

Rochester Land Bank Corporation
Meeting Minutes
June 16, 2016
Port of Rochester Terminal Building
1000 N. River Street
Rochester, NY 14612

Board Members Present: Andrea Guzzetta, Kim Jones, George Parker, Kate Washington, Dana Miller, Carol Wheeler

Board Members Absent: Gary Kirkmire

Non-Board Members Present: John Sidd, Attorney for the Greater Syracuse Land Bank; Margot Garcia; Maritza Mejias; Rianne Mitchell; Paul Scuderi; Kathy Sheets; Scott Smith

The meeting was called to order at 2:08 pm by Carol Wheeler, Board Chair.

The minutes from the last meeting were distributed. Kim Jones moved that the minutes be approved; Andrea Guzzetta seconded. The motion was approved by the board.

The first portion of the meeting was dedicated to training presented by John Sidd, attorney for the Greater Syracuse Land Bank (GSLB), on the topic of recent legislative changes and Public Authority Guidance affecting land banks. John Sidd opened the presentation with an overview of the situation of the GSLB, as it is unique among those in New York State. While GSLB is a multijurisdictional land bank, the majority of its work is within the city of Syracuse. There were 3,000 seizable tax delinquent parcels in the city of Syracuse at the inception of the land bank in 2013. The intent of the City of Syracuse was to convey all of those parcels to the land bank and it created a line item of \$1.5 million in the annual budget for its functioning. To date, the land bank had acquired 1,000 parcels, the majority of which were City foreclosures, and had sold 300. This is many times the volume of any of the other New York land banks. While they have embarked on both a demolition and a side lot program, most of the properties have been sold for rehabilitation. The properties are sold subject to a rehabilitation requirement that is secured by an enforcement mortgage. GSLB has established a Teacher/Police Officer/Firefighter "next-door" homeownership program where properties are sold at a discount and has partnered with Home Headquarters to rehabilitate and sell a limited number of properties for affordable home ownership.

Andrea Guzzetta asked how many staff members were employed by the GSLB and whether they or the City of Syracuse managed the properties. John Sidd answered that there are currently a total of five staff members and that properties are maintained not by the City, but through various private contractors. GSLB has also recently hired an in-house real estate salesperson. He went on to explain that a major component of GSLB sales was transfer of properties in "as-is" condition to private owners whose promise to rehabilitate the property is secured by an enforcement mortgage in the amount of the proposed investment. Paul Scuderi asked how the investment cost was determined. John Sidd answered that initially properties were sold subject to a development proposal prepared by the buyers, but that as it became apparent that some buyers did not have the expertise to prepare such a proposal, GSLB staff have begun evaluating

properties and preparing a scope of work prior to sale. Kathy Sheets asked whether the buyers are predominantly investors or owner occupants. John Sidd said that there was a mix, but all buyers are vetted so that irresponsible landlords are not approved. There have been some houses reserved for residency, where residency is also secured by an enforcement mortgage. Dana Miller asked how many have taken advantage of the Teacher/Police Officer/Firefighter program. John Sidd answered that a handful of properties had been sold through that program. Dana Miller then asked how GSLB ensured compliance with its rehabilitation requirements and how long buyers were given to complete the repairs. John Sidd explained that buyers were given a year to complete the rehabilitation and that the properties were secured by a mortgage in the amount of the proposed rehabilitation investment. He added that the GSLB has recently completed its first rehabilitation project run by staff. Margot Garcia asked how GSLB accessed the money allocated by the City of Syracuse. John Sidd said that it was a line item in the City's budget that the GSLB had to fight for every year, but that the funds were unrestricted. Onondaga County also periodically contributes funds, but they are restricted to designated purposes. Kim Jones asked how GSLB has used its OAG funds. John Sidd answered that the grant had been used primarily to carry out demolitions, but also some low-income housing and renovations for home ownership through Home Headquarters. Scott Smith asked whether the GSLB had to accept every property its foreclosing governmental units offered. John Sidd said that GSLB used to have full veto power with the City, but it has become more difficult to refuse. The land bank is still able to refuse properties on the basis of environmental concerns.

John Sidd then talked about some of the changes to the Land Bank Act that have been sought since it was enacted and their impacts on the activities of land banks. The previous year's legislative session resulted in a change that decisively prioritized the property disposition provisions of the Land Bank Act over those of the Public Authorities Accountability Act in land bank activities, streamlining the process for returning properties to productive use. It also resulted in a change that made land banks exempt from filing, recording or indexing fees. This has resulted in a savings of several thousands of dollars for GSLB as they are responsible for paying recording fees for each property foreclosed by the City of Syracuse. Some of the legislative changes that were not approved last year, such as granting land banks the ability to create and hold title to property in the name of subsidiaries, granting temporary incidents of ownership to inspect and test properties suspected of environmental contamination prior to acquisition, and granting land banks the ability to make grants and loans were reintroduced in the present year's legislative session. The ability to create subsidiaries is prohibited to local authorities, though is permitted for state authorities, by Public Authority Law. This prohibition and the inability to take temporary incidents of ownership hinders land banks' effectiveness in dealing with brownfields or other potentially environmentally contaminated properties. Though these changes were also not approved in the current legislative session, a recent Article 78 claim filed by the Madison County Industrial Development Agency against the Authorities Budget Office over the ability to create a subsidiary may have an impact. A beneficial legislative change that was approved in the current session was the exemption of land banks from special district charges and levies, though the governor has not yet signed the bill. John Sidd concluded his presentation and left the meeting at 3:18.

Prior to beginning the board's planning discussion, Kathy Sheets announced that she will be retiring at the end of July. Paul Scuderi, currently the City's Assistant Director of Real Estate, will step in to act as Executive Director. Board succession was the first topic discussed during the planning session. While five of the board positions are ex-officio, the remainder of the board is comprised of an appointee of the Mayor and an appointee of the President of City Council who each serve a three-year term. The end of the current term of both appointees is September. It is unlikely that the appointments are on the radar of either the Mayor or the Council President. The board decided that the Chair should write a memo for each official providing the date of the end of the term and a recommendation for the continued service of the sitting board members.

Next, the board discussed the creation of guidelines for project development. A draft document describing the Land Bank's role as a support to City initiatives and listing some factors that might be considered in its decision-making process was the starting point for the discussion. George Parker recommended that creation or enhancement of green space have a place in the priorities of the Land Bank. Kim Jones said that while guidelines are useful, she wants to be sure that they do not become a stricture to development. She suggested a more appropriate description might be "Project Selection Guidance." Carol Wheeler asked the board to continue to review the document and make recommendations for a more final form prior to the July meeting.

Finally, the board received a report on the conclusion of the audit by the State Comptroller's office. The Land Bank's staff and the Chair of the board participated what the auditor termed a "pre-exit meeting" the previous week. The audit took two months and the auditor said, while no material errors were found, there were two findings. First, he recommended that the board be provided with a more detailed report of cash disbursements as part of the Treasurer's Report; second, he found that the Land Bank should have more oversight of its development partner. Carol Wheeler noted that the unique relationship between the City and the Land Bank meant that multiple members of the board gave approval for any Land Bank expenditures through the routing of requests in the City's accounting system and that many of the oversight functions that the Land Bank did not appear to be performing were performed by City staff, and sometimes Land Bank staff in their role as City staff. Kathy Sheets noted that it was also true that the Land Bank's partnership with the RHDFC through its participation in the longstanding HOME Rochester program may also be a unique relationship and that it will be useful to have a more formal structure in place should the Land Bank begin to work with other development partners. Kim Jones asked if there would be an opportunity to respond to the findings. Kathy Sheets explained that the report prepared by the auditor was just a preliminary draft. It would be reviewed by the regional office, then by the Comptroller's office in Albany who would prepare the final draft. The local office will then schedule an "exit meeting" to discuss the final draft and allow the Land Bank to prepare a response to any findings. The auditor said this process could take 2-3 months.

The meeting was adjourned at 4:05 pm.

ATTEST: 
George Parker – Secretary, Rochester Land Bank Corporation