

Columbus Land Bank OCEOA August 2018



THE CITY OF
COLUMBUS
MICHAEL B. COLEMAN, MAYOR

DEPARTMENT OF
DEVELOPMENT

Updated: Nov. 2016

Land Banking Basics

- Land Banks are a tool of local governments to address vacant and abandoned structures.
- Particularly common in the Midwest—vacant property is problem for all local governments, particularly Cities built for much larger populations.
- All Land Banks basically:
 1. Acquire abandoned properties , usually through Tax Foreclosure,
 2. Demolish or stabilize and maintain property,
 3. Dispose of the property, usually with restrictions on how it can be used.
- Land Banks are a vital tool to local governments because land banking is only way ownership of an abandoned property can be resolved-- The only tool to address zombie properties, dead people's properties, defunct LLCs, or many other properties where the previous owner walked away.

Overview of City Land Bank Program

- Started in 1994
- Big increase of holdings since 2008 due to increase of foreclosures and abandoned properties.
 1. Support community redevelopment projects
 2. Acquire vacant and abandoned properties that can not be resolved by other means
- However, like all tools City's have to address abandoned property, Land Banking has its shortcomings and is not answer by itself- our capacity is directly tied to our funding and staffing levels and market demand for properties
- As a whole, Land Banking has gone away from a program within a City or County government, to a non-profit model- Land Bank Corporations and Authorities.

Franklin County Land Bank

- 2008: SB 353 Created county land reutilization corporations, non-profit community improvement corporation– Franklin County's is Central Ohio Community Improvement Corporation (COCIC)
- One of 53 County Land Banks (CLRC)
- Advantages include:
 - Dedicated funding from delinquent property taxes
 - Ability to have tax delinquencies removed
 - Direct transfer of properties forfeited to the State
 - Immunity from wide range of State environmental code sections



City Land Bank and COCIC

Concept of the “unified land bank”:

- Collocated together in building in south side Columbus
- Use the advantages of each organization- City’s maintenance staff/ COCICs flexibility in contracting/real estate
- City Land Bank a lead within the City boundaries- use City applications, final say
- Work closely with each other on different activities, including demolition, acquisition, etc.
- Unique relationship in the State/Country, Columbus Land Bank only active municipal land bank

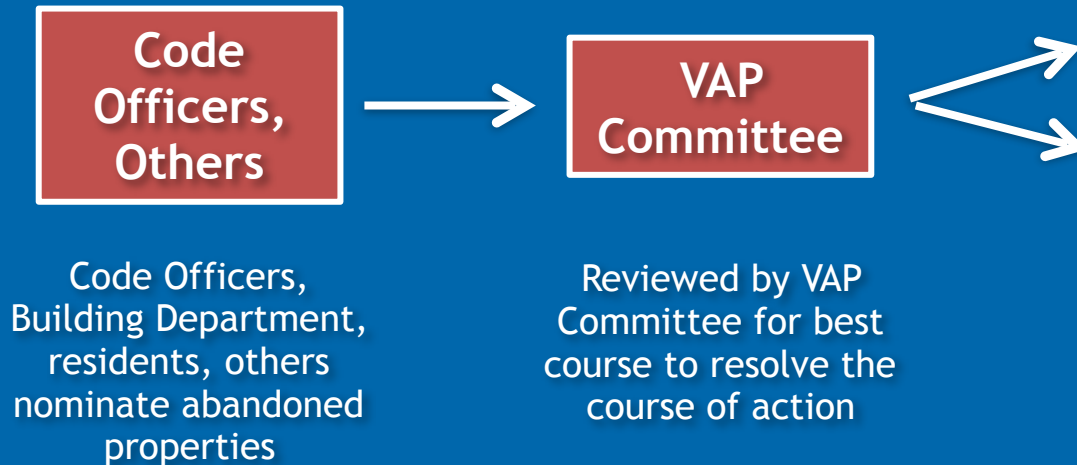
Why Keep the City Land Bank Program

- Within the City's Department of Development:
 - Code Enforcement
 - Housing
 - Planning
 - Economic Development
- Team with other sections of our Department to carry out City priorities:
 - We work closely with Housing Division to match land bank properties to affordable housing;
 - Use land bank to acquire properties to target neighborhoods for community development
 - Closest relationship with City's Code Enforcement

City' Vacant and Abandoned Properties Initiative (VAP)

- Started in 2012 as an effort between all City offices that deal with vacant property to coordinate our response and fund demolition through yearly allocation of Capital funds
- Initial goal of 900 demolitions in 5 years
- Monthly meetings to nominate vacant properties and seek Tax Foreclosure Requests and Environmental Court cases
- VAP Committee made up of Code Enforcement, Building, City Attorney, Land Bank, County Treasurer, COCIC

City' Vacant and Abandoned Properties Initiative (VAP)



Environmental Court

- Resolved quickly
- Most appropriate course where the owner is identified and can be compelled to correct violations (or get rid of property)
- Demolition order

Tax Foreclosure

- Foreclosure action clears title
- Can deal with deceased owners, defunct LLCs, or other situations where no respondent
- Owner must pay taxes or loose property
- At the end, the land bank gains control of the property or property sold at Sheriff's Sale

Demolition Funding

- VAP- Mayor pledge of \$11.5 million over 5 years
- Ohio Attorney General (Moving Ohio Forward-- \$8.2m for Franklin County)
- Neighborhood Initiative Program- \$6.3m for Franklin County);
 - Reallocation of Federal Hardest Hit Funds (mortgage refinancing)
 - Properties must be owned by COCIC
 - As we meet expenditure deadlines, eligible for more money
 - Total of \$23m:

OHFA BENCHMARK - 75% of award spent by Dec. 2018 (less \$2.24 m)			
Total Award	\$23,114,878.78		
	-		
Final funds received Fall 2017	\$2,246,512.45		This newest award can be spent through 2020
Spend by end of 2019	\$20,868,366.33		
75% of 2019 funds	\$15,651,274.75		Met 75% threshold (we've allocated \$16 M)

Tax Foreclosure

- Tends to be preferred method:
 - Clear title
 - By owning property, City controls future: demolition or sell for rehab
- Desire to use Tax Foreclosure to resolve large number of properties

Regular Tax Foreclosure: The traditional process where the County Prosecutor initiates a Tax Foreclosure on the behalf of the County Treasurer for unpaid real estate taxes. This process may take up to 18-20 months and ends with the property being sold at the Sheriff Sale. A land bank may request the transfer of the property if no bid is received or an unbid property is forfeited to the State.

- Problems: time to resolve, uncertainty (may sell to another bad owner), capacity to handle large number of cases

Tax Foreclosure

- Solution #1:

“Expedited” Tax Foreclosure: This process is only applicable to abandoned properties. The county treasurer initiates a tax foreclosure, but elects to use an alternative redemption period (ORC 323.78), more accelerated process. At the end of the foreclosure, owner has 28 days to pay the tax/court costs or the right to redeem is extinguished and parcel may directly transfer without a Sheriff sale. This foreclosure process is faster than regular foreclosure but may still take 6-12 months.

Property must meet definition of “Abandon Land” in ORC 323.65. A Code Enforcement Officer signs an affidavit that is submitted with the Complaint for Foreclosure

Starting in 2013, worked with the Franklin County Prosecutor to hire outside law firms to file cases, mostly for the Moving Ohio Forward funds.

Tax Foreclosure

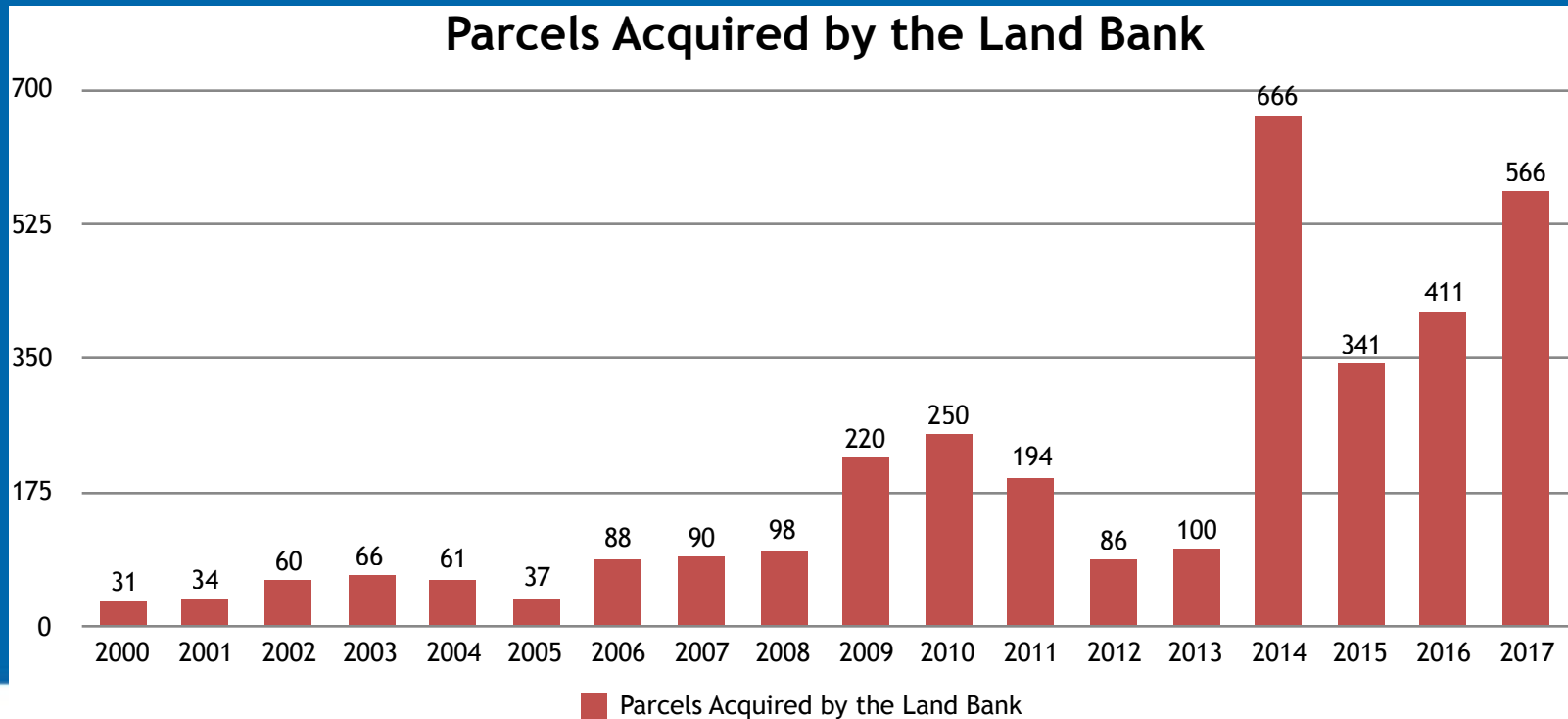
Problem: Prosecutor ran out of money to farm cases to outside firms, NIP deadlines created more of a time crunch

- **Solution #2:**

Tax Lien Foreclosure: Tax lien foreclosure is an innovative property acquisition strategy that the Land Banks began using in 2016. COCIC purchases tax lien certificates on the most blighted properties that have little chance of the owner paying fees or assessments in full. COCIC purchases the tax liens from the Franklin County Treasurer's Office and acts as the plaintiff in a foreclosure action. Foreclosure is processed under the alternative redemption period.

Columbus Land Bank

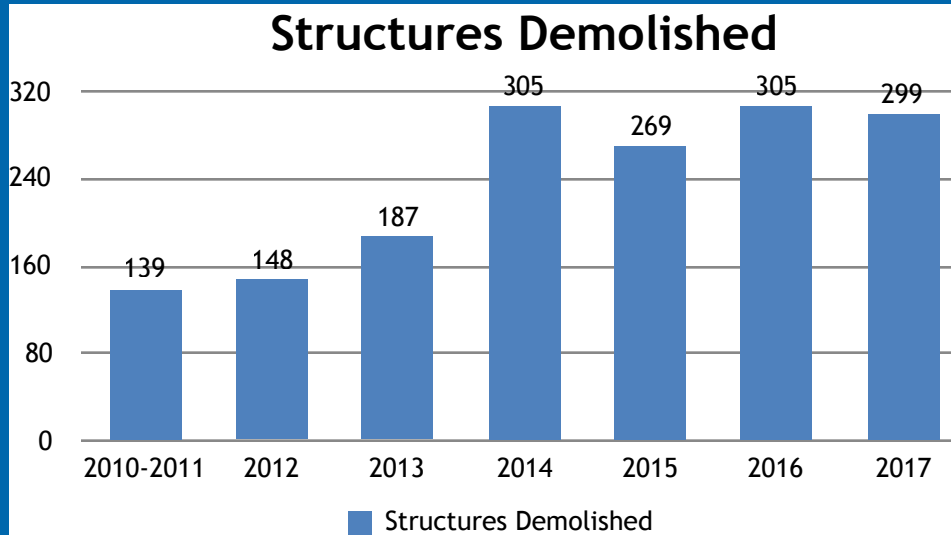
- One chart to tell the story of the City's Land Bank program:



Since 2013, Land Bank
has acquired 2184 (as of
2017)

Columbus Land Bank

- Increase in demolitions:



- Since 2012, we have demolished 1513 structures (through 2017)
- Primarily Court ordered demolitions first, then tax foreclosed properties
- Numbers will continue in 2018, then drop off starting 2019

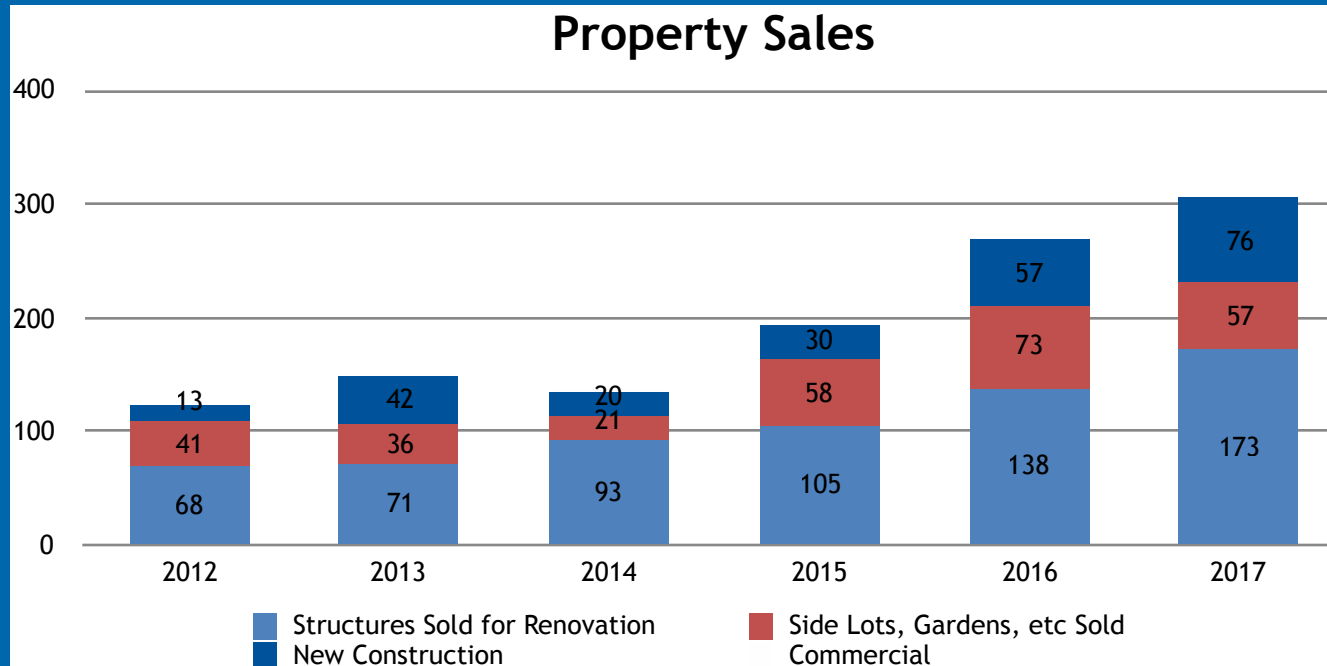
Columbus Land Bank

- VAP Demolitions



Columbus Land Bank

- Increase of properties = increase in properties to sell:



- Increase in private investment since the mortgage crisis.
- Good properties get multiple offers.
- Most are rental. But, we also have investors who perform very good renovations for resale.

**Sold a total of 2170 properties since 2012,
Including 648 structures for renovation**

Columbus Land Bank



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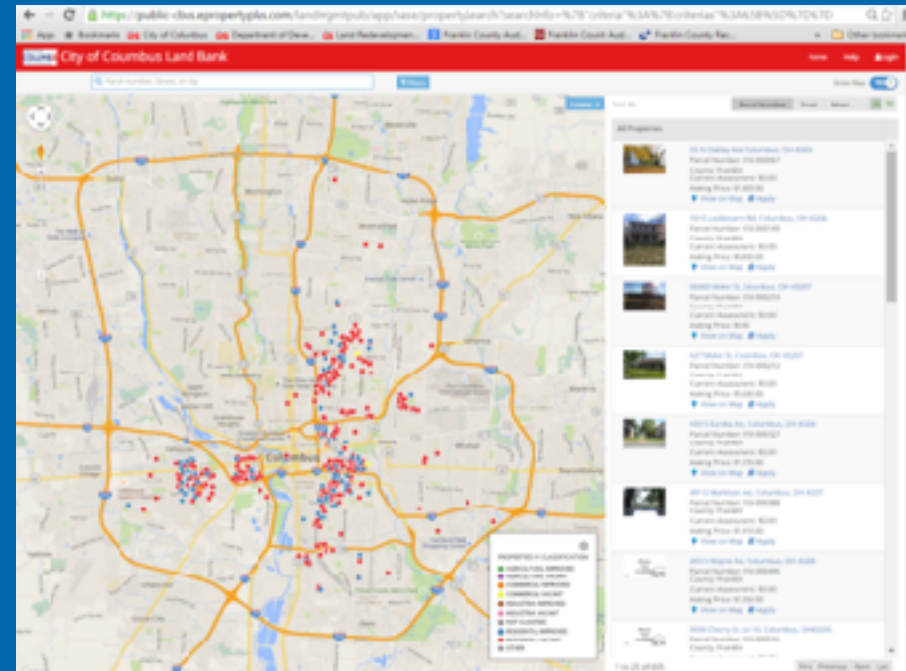
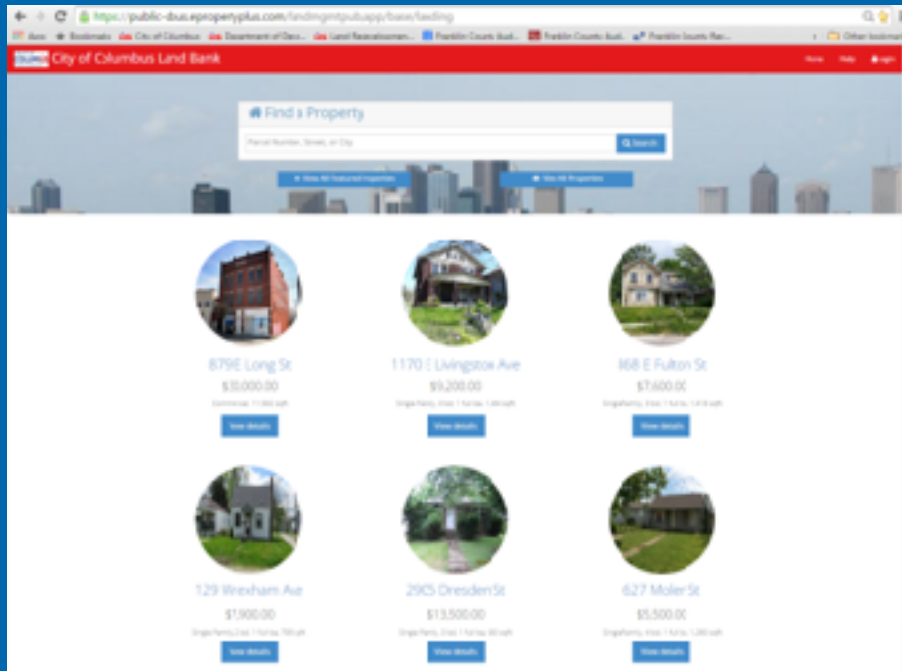
- Currently have 95 Parcels Licensed as Community Gardens



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Columbus Land Bank

New website for 2014:



Website:

www.landbank.columbus.gov

<https://public-cbus.epropertyplus.com/landmgmtpub/app/base/landing>

Overview of City Land Bank Program

How do you purchase a Land Bank Property:

1. Must submit application, purchase contracts are not accepted
2. Application requires proposed renovations and cost breakdown
3. Must have experience or working with a contractor with experience
4. Proof of funds to purchase and proposed renovations
5. Check foreclosure records and code violations
6. Some areas require a review by area commissions
7. Deed restrictions to perform renovations within a certain time period



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