



Launching your Land Bank: Essential Operational Strategies

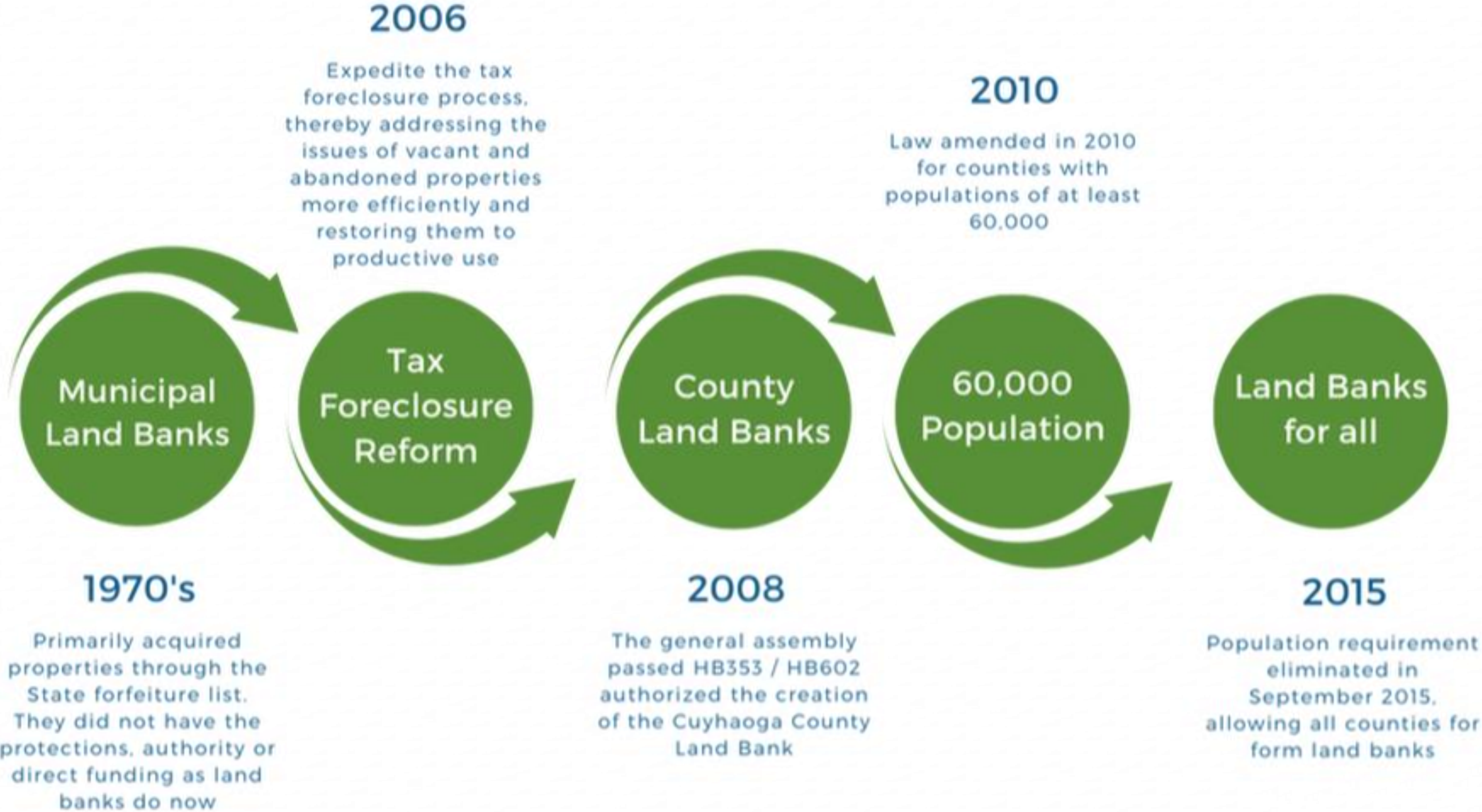
Ohio Land Bank Association
Fall Summit

October 3, 2024

Patrick Bravo, Executive Director
Summit County Land Bank



History of Land Banking in Ohio



Ohio County Land Banks

Updated 2024

2009 - 2012

14

2013 - 2015

12

2016 - 2018

27



2019 - 2021

12

2022 - 2023

1

69 County Land Banks

LEGEND

Land Bank Established (69)

County Boundary

What is a County Land Bank?

- Created by government, but **not** government.
- Private, non-profit corporation
- Special, community improvement corporation (R.C. 1724)
- Quasi-governmental (R.C.5722)
- A nimble organization that combines:
 - The private sector efficiency of a nonprofit *with*
 - The public purpose, responsibility and funding of a governmental organization.



Statutory Purpose

- Facilitating the reutilization of vacant, abandoned, and tax-foreclosed real property;
- Efficiently holding such property pending reutilization;
- Assisting entities to assemble and clear the title of such property in a coordinated manner; and
- Promoting economic and housing development.

Core Powers

- Tackles the challenges of vacant, abandoned, & tax-delinquent properties with new tools
- Offers a dedicated funding source for these efforts
- Builds and grows community partnerships
- Opens door to federal, state, and private funding sources

Special Land Bank Authority



Automatic Property Tax Exemption

Hold real property tax free while working to return it to the private tax rolls.



Political Subdivision Immunity

Like other governmental entities, immune from ordinary negligence claims in the conduct of land banking work.



Environmental Liability Immunity

Generally immune from liability under state environmental law while holding property. Subject to CERCLA at the federal level.



Streamlined Public Procurement

Land banks may set their own purchasing policies, bidding thresholds and use informal procedures when appropriate.

Answering Skepticism

- Make the Local Government Case
 - Treasurer
 - Prosecutor
 - Commissioners
 - Auditor, Clerk, Sheriff, Engineer
 - Major City & Township leaders
- Build Community Support Personally
 - Listening Sessions
 - Clear Mission & Business Plan
- Operate with Transparency & Predictability



Organizing a County Land Bank

- 1 | Incorporation
- 2 | County's Agent under Chapter 5722
- 3 | Board of Directors
- 4 | Officers & Staff



Land Bank Board of Directors

5, 7, or 9 Members by Law



County Treasurer

By Office



At least 2 County Commissioners

All 3 May Serve



Largest City Representative

Mayor, Council, Director



Townships Representative

Only if townships with 10,000+ population



2 or 4 Additional Members

At discretion of the regular Board



Board Best Practices

- The Board is your public voice
 - Significant opportunity to bridge county-municipal-township roles
 - A place where residents & stakeholders can learn about your work
- The 2 or 4 additional representatives are opportunities
 - Build community relationships
 - Support Directors that are representative
- The Board can delegate day-to-day work to staff
 - Our Policies & Procedures give day-to-day authority to staff
 - Trade-offs between deep engagement & motivated efforts

Key Documents

Recommended & Mandatory

**Purchasing
Policy**

**Accounting
System**

Legal Counsel


**Property
Policies &
Procedures**

Code of Regulations

Conflict of Interest Policy

Public Records Policy

Records Retention Policy



How many staff members does it take to make a
Land Bank successful?

1?

10?

35?



Land Bank Employees

Breakdown of Current Employment Methods



**Employees Housed at
Separate Non-Profit
Organization**

Hamilton County Landbank

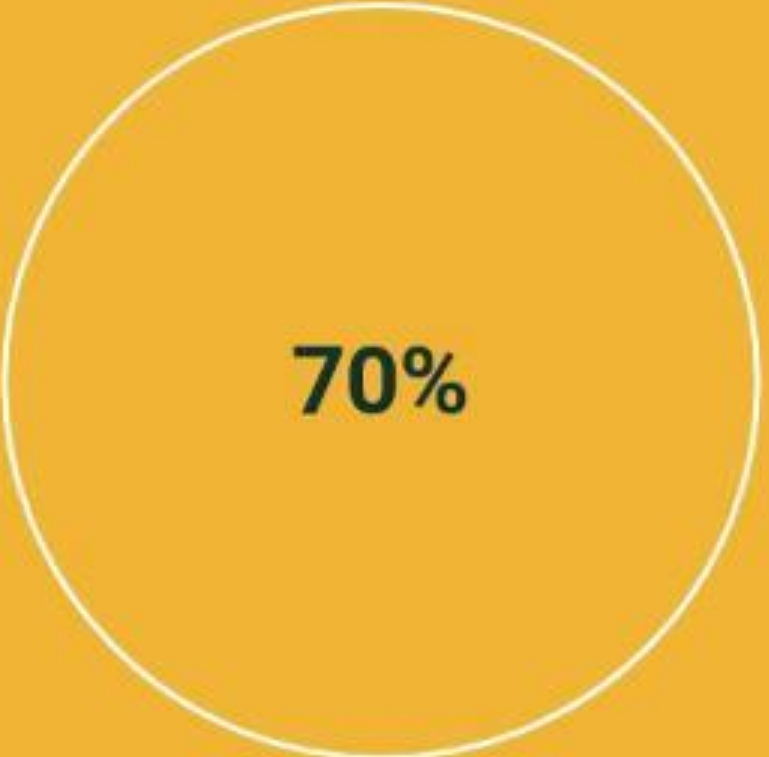
Montgomery County Land Bank



**Full Land Bank
Employees**

Cuyahoga Land Bank

Summit County Land Bank



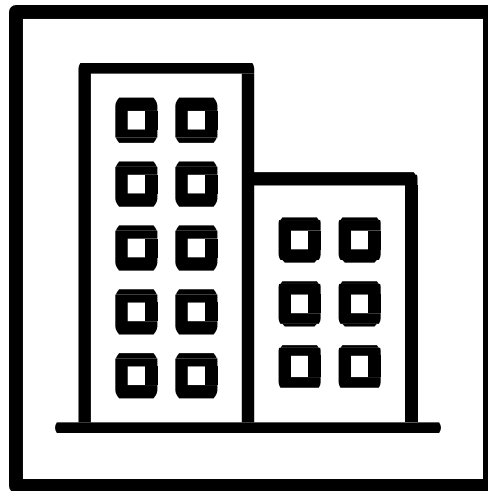
**Public Employees on
Loan**

Richland County Land Bank

Erie County Land Bank

Land Bank Funding Sources

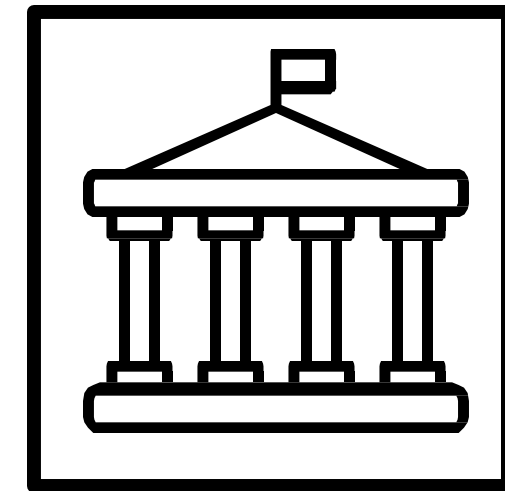
Primary Sources



Up to 5% DTAC



Property Sales



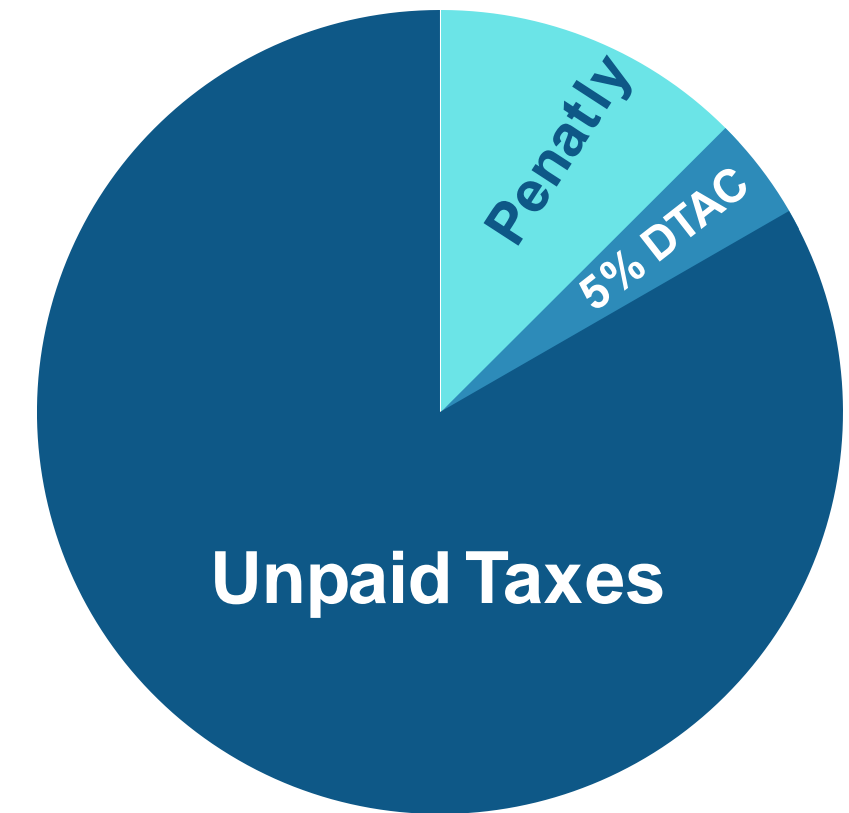
Government Grants

Other Available Sources

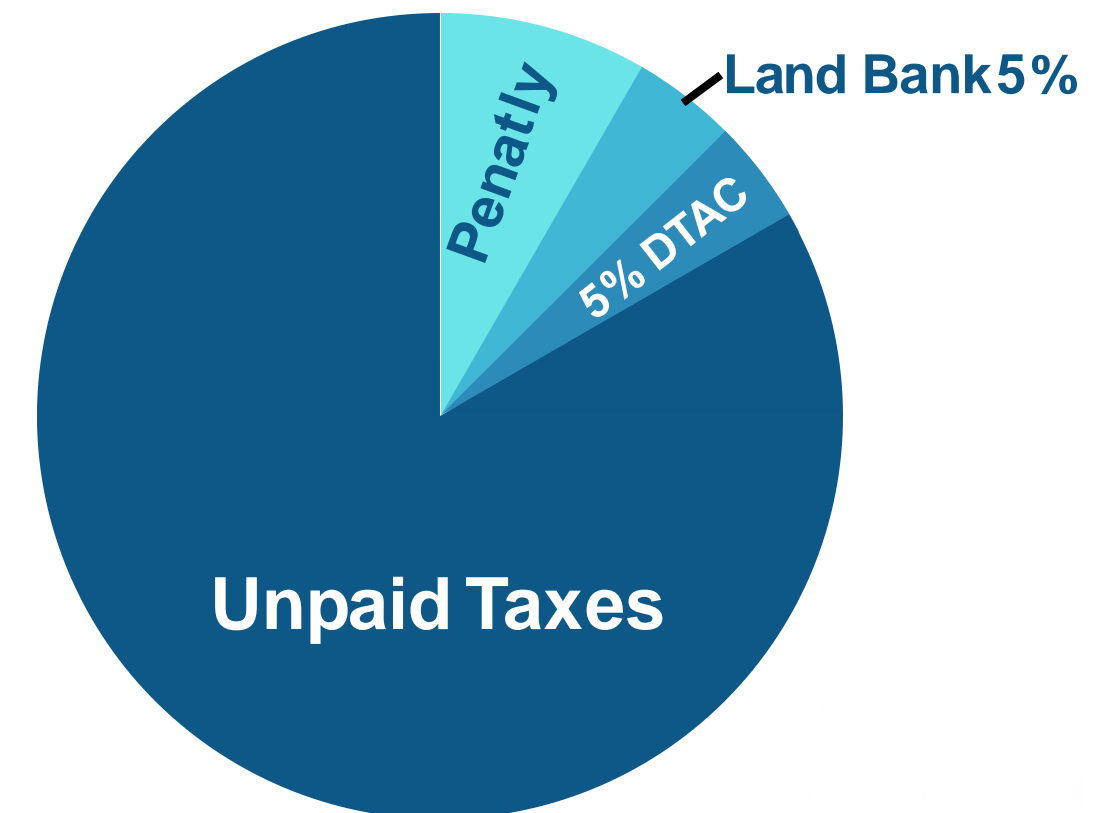
- A direct appropriation by the Board of County Commissioners.
- A direct appropriation by the Treasurer from Treasurer's DTAC allocation.
- Borrowed funds through loans or bonding authority.

Delinquent Tax and Assessment Collection Fee (DTAC)

- Statutory 5% fee is charged against delinquent tax collection
 - Fee is charged to all local subdivisions (cities, schools, libraries, county, etc.) based on their delinquent tax revenue.
- County Commissioners, at request of the County Treasurer, may increase the DTAC fee by up to an additional 5%
- The permissible additional DTAC fee (over the existing 5%) is allocated to the County Land Bank



Standard Distribution



Land Bank Distribution

DTAC Distribution

Standard Distribution

Delinquent Taxes	\$1,000
Penalty (10%)	\$100
Total owed	\$1,100

Prosecutors (2.5%)	\$27.50
Treasurers (2.5%)	\$27.50
Taxing Districts (95%)	\$1,045

Land Bank Distribution

Delinquent Taxes	\$1,000
Penalty (10%)	\$100
Total owed	\$1,100

Prosecutors (2.5%)	\$27.50
Treasurers (2.5%)	\$27.50
Land Bank (5%)	\$55.00
Taxing Districts (90%)	\$990.00

Financial Audits & Fraud



- Land Banks are required to prepare an annual financial report certified by the Board and filed with the Auditor of State.
- The Auditor of State then conducts an independent public audit (or may delegate to an Independent Public Accounting firm).
- Final audited financial statements must be posted on the Land Bank's website for public review.
- Land Bank Board members, officers, and employees must be informed of the methods for reporting fraudulent activity to the Auditor of State if discovered.

Public Land Bank Responsibilities

- ✓ **Public Records and Open Meetings**
Note: a limited exception on public records disclosure related to economic development.
- ✓ **Avoiding Conflicts of Interest**
Important that land banks operate ethically, transparently, and predictably for compliance and trust.
- ✓ **Public Audit of Financial Statements**
Completed by the Auditor of State or designated independent accounting firm.

Exclusion from Income Tax



- A county land bank's income may be excluded from federal income taxation as a **Section 115(1)** entity – an entity that derives its income from the performance of essential governmental functions.
 - Donations are tax-deductible.
 - No annual filing is required or expected.
- An Ohio land bank may be assumed to be a Section 115(1) entity if:
 - ✓ It operates in accordance with statutory authority; and
 - ✓ It designates its income to the State of Ohio, a local governmental entity, or another Section 115 entity upon dissolution in its Articles of Incorporation and Code of Regulations.
- An Ohio land bank may also seek an IRS determination as a 501(c)(3) charitable organization.

Land Bank Investments

2012	2014	2016	'21 & '23	'21 & '23	2023
<u>Moving Ohio Forward</u>	<u>Neighborhood Initiative Program</u>	<u>Neighborhood Initiative Program II</u>	<u>Building Demo & Site Revitalization</u>	<u>Brownfield Remediation Program</u>	<u>Welcome Home Ohio</u>
All Ohio Counties	Only Counties with Land Banks were Eligible	Only Counties with Land Banks were Eligible	All Ohio Counties	All Ohio Counties	TBD
Land Bank Lead Entity	Land Bank Lead Entity	Land Bank Lead Entity	Land Bank Lead Entity	Land Bank Eligible Applicant/Lead Entity	Land Banks Lead Entity
\$75MM	\$80MM	\$197MM	\$300MM	\$700MM	\$150MM
<u>Ohio Attorney General</u> Bank of America Settlement	<u>Federal Treasury</u> <u>Ohio Housing Finance Agency</u> Hardest Hit Funds	<u>Federal Treasury</u> <u>Ohio Housing Finance Agency</u> Hardest Hit Funds	<u>Ohio General Assembly</u> State Operating Budget	<u>Ohio General Assembly</u> State Operating Budget	<u>Ohio General Assembly</u> State Operating Budget

Thank You!



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Akron, Ohio 44320**



Medina County
Land Bank

*Ohio Land Bank Association
Fall Land Bank Summit*

October 3, 2024

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Medina County
Economic
Development
Corporation





Medina County Land Bank: Timeline

- April 2012: Commissioner convenes meeting to discuss interest
- March 2019: Commissioners approved resolution to establish new land bank, then rescinded resolution for lack of support
- October 2023: Public meeting to discuss land bank formation
- October-November 2023: Small group meetings and data gathering on tax delinquent properties



Catalyst for Starting Operations

- State grants presented new urgency to create land bank
- Development pressures creating need for affordable/ workforce housing
- Continual public efforts of County Commissioner advocate
- Economic Development Corporation acted behind the scenes
 - *Identified and engaged with key*

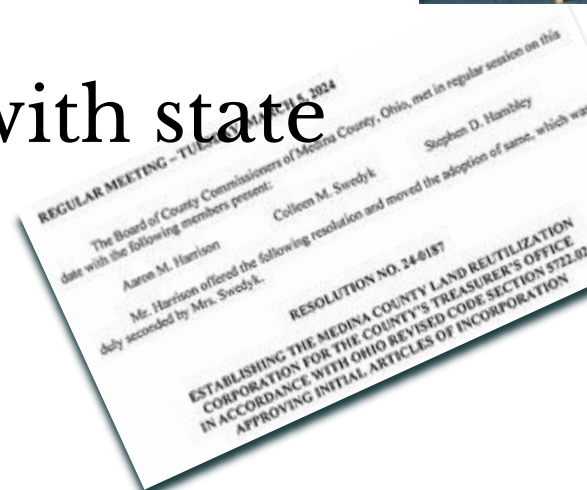


Pre-Establishment Task Force

- County and city officials, economic developers, land bank experts, housing developer, and OLBA Executive Director convened to informally discuss what it would take to create a Medina County land bank
- MCEDC conducted survey and compiled list of potential sites and buildings that could benefit from land bank involvement
- Task force agreed on key approaches and

Formal Organization

- March 5, 2024: Commissioners approved resolution to create land bank
- March 8, 2024: Treasurer filed Articles of Incorporation with state
- April 9, 2024: Remainder of land bank board appointed





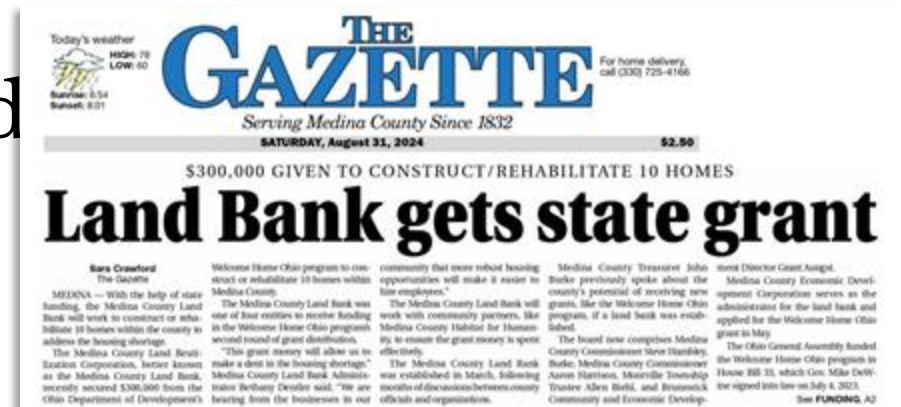
Administration Agreement

- Medina County Economic Development Corporation serves as land bank administrator
 - *Experience with public entity administration*
 - *In-house capacity with sufficient staff*
 - *Alignment with mission*
- Agreement provides for operations management, securing development partnerships, applying for grants



Grant Opportunities

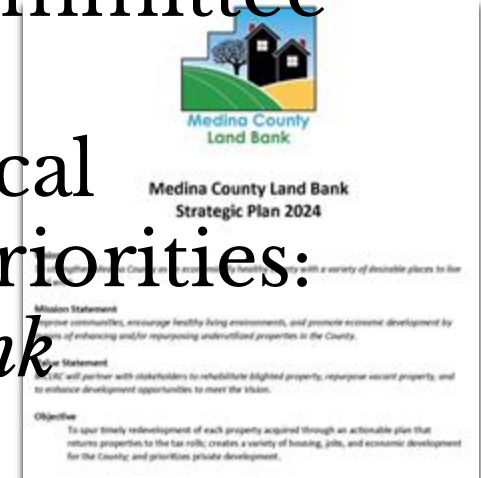
- Ohio Department of Development announced FY 2024 *Welcome Home Ohio* grant applications accepted January-May
- FY 2025 grant round open June 2024 –
- May 2025 split
- Medina County Land Bank awarded \$300,000 in two fiscal years
- August 2024: Land Bank awarded \$300,000 for





Strategic Planning

- Discussions on strategic plan approaches and policies began prior to legal land bank formation
- May 2024: Strategic plan subcommittee appointed
- Plan created around philosophical approaches and development priorities:
 - *Properties acquired by land bank must have exit strategy*
 - *Affordable housing is a key priority*





Lessons Learned

- Understanding “Why”, “How”, and “Who”
- Build a coalition of supporters with aligned missions
- Persistent commitment to the mission
- Join Ohio Land Bank Association