

Hamilton County Land Reutilization Corporation (HCLRC) Policy Considerations & Start-up Logistics

Staff Working Paper - 2010/2011

Introduction and Background

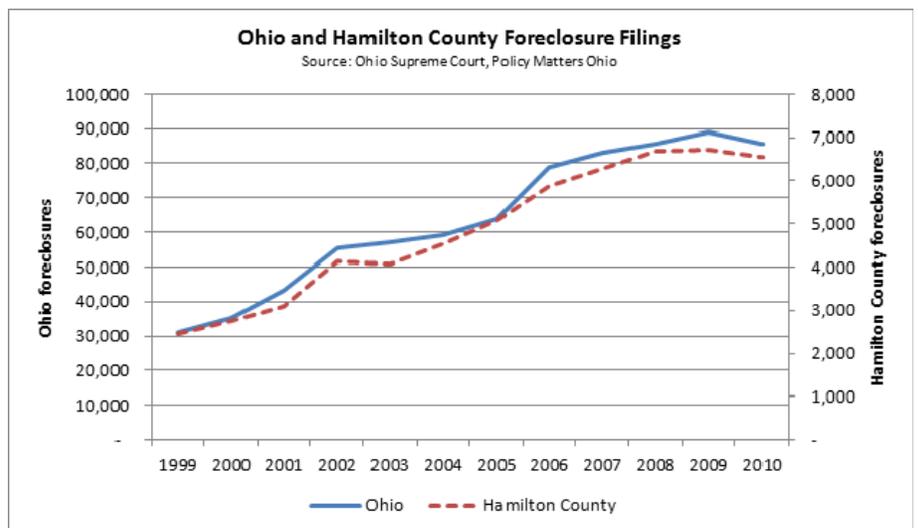
In 2010, the Ohio General Assembly passed HB 313 which authorized the formation of County Land Reutilization Corporations (CLRC or "Landbank") as a means of more efficiently allowing vacant and abandoned properties to be acquired and returned to productive community use. Under HB 313, the Board of County Commissioners along with the County Treasurer plays an integral role in the establishment of a CLRC. The Hamilton County Board of County Commissioners has requested that County Administration provide it with information on the formative steps which must be taken to proceed in that manner. To that end, the Administration has worked with staff from the offices of the County Treasurer, Prosecutor, Planning and Development and City of Cincinnati Solicitor to provide the following guidance on establishing a landbank in Hamilton County. At this point in time, the goals of the County's future Landbanking operations can be detailed as:

1. Return vacant, tax foreclosed, and underutilized residential and commercial property to productive use in Hamilton County, and;
2. Assist local political subdivisions with the efficient assemblage of property to facilitate healthy and productive economic and community development.

In setting the stage to accomplish these goals, a Landbank, or CLRC as it will be referred to throughout this document, needs to be appropriately planned and organized. This guidance document is designed to assist the Board of County Commissioners and Hamilton County Treasurer with understanding both the impetus for a CLRC in Hamilton County as well as the steps which need to be taken to initiate its formation.

This guidance document consists of the following sections:

- I. Current Data on Foreclosures in Ohio and Hamilton County
- II. Landbanking as Enabled Through HB 313 (including necessary sequence of formative steps)
- III. Alternatives and Recommendations for Financing
- IV. Buying Power of DTAC
- V. Start-up Logistics
- VI. Year 1 Operations Budget estimate
- VII. Next Steps / Timetable



I. Current Data on Foreclosures in Ohio and Hamilton County

According to Ohio Supreme Court data, statewide foreclosure filings increased 275% between 1999 and 2008 (from 31,229 to 85,773). Hamilton County foreclosure filings increased 273% during the same period (from 2,447 to 6,673).

In some Hamilton County neighborhoods, residents and property owners may never see a vacant or abandoned property. In these places, it would be very unusual if a house were boarded up or a business sat vacant for years. Other neighborhoods are not so lucky. Vacant and abandoned properties spread across block after block bringing down property values, eroding community pride, and driving people and investment from the area.

According to the National Vacant Properties Campaign, costs from vacant/abandoned properties to communities can be broken down into three categories.

1. Costs to municipal services due to increased number of police and fire runs, and public maintenance of properties for nuisance abatement and public health concerns
2. Decreased property value and tax revenue from tax delinquency, and the effects of spreading blight
3. Costs to other property owners which include increased insurance rates or loss of coverage, and quality of life concerns

The third point is probably of greatest concern because it will accelerate the cycle of blight and decline in our communities. In Philadelphia, researchers studying vacant properties determined that a single vacant house can draw down property values within a 450-foot radius. In dense, mixed-use neighborhoods like those of our older neighborhoods and first-ring suburbs, a few vacant properties can impact hundreds of others.

Local Initiatives Support Corporation (LISC) sums up these costs to communities with "...vacant and abandoned properties signal to the larger community that a neighborhood is on the decline, undermining the sense of community and discouraging any further investments."

The largest obstacles to taking a vacant/abandoned property and putting it back into productive use are title defects, and the normal process counties follow to acquire and distribute these properties. After going through foreclosure and being auctioned at a Sheriff's sale, the tax liens on many abandoned properties can exceed the market value. Mortgage lenders and others may have claims to the property as well. This results in a muddled title that is not insurable, marketable, or of any use to anyone. A property in this condition may forfeit to the state and become a drain on local taxpayers and communities indefinitely. A landbank helps communities overcome these obstacles.

According to Local Initiatives Support Corporation, a landbank is a governmental or non-profit entity that focuses on the conversion of vacant, abandoned, and tax-delinquent properties into productive use. Landbanks operate primarily to clear title to foreclosed and abandoned properties and make land available to the market once again. In effect, they fix the real estate market for these sites. Since 1976, Ohio has allowed local jurisdictions to create landbanks (ORC §5722), and recent legislation provides much more sophisticated tools for acquiring, managing, and distributing foreclosed properties (Substitute House Bill 313).

The Case for Landbanking as Experienced Through NSP

The passage of the Housing and Economic Recovery Act in 2008 allocated funds, through the Neighborhood Stabilization Program (NSP), to provide communities with the means to acquire mortgage and tax foreclosures, abandoned, and vacant property. The purpose of NSP is to stabilize neighborhoods and encourage the reuse or redevelopment of residential property through various eligible activities including: acquisition, rehabilitation, new construction, demolition, and landbanking. Hamilton County is successfully implementing the first four activities, but is lacking the necessary infrastructure to take advantage of the landbanking capabilities under the program.

Through the implementation of NSP over the past 1.5 years, we have seen the challenges communities face in tackling the acquisition of tax foreclosed properties. Currently, there are hundreds of tax delinquent properties that remain vacant for prolonged periods, fall into disrepair, become neglected, and eventually abandoned by their owners. These properties, in addition to the abundance of mortgaged foreclosed properties, are plaguing our neighborhoods and causing property values to decrease.

The current tax foreclosure process has resulted in frustration to community officials from the county's 15 NSP communities. Officials must compete with speculators, amongst others, in trying to acquire properties at Sheriff's Sale, or are having to wait months upon months for a key property to channel through the foreclosure process to get to the point where it can be listed for sale, and then the same uncertainty described above still exists. Speculators, in most cases, do not have the community's best interest in mind and there is a strong potential for neglect and misuse. These speculators are often out of town investors who have no stake in the community and typically, don't make any effort to maintain the properties in the short run. Given this situation, which has played out in communities all across the country, there is little concern that removing such speculators from the picture is an assault on the free market. The landbank can play a significant role in eliminating speculative activity.

Implementing a CLRC under the recently amended state law, would provide a means for communities to reclaim and rebuild their neighborhoods. It would eliminate the lengthy and uncertain foreclosure process and allow communities the right of first refusal to acquire land within its neighborhoods and in doing so, determine the best use of the land.

II. Landbanking as Enabled Through HB 313

Formation of the Landbank

The following details the primary steps to be taken, under HB 313, to create a CLRC:

1. The Board of County Commissioners passes a resolution requesting that the County Treasurer file articles of incorporation
2. Treasurer files Articles of Incorporation (see Attachment XX)
3. The Board of County Commissioners passes a resolution designating the CLRC as the agent of the County for exercise of the powers and duties of a County under ORC 5722 with regard to the acquisition of vacant, tax delinquent and under-utilized land and the restoration to productive status of these lands and directing the preparation of an agreement and plan between the County and CLRC for the Landbank's exercise of its inherent powers under ORC 1724 and, as agent for the County, of the County's duties and powers under ORC 5722.
4. The Board of County Commissioners passes a resolution establishing the Board for the CLRC.

5. Subsequently, following the development of the agreement and plan, referenced in item 3, the Board of County Commissioners will pass a resolution approving the execution of the agreement and plan.

A more detailed timeline setting forth a recommended sequencing of these steps is included at the end of this guidance document. The remainder of this section outlines logistical issues associated with the CLRC including the formation of a CLRC Board, developing the land reutilization plan, in addition to providing an example as to how Cuyahoga County operates its CLRC.

The CLRC Board

The CLRC Board is composed of the County Treasurer, two County Commissioners and at least two and as many as six other members. At least one member must be a representative of the largest municipal corporation in the county, determined by the results of the most recent census; thus in Hamilton County, this Board member would be a representative of the City of Cincinnati. Another member of the Board shall be a representative of a township with a population of at least ten thousand in the unincorporated area of the township, also calculated based upon the results of the most recent census. Finally, one member of the Board must have private sector or nonprofit experience in real estate rehabilitation or real estate acquisitions. The total number of members of the Board shall be 5, 7 or 9 members, with additional members selected by the County Treasurer and two County Commissioners seated on the Board. These elected officials may each appoint a representative to act for the official at any of the meetings of the corporation. All Board members serve without compensation.

Responsibilities of the Board

It is the responsibility of the Board to generate a Land Reutilization plan for adoption by the County Commissioners, to develop rules of corporate governance, a conflicts of interest policy, to enter into agreements with County officials for the conduct of the affairs of the CLRC, to employ an executive director of the CLRC, to provide funding for CLRC staff, and to address the logistical needs of the organization.

A CLRC is created pursuant to the provisions of R.C. 1724 and is, in effect, a different class of Community Improvement Corporation (CIC); the legal status and rules that govern CLRCs and CICs are largely the same. The CLRC functions as a typical non-profit corporation and is organized as an independent legal entity separate and apart from the local government. The CLRC is also subject to the requirements of R.C. 1701, the chapter that governs non-profits.

The Land Reutilization Plan

The Land Reutilization Plan will establish the programming activities of the CLRC, consistent with the general purpose, scope and mission of the CLRC. The Plan must be consistent with local and state laws as well as the articles of incorporation and would be most effectively developed in cooperation with stakeholders and local governments. Because the provisions of R.C. 1724 provide the CLRC with broad authority to engage in a wide range of activities to further the purposes of blight and nuisance abatement, land reutilization and reclamation, and housing and economic development, it is critical to the consistent and transparent functioning of the CLRC that it be guided by a clear set of policies established by the Board. Thus, the triage practices of the CLRC staff will necessarily flow from the Land Reutilization Plan promulgated by the Board.

The Plan should set forth the purpose for and core mission of the CLRC, broadly outline the implementation activities in which the CLRC is authorized to engage in furtherance of the purpose and core mission, and the

appropriate manner for amendment of the plan. The Board must establish rules for corporate governance, setting forth the authority and powers of the CLRC itself and the manner in which the Board and its members will operate and conduct business. The Board should also establish a comprehensive ethics policy. These guiding documents will provide the CLRC and its Board with clear direction and will help to ensure that the CLRC functions effectively and transparently.

CLRC Logistics

The Board must provide a physical location from which the CLRC will operate. The CLRC can contract with the County, or any other entity, for operations space, equipment and other basic business needs. The County may provide these to the CLRC at or below market rates. The Board must also designate an executive director to run the day to day operations of the CLRC and provide a means by which the executive director may hire additional staff as needed. In both CLRCs in existence, Cuyahoga and Lucas Counties, the staff is independent of the County government. In Lucas County, however, the CLRC contracts with some County offices (Treasurer and Prosecutor) to perform functions in which those offices possess particularized expertise.

The Cuyahoga CLRC

The purpose for and core mission of the CLRC, as established by the Board, will be guiding principles in relation to which all CLRC decisions should be made, and should be developed after careful analysis of the specific problems faced in Hamilton County. Two of the most critical issues in Hamilton County are the problems that flow from chronic abandonment and the home mortgage foreclosure crisis. While the scale of the problem in Hamilton County may not be identical to that of Cuyahoga, Cuyahoga County is certainly faced with the same issues and therefore, the policies and practices of its CLRC are instructive.

In Cuyahoga County, the stated mission of the CLRC is to strategically acquire properties, return them to productive use, reduce blight, increase property values, support community goals and improve the quality of life for county residents. The Cuyahoga CLRC seeks to achieve its mission through the responsible acquisition, management and disposition of properties. At acquisition, properties are evaluated to determine whether they have potential to be returned to the real estate market and, if so, may be eligible for one of the rehabilitation programs, such as the large-developer pilot program, the small-rehab pilot program, and the owner-occupier pilot program. Structures that must be held for a period of time prior to rehabilitation are "mothballed" and maintained by the CLRC. When a structure is deemed not to be a candidate for rehabilitation, it is demolished. The resulting vacant property may be sold to an eligible purchaser or may be a candidate for one of the CLRC programs, including clean and green, side lot, and urban agriculture. Parcels may also be held for assembly or approved development projects, consistent with local land use regulations. Responsible disposition of property is critical to achieving the stated mission. Accordingly, purchasers must be deemed "eligible" according to a publicly available list of criteria. The CLRC also actively engages local governments as partners in decisions regarding properties in their respective jurisdictions.

The Cuyahoga CLRC was awarded \$41 million in NSP II funds. This award significantly impacted the CLRC's ability to further its mission and purpose. As its primary source of funding, the Cuyahoga CLRC recaptures the penalties and interest on current taxes and assessments that are not paid at the time they are due. The Treasurer analyzes typical collection rates on such delinquencies, sets a conservative percentage as to what it can reasonably collect and advances that percentage of delinquent taxes to the taxing districts using borrowed funds. As the delinquent taxes are collected, the borrowed debt is retired and, once that debt is retired, the additional penalties and interest are retained by the Treasurer and directed to the CLRC fund. This funding

method provides an estimated \$7 to \$9 million dollars in annual revenue for the CLRC. In addition to this funding source, the CLRC also receives monies from the re-sale of properties to qualified purchasers as well as gifts, grants, loans, and monies from the issuance of bonds.

CLRC Property Triage

As stated above, the powers of a CLRC are broadly consistent with its legitimate purpose. Accordingly, it is critical that the CLRC is guided by property acquisition, triage and disposition policies that provide the public and those interacting with the CLRC on a regular basis with notice and reasonable expectations. Because the vast majority of properties that will be available to the CLRC for acquisition will be vacant and blighted, the first consideration is determining whether the CLRC will acquire all properties that are available through delinquent tax foreclosure. If the CLRC will acquire something less than all such properties, the CLRC must establish the method by which it will determine which properties to acquire. The same principles hold true with respect to donations of property and any other means of property acquisition.

Property triage occurs at intake, presumably the point at which the CLRC acquires title to the property. Property triage requires the CLRC staff to classify the property by determining whether the property is a candidate for rehabilitation, demolition, parcel-assembly or eligible for any other CLRC program. If the property is to be held by the CLRC for any period of time, the triage process should also determine the manner in which it will be held and the immediate and long term actions that must be taken in order to ensure that the property is held responsibly. Such triage practices developed in accordance with the Land Reutilization Plan and with the cooperation of local governments and stakeholders should predictably dictate whether a property should be immediately slated for demolition, mothballed and maintained for later rehabilitation or strategic assembly for purposes of economic development, resold to a qualified purchaser or otherwise held or disposed of by the CLRC.

Those properties that will be available for purchase by members of the general public should become part of a publicly available list or otherwise publicly marketed for sale. The CLRC should establish conditions that a potential purchaser must meet in order to become a qualified purchaser. Sales should also be structured utilizing deed restrictions and covenants in order to ensure that the property continues to be used in a manner consistent with the policies of the CLRC.

Additional Powers of the CLRC

The primary method of property acquisition by the CLRC will be through the tax foreclosure process, although the CLRC can acquire property by other means, including through donations, purchase and forfeiture. In addition, the CLRC can purchase tax certificates and foreclose upon those properties, thereby acquiring title to properties independent of the County's tax delinquency foreclosures. Where properties are acquired by the CLRC through the tax foreclosure process, either by the Court of Common Pleas or Board of Revisions, the CLRC may take title to such properties subject to the alternative redemption period, which has been compressed to 45 days. The condition of the title on these properties is clear in that the CLRC takes title free and clear of all impositions and liens on the property. This is a critical component to furthering the mission of a CLRC as it provides marketable title in an expeditious and cost effective manner. Among other things, these powers allow the CLRC to assist governmental entities and other non-profit or for-profit entities in the assembly of real property. Further, a CLRC is a valuable repository for assembling property because the CLRC is entitled to immunity from state law claims for nuisance and environmental conditions that exist upon a property at the time it is acquired by the CLRC.

CLRCs are also empowered to act as receivers upon occupied property, may provide mortgage loans, and may otherwise negotiate directly for acquisition of real estate owned (REO) and other properties. However, property acquisition of occupied properties is limited to 25% of the total amount of real property held by the CLRC. CLRCs also have the ability to contract with governmental and non-governmental entities for rehabilitation or maintenance of properties.

Additional policy questions that have been addressed by various communities implementing landbanks or CLRC's are as follows:

- (1) The role and implications of tax lien or tax certificate sales as it relates to the problem of blighted properties in communities;
- (2) How to compress the time in which tax delinquent properties will be foreclosed upon in order to more quickly return unproductive properties to productive use; and
- (3) Whether or not to utilize the Board of Revisions foreclosure process as allowed through the ORC, as opposed to the judicial foreclosure process, to foreclose on tax delinquent properties.

These questions should immediately be addressed by the CLRC Board, in consultation with appropriate stakeholders and elected officials, as crucial to the mission, activity and ultimate success of any County CLRC initiative.

Hamilton County's Tax Lien Sale Process

In Hamilton County, once taxes are certified delinquent, the properties associated with those taxes are eligible for tax lien foreclosure or tax certificates associated with those properties may be bundled and sold to a private entity. If the property is the subject of a tax lien foreclosure, the process is similar to other types of foreclosure. If tax certificates are sold, the private party acquiring the tax certificates now holds the State's Lien on that property. In Hamilton County, the Treasurer sells tax certificates in one bundle. The results of tax lien sales over the past three years are as follows:

2008	530 parcels sold at 16% to Plymouth Park Tax Services LLC for a total of \$3,982,411.25
2009	539 parcels sold at 18% to Plymouth Park Tax Services LLC for a total of \$4,096,457.29
2010	657 parcels sold at 18% to Woods Cove LLC for a total of \$3,609,913.23

For a tax certificate sale, the Treasurer's office constructs the bundle in a manner that ensures it is attractive to potential bidders. Accordingly, not all certified delinquencies are included in the bundle. First-time delinquent parcels are typically moved into the tax certificate sale process; those that are not part of the bundle become part of the normal course of tax lien foreclosure. The tax certificate sale is an auction, and qualified bidders are required to provide 10% of the purchase price at the time of sale. The tax certificate is awarded to the person bidding the lowest certificate rate of interest. The auction begins at 18% simple interest on the entire amount and is reduced by increments of 0.25% until a bid is accepted. Once the successful bidder takes control of the bundle, if the property owner hasn't redeemed the tax certificate within one year of the sale the lien holder is able to initiate foreclosure proceedings.

III. Alternatives and Recommendations for Financing a Hamilton County Landbank

One of the most pressing issues in the establishment of a new CLRC is determining the proper way to fund the organization and ensuring that the designated funding stream is sized to adequately and appropriately meet community expectations, if not the entirety of community needs surrounding the problem of vacant and underutilized properties.

The County working group has examined the various funding streams allowable by State law. These include, among others, the following traditional sources of funding:

1. County/municipal bonds.
2. Lines of credit
3. Tax increment financing
4. Voter approved property taxes
5. Funds raised from the County's share of inside (unvoted) millage.

Additionally, however, HB 313 authorized the following forms of funding:

1. Designation of an additional 5% DTAC (Delinquent Tax and Assessment Collection Fund) to be used for CLRC activities.
2. Dedication of all penalties and interest on delinquent taxes – presuming advanced payment is made to taxing districts from idle fund balances or securities issued by the County.
3. Proceeds from disposition of property.
4. Collection of an increased rate of interest on delinquent property taxes (the law changed this rate from approximately .42%/month to 1%/month).

In determining a revenue stream to allow the County to initiate the CLRC, it is necessary to analyze the various funding options according to multiple criteria including:

- Impact (or lack thereof) on County general fund resources.
- Ability to produce an appropriate and adequate revenue stream to allow for initial organization of the CLRC, preliminary planning, and some semblance of initial activity.
- Ease of administration/complexity.
- Impact on other taxing jurisdictions.

Given the above criteria, it would appear that options 1 and 2 detailed above, under the new forms of financing allowable under HB 313, offer the most promise for dedicating an adequate revenue stream without a general fund impact. Option #2, in fact, is the option which Cuyahoga County currently utilizes to fund its CLRC operations. Using this tool, Cuyahoga County purportedly generates between \$7 million and \$9 million annually. However, initial data would seem to indicate that Cuyahoga County's delinquency rate, following each semi-annual collection, is approximately \$60 million - \$70 million. This appears to exceed, by three to five times, the amount of annual delinquencies reported in Hamilton County. Additionally, conversations with those implementing this option have detailed the relative complexity of this strategy when compared to other options. It is apparent that new software systems would be needed, in implementing this option, in order to track the status and disposition of individual delinquencies – data which, in the current environment, is unnecessary. There would also be the need to communicate, to the various taxing jurisdictions, the fact that all tax delinquencies will now be

transferred to the operation of the landbank. As such, as it relates to Hamilton County, this option, as an immediately solution, appears to be overly complicated, in relation to the associated financial benefits which are not estimated to be appreciably more than revenue generated through other options. As the CLRC hires on professional staff, however, this revenue alternative should be analyzed more fully as it relates to providing an enhanced level of sustainable funding for the CLRC.

Alternatively, however, the designation of an additional 5% to be collected through the County's DTAC fund appears to be a more suitable funding mechanism for Hamilton County's purposes. Collection and distribution of DTAC revenues are already handled through the financial systems of the County; with the current collection being split equally by the Offices of the Treasurer and Prosecutor for the purpose of tax enforcement, advertising, tax foreclosure lawsuits, etc. As such, implementation would not add significant amounts of complexity to existing processes. Additionally, the incremental 5% appears to represent approximately \$2.5 million annually – if implemented in full. While additional research on this topic is needed, this amount, on its face, would appear to be sufficient to begin the initial organizational work associated with CLRC operations. Additionally, as evidenced by the past trend in DTAC collections, this revenue stream appears to be relatively stable – another necessary trait of a sustainable funding source.

Hamilton County DTAC Revenues: 2005-2009	
2005	2,160,081
2006	2,107,814
2007	2,584,360
2008	2,645,260
2009	2,672,236

Should revenue hold to the trend of the past five years, establishment of the 5% DTAC as the primary funding source for CLRC operations would appear to be sufficient to:

- Hire temporary consulting resources to initiate and complete a tailored business plan for the Hamilton County Landbank under the purview of the Board of Directors.
- Establish organizational administrative processes and systems (HR, Accounting, etc.) including the establishment of relationships with institutional partners (Political jurisdictions, County jurisdictions, financial institutions, etc.)
- Hiring of Executive Director and any support staff deemed to be immediately necessary to begin CLRC operations.
- Locate appropriate space for housing CLRC operations.

To the degree the future planning efforts of the CLRC Board demonstrate a need for additional revenue, the CLRC, at that time, can undertake the process of determining the best means of acquiring that funding. This funding methodology is consistent with the manner in which at least one other CLRC in Ohio is beginning operations.

One complication associated with the additional DTAC approach is that the Board of County Commissioners, in legislating for its collection, will need to communicate with the various taxing districts that this amount will be withheld from future distributions of penalty and interest. The County's working group believes that the Board can make an adequate business case for this as it relates to the abatement of blight and furthering of economic

development purposes. However, this issue should be considered, nonetheless, when deciding on the proper funding mechanism.

IV. Buying Power of DTAC

Another key consideration in moving forward with the HCLRC is to better understand the impact this organization can have on vacant and foreclosed properties. Based on an estimated revenue stream of \$2.6M (Treasurer's estimate based on 2009 DTAC collections), the following table outlines how HCLRC funds could be used based on the priorities of the HCLRC Board of Directors.

The following scenarios are based on the assumption that recoupment revenues would equal property purchase costs.

	Salary, Benefits, & Misc.	Demo per unit = \$7K	Rehab cost per unit = \$50K	Holding costs per vacant unit= \$1500
Demo focus	+/- \$500K	300 units	0 units	0 units
Rehab focus	+/- \$500K	0 units	42 units	0 units
Landbank focus	+/- \$500K	0 units	0 units	1400 units
50/25/25	+/- \$500K	150 units	10 units	350 units
25/50/25	+/- \$500K	75 units	20 units	350 units
25/25/50	+/- \$500K	75 units	10 units	700 units

V. Start-up Logistics

In order for the Hamilton County Land Reutilization Corporation (HCLRC) to begin operation, there a number of start-up considerations that must be resolved. These considerations include tasks such as preparing a business plan for the organization, developing relationships with all the critical players in the tax foreclosure process as well as the more mundane: hiring personnel, locating office space, purchasing computers, etc.

In order to make a recommendation to the Board of Commissioners and County Treasurer as to how the start-up of the HCLRC should be structured, the following factors were considered:

- CLRC Prep Work – As indicated above, start-up will involve preparation of a business plan, hiring of staff, securement of office space, and a number of other tasks required to assure success of the CLRC. Given limited County staff resources and lack of expertise with landbank operations, a consultant will need to be hired to perform these tasks. This will assure that the HCLRC can begin operations in a timely manner and directed by experienced professionals. It is recommended that this consultant work be covered by current DTAC carryover funds.
- Funding/Start of Operations – In the absence of immediate collection of the additional DTAC for the HCLRC, the General Fund would need to make a loan to the HCLRC for start-up costs. Given current budget constraints, this is not a desirable situation and should not be pursued. However, there is a desire to have the HCLRC become operational as soon as possible. When the HCLRC is ready to begin operations (i.e. staff hired, office space secured, etc.), there needs to be funds on hand to begin operations in earnest. Therefore, collection of the additional 5% DTAC needs to begin as soon as

possible or obtain initial funding from current DTAC funds entrusted to the Treasurer. Otherwise, the HCLRC will need to wait until Y2 (year 2) to begin operations.

VI. Year 1 Operations Budget Estimate

The obvious goal of the HCLRC would be to reserve as much capital as possible to purchase foreclosed properties and to minimize, to the extent possible, administrative and overhead costs. With this in mind, a strategy to achieve this would be to house the HCLRC within an existing organization to enable sharing of resources (e.g. IT costs, accounting, receptionist, public relations, etc.). Based on this suggestion, below is a projected budget for the HCLRC.

Draft Budget - \$2,600,000

Personnel ¹	\$400,000.00
Administrative ²	\$100,000.00
TOTAL	\$500,000.00
Percent of Budget	17.66%

1 - Personnel Cost Breakdown

Personnel includes full and partial salaries for the following:

Director (30%), Operations Mgr. (30%), Landbank Manager (100%), System Administrator (40%)
 Accountant (50%), Property Acquisition Specialist (100%),
 Public Relations Coordinator (50%), Graphic Designer (50%), Receptionist (50%)

2 - Administrative Budget Breakdown

Office Supplies	\$2,500
Computers/software	\$5,000
Other Op. Supplies	\$2,500
Legal Service	\$25,000
Travel	\$1,000
Telephone	\$500
Cell Phones	\$1,500
Postage	\$2,000
Mileage	\$3,000
Advertising	\$2,000
Printing	\$1,200
Rent Copy Machine	\$2,800
Misc. Contract Service	\$20,000
Subscription/Memberships	\$1,000
Training	\$1,000
Indirect Cost	\$25,000
Equipment - Office Furniture	\$4,000
Total	\$100,000

VII. Next Steps / Timetable

Following are the critical tasks and target dates necessary to implement the Hamilton County Land Reutilization Corporation (landbank).

Next Tasks	
1.	Seek support from Planning Partnership to be convener of Stakeholder Input Group
2.	Send invitation to Stakeholders Group
3.	Stakeholder Group Meeting
4.	Policy Paper Presented to BOCC
5.	BOCC adopts Resolution No. 1 directing Hamilton County Treasurer to prepare and file articles of incorporation for HCLRC
6.	Treasurer file articles of incorporation with State of Ohio
7.	BOCC adopts Resolution No. 2 designating HCLRC as the agent of the County for exercise of the powers and duties under Revised Code Chapter 5722 and directed the preparation of an agreement and plan between the County and HCLRC (Agreement and Plan) for the HCLRC's exercise of its inherent powers under RC Chapter 1724 and the exercise, as agent for the County, of a county's powers and duties under RC Chapter 5722
8.	HCLRC Board of Directors appointed
9.	BoCC passes resolution designating an additional 5% from DTAC to fund CLRC operations.
10.	Hire HCLRC President/Executive Director/consultant
11.	BOCC adopts Resolution No. 3 to hire outside consultant to prepare Agreement and Plan
12.	Consultant prepares Agreement and Plan
13.	Consultant prepares Business plan for HCLRC
14.	BOCC adopts Resolution No. 4 to authorize and approve the execution of the Agreement and Plan
15.	Interview/hire staff
16.	Develop protocol system with political subdivisions & County departments to test HCLRC acquisition methods
17.	Test protocols
18.	Modify various county forms/processes to accommodate HCLRC
19.	HCLRC begins operation

Recommended Start-up Timetable

Given that all the necessary research has been completed and because it appears that the DTAC funding model can result in meaningful improvements for Hamilton County communities, the following start-up approach is being recommended for consideration:

Next 30 to 60 days

- Board of Commissioners passes the necessary resolution/s to create the HCLRC
- County Treasurer incorporates the HCLRC via Revised Code 1724
- HCLRC Board of Directors is appointed

- County Administration prepares and releases a RFP to fund the hiring of a consultant to complete all the necessary start-up work. This work will be funded with current DTAC carryover (estimated cost \$100,000). Completion of the work would have a six month target.

Next 60 to 120 days

- Board passes necessary resolution to begin immediate collection of 5% incremental DTAC funds to enable CLRC to begin work in earnest in mid-Y1.

Next 180 days

- Board of Commissioners adopts land reutilization plan created by HCLRC Board of Directors
- HCLRC takes all necessary action to enable operation

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