establishing energy efficiency performance metrics for each renovated home.

Mr. Hall mentioned that the houses in the next phase are estimated to sell between \$159,900 and \$199,900. Several success stories surrounding this program were shared and additional discussion took place around the program's growing momentum.

On March 7, the Port Authority was an exhibitor at this year's Neighborhood Summit, with a display that featured the REACH Evanston Program and home sales information. The HCLRC talked with scores of attendees from a variety of city neighborhood CDCs and even received a serious inquiry on the purchase of a phase 1-B Evanston home.

At the Summit, REACH Evanston won "Collaboration of the Year," awarded to a successful project in a community that "results from the collaboration of neighborhood leaders and organizations with other organizations inside or outside of the community." REACH models intentional collaboration with the determination to restore housing value and market demand using a scattered site redevelopment

approach. Vice Mayor David Mann presented the crystal award to Evanston community leader Anzora Adkins, and it will be displayed in the model home as a testament to the partnership.

Ms. Brunner added that the Landbank will be spending time over the summer examining whether it will continue to develop all of the properties that it owns in Evanston or whether there is an opportunity for the private sector to come in sooner to facilitate the development, allowing the Landbank to move on to Walnut Hills.

Formal Action Requested – Before the board today is proposed resolution 2015-02 entitled:

**RESOLUTION TO ASSIST THE COMMUNITIES OF EVANSTON AND WALNUT HILLS
EXECUTE TARGETED NEIGHBORHOOD HOUSING AND REDEVELOPMENT STRATEGIES.**

After some discussion of the matter, Joe Honerlaw asked for a motion to approve Resolution No. 2015-02.

Motion: Rob Goering moved to approve Resolution No. 2015-02. The motion was seconded by Chris Monzel and was approved unanimously.

Strategic Investments

Mr. Hall explained the Strategic Investment Program is where the knowledge and expertise of Port Authority staff will be utilized to identify and execute market-rate development opportunities with the goal of generating a return to fund other Landbank activities requiring subsidy. These market-rate opportunities are increasingly common due to the development of Landbank acquisition tools and partnerships. The activities under this program will include acquisition, redevelopment, and sale of foreclosed or distressed properties.

Mr. Weber highlighted that Lincoln Terrance is a multi-residential property for low-income tenants, covering approximately 2.5 acres in Walnut Hills. The property is blighted and unsafe, and is scheduled for demolition using NIP funds to take down the structures. The goal is to reposition this asset and acquisition some of the properties around it to generate a positive return on the Landbank.

The Regal Theater is one of the first properties to go through the Landbank's Historic Structure Stabilization program, and it is in a prominent location in the West End. The Landbank has been approached by a potential developer and has set up a meeting to review the development plan.

Additional dialogue took place surrounding the Landbank's application process, strategy, and policy under this initiative. Mr. Goering suggested that the Board put specific guidelines in place. Ms. Brunner explained that regardless of whether the Landbank would generate a sale or a profit interest, it is unlikely the Landbank would receive payment right away, and suggested that prior to the next Board of Directors meeting the Landbank will further define options under the program. Mr. Portune added he would like to establish ground rules, and that the question as a matter of policy might be to create a fund that underwrites the Strategic Investment Program, continually putting money back in and allowing the Landbank the ability to move forward with the investment return either being dedicated back to this program or funneled into the broader uses of the Landbank. This should be a self-sustaining program that operates on its own.

Ms. Brunner noted, as discussions take place, the Landbank will prepare further options for the Board's consideration and will revisit the special budget allocation. Mr. Portune asked to formalize this discussion with a motion.

Motion: Rob Goering moved to give the Landbank authority to enter into contracts with the disposition of strategic investment assets with the requirement that the proceeds be received within five years. The motion was seconded by Todd Portune and was approved unanimously.

6. HURC

Ms. Thomas stated the Hamilton County's Homesteading & Urban Redevelopment Corporation (HURC) is entering into an agreement with the Port Authority for management of operations and program development.

The HURC is a 501(c)(3) Ohio nonprofit corporation focused on community housing improvement throughout the region and in particular the renovation of homes in low to moderate income areas. Since its inception, the HURC management and its board have successfully put hundreds of single family homes back into productive use.

The Port Authority believes the HURC is a natural fit and will directly enhance our community revitalization work. This is because the Landbank has excellent tools for acquiring properties in tax foreclosure. The HURC has the expertise, tools and relationships to acquire properties in mortgage foreclosure. Most importantly, they have the crucial local relationship with the National Communities Stabilization Trust (NCST). The NCST is a National nonprofit organization that was created to be the bridge between the large financial institutions and the local housing providers, to allow the large financial institutions to dispose of properties to local housing providers in a way that was focused on stabilizing neighborhoods. This is core to the work being done in the Landbank and provides another tool to access a group of properties that we have had difficulty accessing in the past.

2015 Workplan

Ms. Robb highlighted the NCST First Look Program that gives participants opportunities to evaluate and acquire properties prior to them being available on the open market to realtors. The HURC can consider properties either for the HURC's books or their Community Partners'.

In addition to the First Look Program, the Landbank will also focus on activities that are detailed in the workplan:

1. Stakeholder engagement
 - a. Community partners – Solicit input to develop a needs assessment
 - b. Existing funders – determine willingness to continue existing efforts and identify areas for expansion of relationship
2. Benchmarking
 - a. Research other homesteading and home rehab programs
 - b. Research programs to attract targeted homebuyers
3. Develop priorities and gain input and direction from the Board
4. Reach out to targeted potential New Partners
 - a. Real estate agents – solicit ideas regarding potential target geographic markets and characteristics of potential buyers of rehabbed homes.
 - b. Additional banks / credit unions
 - c. Other potential funders
 - d. Other community partners
5. Final report to the Board (Draft in process from September – December. Final report delivered by the Annual Meeting in January 2016). The final report is expected to include the following components:
 - a. Operations – General policies, procedures, and scope of operations of the homesteading program

- b. Management – Staffing requirements to oversee and operate the program
- c. Financial – Recommendations for how to fund the management of the program and program operations
- d. Communications – Recommendations on communications with partners and community members
- e. Conclusions – Determination on the structure and overall feasibility of conducting a homesteading program

Additional discussion of the HURC’s creation, history, and structure took place.

7. POLICY UPDATES

Ms. Thomas introduced the purposes of providing regular policy updates, the first being the review of changes to state law affecting blighted or abandoned properties, as well as the identification of opportunities where members of the Board might be interested in taking on an advocacy role on behalf of our local communities. Secondly, these updates will bring forward best practices from other Landbanks around the country. Lastly, we will have discussions and provide information on the impact of some of the local policies and practices on distressed properties and community revitalization efforts.

Minimum Bid

Mr. Weber presented a PowerPoint presentation to the Board on the Forfeited Land Sale process and the corresponding minimum bid requirements.

The vast majority of the acquisitions the Landbank have made have been forfeited properties. These first go through a tax foreclosure. The process begins with the Hamilton County Prosecutors filing the initial foreclosure. From there it goes to a public Sheriff’s sale with a minimum bid of the taxes owed plus any court costs that have been incurred. If there are no bids on the property it is then forfeited to the state of Ohio. The Auditor is then charged with holding a Forfeited Land Sale, which is held locally every June. After the Sheriff’s sale and prior to the Forfeited Land Sale, the Landbank has an opportunity to acquire properties. Within the forfeited land sale there are two rounds of bidding. In the first round the property is offered for the taxes owed and court costs, same as the original sale. Immediately preceding that, the property is offered for the best price obtainable, with a starting bid of \$5.

Mr. Weber shared the aggregated data over the span of several years, and highlighted the resulting patterns. Additional discussion took place surrounding issues and next steps. Ms. Brunner and Mr. Goering will connect with Hamilton County Auditor, Dusty Rhodes, to discuss concerns and help make changes that will make these properties productive, and will bring additional recommendations to the next scheduled Board meeting.

8. FINANCIAL REPORT

Financial Statement

Below are highlights explaining some of the more significant budget variances for first quarter 2015 on the Income Statement and fluctuations on the Balance Sheet from year end.

Income Statement

Revenues for first quarter are \$532K or 75% below plan.

- Neighborhood Initiative Program (NIP) grant revenues are \$612K below plan due to timing. Based upon demolition projects in the pipeline, expect significantly higher expenditures in Q2
- City grants related to the Evanston commercial corridor are \$60K above plan due to building stabilization at 3341 Montgomery Rd

Expenditures for first quarter are \$424K or 50% below plan.

- NIP demolition expenditures are \$448K below plan due to timing (same as grant revenue above)
- Program expenditures are \$55K above plan due to building stabilization at 3341 Montgomery Rd (same as grant revenue above)

Balance Sheet

- Cash and cash equivalents at the end of first quarter totals \$1.2M, a decrease of \$460K or 27% from year end
- Receivables declined \$365K or 60% from year end due to lower MOF receivables
- The decrease in both cash and receivables funded the \$617K increase in Assets Held for Sale.
- Capital additions for first quarter are \$623K or 29% below plan. The land value of NIP properties is driving most of the budget variance, again due to timing

Ms. Brunner asked if there were any questions on the Financial Report. Hearing none, Mr. Honerlaw asked for a motion to approve the Financial Report.

Motion: Mr. Portune moved to approve the Financial Report. The motion was seconded by Mr. Monzel and was approved unanimously.

9. ADJOURNMENT

Mr. Honerlaw adjourned the April 14, 2015 Board of Directors meeting at 5:23 p.m.

Respectfully,



Laura N. Brunner
Secretary