

Expanding Ohio's County Land Banks



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Chair of Montgomery County Land Reutilization Corporation

How Did Ohio Get Here?

- Predatory lending
- Foreclosures
- Loss of home equity
- Declining population
- Vacant properties
- Limited demolition funding
- Violent crime & drugs



Brief History of Land Banking in Ohio

- First authorized in 2008 for Cuyahoga County only
- Cuyahoga County Land Reutilization Corporation opened its doors in 2009
- Law amended in 2010 for counties with populations of at least 60,000
- Forty four county land banks currently incorporated in Ohio
- Effective September 29, 2015, population requirement is removed; all counties are eligible to form county land banks
- Neighborhood Initiative Program (NIP) 2016-2020 bringing \$238 million to Ohio Land Banks

Thriving Communities Institute

- Formed in 2011 to extend the Western Reserve Land Conservancy's mission into urban areas; Jim Rokakis leads
- Establish county land banks throughout the WRLC footprint, then through the state of Ohio
- Seek funding for demolition or rehabilitation of blighted properties
- Impact state and federal policies regarding demolition and rehabilitation of vacant and abandoned properties and revitalization of our communities

What is a County Land Bank?

- Created by government, but not government
- Private, non-profit corporation – not a county agency
- Special, community improvement corporation (O.R.C. 1724)
- Quasi-governmental (O.R.C. 5722)
- Committed to public purpose



Growth of County Land Banks

42 Land Banks



**Thriving Communities Institute's
Top 10 Reasons for Establishing a Land Bank:**

1. Take control of vacant and abandoned, tax delinquent properties

- Land banks can immediately obtain properties from forfeited land list (did not sell at prior sheriff's sale)
- Can acquire properties through foreclosure (If taxes and charges > value, direct transfer to land bank)
- Can accept deeds in lieu of foreclosure & donations
- Can transfer, rehab, demo or hold

**Thriving Communities Institute's
Top 10 Reasons for Establishing a Land Bank:**

2. Demolish blighted structures

- Moving Ohio Forward funds – land banks were lead entity in many counties
- Memorandum of Understanding with municipalities to remove blighted properties
- Demo using land bank funds



**Thriving Communities Institute's
Top 10 Reasons for Establishing a Land Bank:**

3. Rehabilitate structures for public or private use

Various Options Available:

- Contract out rehab work, then sell
- Direct sale to experienced contractor
- Ensure that purchaser brings property up to code through deed in escrow program
- Utilize vocation program to rehab, then sell
- Transitional housing, homes for veterans, immigrants, etc.

Decision: Demolish or Rehab?

- Condition of the house: roof, windows, systems
- Anticipated cost of rehab vs. cost of demolition
- Architectural character
- Condition of block/neighborhood
- Strength of market
- Private-sector investment interest



Decision: Rehab



Thriving Communities Institute's Top 10 Reasons for Establishing a Land Bank:

4. Transfer properties to qualified end-users

Establish policies regarding eligible purchasers:

- Current in taxes on all properties owned within the county
- Property upkeep – no outstanding violations
- No prior tax foreclosures
- Financial ability to maintain property
- Other as determined by board

**Thriving Communities Institute's
Top 10 Reasons for Establishing a Land Bank:**

5. Put abandoned properties back on tax roll

- Transfer to adjoining property owner
- Permit expansion of business

6. Access demolition funds from Treasury

- Demolition has valid use of Hardest Hit Funds previously limited to foreclosure prevention
- OHFA allocated \$60 million for demolition and greening – only available to land banks
- Funding increased by another \$13+ million
- 21 of 22 land banks were awarded funds

**Thriving Communities Institute's
Top 10 Reasons for Establishing a Land Bank:**

7. Reduce flipping of properties

8. Assemble property

- For local development
- Hold harmless on EPA issues
- City, school, library expansion



**9. Accept property donations from
FNMA, HUD & banks**

**Thriving Communities Institute's
Top 10 Reasons for Establishing a Land Bank:**

10. Increase local property values

Submarket	Return on \$1 of demolition
High Functioning	\$13.45
Moderately Functioning	\$4.27
Weak and Extremely Weak Functioning	~ \$ -1*
ACROSS ALL MARKETS	\$1.40

*Limited statistical significance on key distress variables in weaker submarkets limits predictive power related to demolition, thereby lowering robustness of findings.

**Thriving Communities Institute's
Reasons Not to Create a Land Bank**

1. Land banks require funding

- Increase in DTAC fee (up to 5%) for land bank affects cities, schools, etc.
- Property sales bring in limited revenue
- Grant writing takes time and experience; limited grant funding available

2. Viewed as “more government” by some

- Not a county agency, but often perceived as one
- Fear that land banks interfere with individual property rights

**Thriving Communities Institute's
Reasons Not to Create a Land Bank**

3. Involves commitment of Board members

- Success of land banks requires work – either board, staff or volunteers
- In the initial stages, frequent meetings are required; once land bank is established, quarterly meetings may suffice
- Effective land banks have plan for management of land bank activities

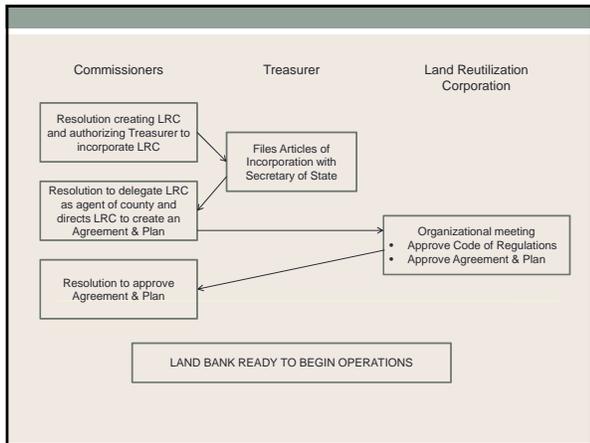
**Thriving Communities Institute's
Reasons Not to Create a Land Bank**

4. City and/or township land banks already exist

- Passive land banks may be sufficient for city/township needs
- These land banks can hold and maintain properties
- City and township budgets will support land bank activities

5. No guarantee of additional demo funds

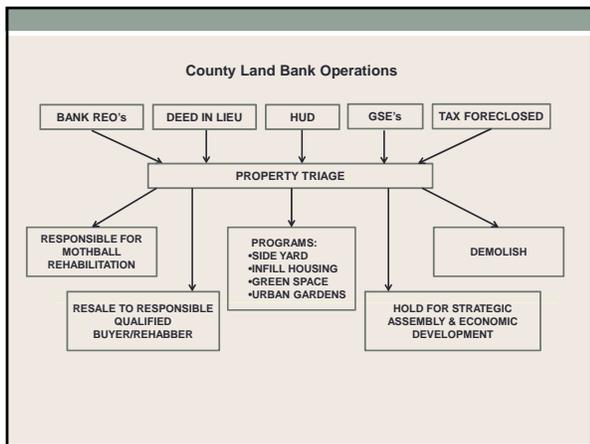
- Moving Ohio Forward money (through A.G.'s office) wasn't limited to counties with land banks
- Neighborhood Initiative Program (NIP) funds – once in a lifetime opportunity for communities to demo residential and apartment blight
- Who will work to seek additional funding for industrial & commercial demo?



Structure of Land Bank Board

Board has 5, 7 or 9 members:

- Treasurer
- Two Commissioners
- One member from largest city
- One township member (if at least two townships have population > 10,000)
- Others (if any) chosen by agreement of Treasurer and two Commissioners (one must have related experience)



Questions?



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