

The Board of Directors of the Lake County Land Reutilization Corporation (the "Board of Directors") met in session on the **27th day of September, 2021 at 3:00 p.m.**, Zoom Meeting format with the following Directors present:

**MAC CHAFER
GABE CICCONE
JACK CORNACHIO
KENNETH FILIPIAK**

**TIM MANROSS
RON YOUNG
MICHAEL ZUREN**

Mac Chafer moved to approve the minutes of the Monday, June 28th, 2021 meeting and Ron Young seconded the motion.

AYES: 7

NAYS: 0

ASBSTENTIONS: 0

**LAKE COUNTY LAND REUTILIZATION CORPORATION
2nd QUARTER MEETING
Monday, June 28th, 2021 @ 3:08 p.m.
Virtual Zoom Meeting**

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- 1. CALL TO ORDER:** Gabe Cicconetti, Vice-Chair called the meeting to order at 3:08 p.m.
ROLL CALL:

**MAC CHAFER
GABE CICCONE
JACK CORNACHIO
LORRAINE FENDE
KENNETH FILIPIAK**

**JOHN HAMERCHECK
TIMOTHY MANROSS
JEFFREY SHIBLEY
RON YOUNG**

- 2. MOTION TO APPROVE THE MINUTES OF THE ANNUAL MEETING HELD MARCH 22nd, 2021.**

Motion: Ron Young

Second: Jeff Shibley

AYES: 7

NAYS: 0

ABSTENTIONS: 1

- 3. MOTION TO APPROVE THE MINUTES OF THE 1st QUARTER MEETING HELD MARCH 22nd, 2021.**

Motion: Ken Filipiak

Second: Mac Chafer

AYES: 7

NAYS: 0

ABSTENTIONS: 1

3. RESOLUTION 2021-132 A RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR OF THE LAKE COUNTY LAND REUTILIZATION CORPORATION TO PROVIDE THE FUNDS NECESSARY TO EXTINGUISH THE EXISITING DEBT OF LAKE COUNTY AGRICULTURAL SOCIETY, INC. RELATED TO THE CONSTRUCTION OF THE YOUTH AND COMMUNITY CENTER ON WHAT WAS ONCE THE FORMER 4-H BUILDING SITE LOCATED ON THE LAKE COUNTY FAIRGROUNDS.

Mr Rogers explained that he has been approached by several people about the opportunity to relieve the Lake County Agricultural Society of the remaining debt on the new Lake County Fairgrounds building. Because of Covid-19, their funding mechanism has left the organization short by about \$125,364. He stated that there is ample money available in the Land Bank coffers to support this worthwhile cause. Mr. Rogers believes that many people will have the opportunity to reap the rewards of this wonderful new facility. Mr. Filipiak stated that this is the second County building that we have given money to recently, and is this funding really what our primary purpose is for?

Mr. Rogers responded with a reading of the IRS Code 501(C)(3) code explaining that donations to the poor, disadvantaged and community activities, advancement of education and science are well within our scope. And, that due to the Board's sound fiscal responsibility the Land Bank is in a healthy position to grant these funds; that many young people will continue to be able to take advantage of this beautiful building's amenities.

Motion: John Hamercheck

Second: Lorraine Fende

AYES: 8

NAYS: 1

ABSTENTIONS: 0

NEW BUSINESS

4. COCIC/Franklin County Land Bank – Hope K. Paxson, VP of Programs & Housing

Presented a PowerPoint presentation including photos of several of the successful homes built.

Mr. Rogers explained that he had spoken to the Board last year about the possibility of creating a Land Trust in Lake County. Board members determined they needed further information before approving funding for such a program. Hope Paxson, VP of Programs & Housing in Columbus was then introduced to help fill the gap on proper information on the subject.

The Central Ohio Community Improvement Corp (COCIC) is a 501(C)(3) that serves in conjunction with of the Franklin County Land Bank. This organization offer homes for sale to qualified buyers through a *Lease Hold Interest Mortgage*. The COCIC holds the land in perpetuity forever as a community asset. The homeowner holds the structure through a 99 year land lease. The special lease governs the resale formula. Columbus uses a *“Simple Appraisal Based Market Share Appreciation Resale Formula.”* This helps define how the house will be sold through a *shared equity model*.

Housing has been an issue throughout Ohio including Columbus for some time. In Columbus, as

people are moving into the Columbus area housing prices are increasing (based on national statistics). Additionally, a 2018 study found that 55% of Franklin County homeowners spent over 50% of their income for housing.

Hope explained that the Land Bank in 2018 was involved in large demolition grant projects (MOFs and NIPs) leaving many vacant parcels available for redevelopment. Adding to this was an ongoing pressure to sell off the large improved lots to private developers who were speculating on ways to build and sell the homes at current market rates.

As a result there were serious concerns about the number of people being left out of the home buying market. The City of Columbus and Franklin County, in response, decided to come together and create a *community land trust*. This new *shared equity model* would make housing more affordable to mixed income home buyers, and grow community investment into those neighborhoods less fortunate.

Many residents within these neighborhoods felt deprived. There was no apparent long term investment in their communities. Whereas homeowners historically remained in their homes 30 years; now the average stay is about seven years. The *shared equity model* provides the homeowners who choose to sell, to share in the equity, but not all the equity. Because of the pricing structure this model creates *affordability* for the first time homeowner and all subsequent homeowners who follow. The land on which the home is built continues to be held by the Trust, even after resale.

This concept was put to a test starting with a developmental agreement – setting up an advisory committee made up of members from the COCIC/Franklin County Land Bank staff and stake holders - city and county officials, community lenders and leaders and non-profit housing partners. A 501(C)(3) was established. Technical assistance, including the help of lawyers was of significant help. *Grounded Solutions*, a network solutions organization was brought on board for Land Trust training purposes.

The resulting strategy began with building homes on land bank properties, thus avoiding property acquisition expenses. The city agreed to provide the necessary extra GAP dollars. Development agreements were established with *non-profit housing partners* in the participating neighborhoods to capitalize on the non-profit's expertise by using the *partner's* established home plans and funding methods that were proven to already be successful.

The program was launched in 2019 and by the end of 2019 the trust had their first home closing. Within 15 months COCIC had closed on 38 homes in four major demographic areas around the City of Columbus. The *non-profit partners* began endorsing the Land Trust, and joining forces with various other partners at civic and community gatherings to reinforce, educate and bolster the credibility of the Trust program.

In the beginning there were negative comments about who would want to buy a home under these circumstances - where they don't own the land, just the structure. But, time has proven that the Trust is serving a diverse group from all income levels. Today, with this new initiative in place, those wanting a home, if they can qualify for a mortgage, are eligible. Participation continued through the Covid-19 months with many individuals excited "to just have a place to call home."

Since its inception COCIC has grown creating a *Welcome Home Stewardship Program* – fostering a long term relationship with the homeowners. This program was established to create a bond between the homeowners and the Trust staff, including administration of home improvements, refinancing or equity line of credit and the resale of homes. Land Trusts averages about 4 – 10 builds a year at most. The Columbus trial with 38 homes was highly successful because of the large dollar support from the City.

In response to the question as to why create a Land Trust instead of just a market rate scenario, Hope explained that even though Columbus does have plenty of affordable housing, she believes it is a strategy of long term investment. Whenever there is investment in an area of a city or county – that’s an investment benefitting all tax payers who are paying property taxes for services while fostering long term planning and healthy neighborhoods. Vacant land now becomes a more valuable asset with prospective growth down the road. In Columbus, those eligible are up to 120% AMI who are middle-class families who even now cannot afford to buy a home. Discussion followed.

Mac Chafer asked what position does the Land Trust take as a lien holder. *Hope explained that the 99 year land lease governs the whole relationship. They do not have any other lien – the lease itself serves as the only restriction to the property. The mortgage company takes the first position as a lienholder followed by the land trust. In the event of a foreclosure, the Trust has the first right of refusal. Even though we would want the owner to succeed, we would still take the property back and resell to another qualified buyer should the need arise. Because of this scenario the bankers love the Land Trust program because it results in a very low foreclosure rate.*

How much did Columbus give to the Land Trust to get established? *The City gave them 3.8 million dollars and continues to receive subsequent dollars along with moneys from the County.*

How are property taxes paid? *Property taxes are paid by the homeowner and ultimately go back to the county tax base. Land Trust homeowners are not tax exempt. Some of the buildings are in tax incentive areas, but the homeowners are still responsible for property taxes.*

Hope emphasized that it is expensive to build homes, and that is why GAP funding is so helpful in building these homes. The income levels of the homeowners participating in this program have income that would otherwise not normally cover the costs of building such homes. That is where the Gap funding, available at the time of the build, plays such an important role. It needs to be noted that developers are made whole and paid at the time of the closing, there are no concerns about building expenses. They have already been calculated.

How many people will we need to get this program moving? *Most Trusts start with 1 – 2 people based on the number of houses you need to build and maintain and expand from there.*

Have you had any failures with this program? *The numbers are very good. Of the 38 homes built under this Trust, there have not been any problems. Statistics on all Trust programs show very little if any issues, even during the Covid-19 period, because the monthly payment rates are already reasonable for the qualified buyers.*

What are the property taxes based on? *Currently property taxes are applied in the same manner as all other properties - based on the Auditor's assessment.*

Ken Filipiak asked what is to stop the over qualified buyer from taking advantage of this program based on the great rate being offered? *There is a "Five Steps to Home Ownership" form based on both the household and income levels. Most Trusts have an income eligible requirement. Columbus' objective is to serve the working class who would normally not be able to afford a home.*

Can a Trust owner borrow against their equity in the home? *There are restrictions in place that address this; that they would not be allowed to go over 80% of their equity – home to value ratio. The Trust would have to sign off on an approval based on a formula, so the owner could only borrow against their own equity. In defense of the program, homeowners are getting a very nice house with equity and if they borrow all their equity out of the home they have nothing, plus we are basically taking the purpose of the Trust concept away.*

Who would be responsible for the roof and mechanicals? *The homeowner is responsible for all repairs and upkeep, much like a condominium association. You own the building and the Trust owns the land.*

What to do when the homeowner is ready to sell? *There are contractual arrangements between the homeowner and the Trust. Forms must be completed at the onset. Should the Trust decide not use its first right of refusal, and/or the Trust has no new buyer in mind, the owner can contract with a realtor at their own cost. Closing costs are also the homeowner's responsibility.*

What would the mortgage be on a Trust home for a family of four with a value of \$200,000 and a mortgage of \$150,000? *There would be some income eligibility requirements, but the average mortgage is around \$160,000. The yearly HUD approved counseling agency decides for the Trust.*

Mr. Rogers asked about the money coming from the Fed, and if there are any affordable housing funds coming to our communities? Hope stated that the *American Plan Rescue Act ARPA* funding does include an interim final rule (now released) that provides for a housing component that is an eligible use. Hope believes the Fed may make it allowable to request funding assistance for a Land Trust in your local county; explaining that it will service all people by helping to provide affordable housing.

Mr. Rogers closed the discussion thanking Hope for her extensive presentation and asked that the Board consider the in depth delivery of the requested details of Land Trusts. He hopes that the Board might soon consider a request for funding from the Land Bank to pursue the inception of a Land Trust right here in Lake County. *(See attached Power Point that Hope has shared with us).*

5. A request from the Mesothelioma Veterans for a link on our website.

The Land Bank has received a request for us to link the Mesothelioma Veterans disease site, related to asbestos inhalation to our Land Bank's website. Gabe suggested that this might in turn lead to many more unrelated organizations. Discussion followed. The Board's decision was to not approve

the request.

6. MENTOR MARSH

Mr. Rogers put in a call to David Emerman, the Attorney with the Ohio EPA and has received no response as of yet. He anticipates that later this fall, the Land Bank should see the project out for bidding purposes.

7. 1991 Hubbard Rd Gas Station Property

Mr. Rogers stated that this project is complete. The Land Bank has requested a market valuation, and quotes for the final site work that once completed, the property can be listed for sale. The final work is installing the sidewalks on the Hubbard Rd side of the street only along with repair of the two aprons.

8. Painesville City Sidewalk Program

Mr. Rogers stated that the City has requested replacement of certain broken sidewalk slabs to be removed and replaced by October 31st, 2021 on four properties. We are seeking bids from three contractors for both the City project and the Hubbard Rd projects to be done simultaneously.

9. Lorraine Fende's last meeting with the Land Bank

Both Tim Manross and John Rogers thanked Lorraine for her participation over the years and nothing but success in the future. There will be a new Treasurer coming on board next meeting.

10. Records Retention Commission

Mr. Rogers reported that Jack Cornachio has agreed to sit on the Records Retention Commission and assist in the creation of the RC-2 document that upon completion is to be submitted to the State of Ohio Historical Society and the Auditor of State.

11. Leroy Thompson School project

Commissioner Hamercheck asked if there was anything to report on the old school demolition. Mr. Rogers stated that he is to speak to Chuck Klco to setup an upcoming meeting. He will advise Commissioner Hamercheck as to when.

MEETING ADJOURNED at 4:28 p.m.

SCHEDULE OF QUARTERLY BOARD MEETINGS

Third Quarter – Monday, September 27, 2021 @ 3:00 PM – meetings return to normal.

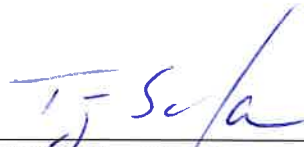
Fourth Quarter – Monday, December 20, 2021 3:00 PM

Annual Meeting – Monday, March 28, 2022 @ 3:00 PM

First Quarter – Monday, March 28, 2022 @ 3:30 PM

Second Quarter - Monday, June 27, 2022 @ 3:00 PM

APPROVED: SEPTEMBER 27, 21

X 
TIM MANROSS, Chairman

DATED: SEPTEMBER 27, 21


LINDA S. FREDEBAUGH, Clerk

The undersigned Clerk certified that the foregoing is a true and correct transcription of the minutes of the meeting held June 28, 2021 of the Board of Directors of the Lake County Land Reutilization Corporation showing the adoption of the Minutes above set forth.