PIVOTING *with the* MARKET

MONTGOMERY COUNTY LAND REUTILIZATION CORPORATION

2017 PROGRESS REPORT

A Message from the Montgomery County Land Bank Board of Directors

To improve is to change; to be perfect is to change often. — Winston Churchill

These words by the great British leader and statesman serve as an outstanding reminder of the value of change.

Change is rarely easy. Although our natural inclination might be to ignore it, deny it or simply cling to what's familiar and comfortable, change, in the end, is the gateway to new and better ways of doing things.

And this brings us to 2017. We are heartened to see our country and our county rebound from the economic crisis of the past decade. But even though the news is good, we saw it alter circumstances for the Land Bank.

The improved economic climate has been a catalyst for a change of our strategies, a step forward in our quest for improvement. (We'll keep working toward perfection, Winston.)

We hope you will take a few moments to read about our pivot in the stories told on the pages of this document. Thank you for your interest in the Land Bank's activities of 2017.

2017 LAND BANK BOARD OF DIRECTORS

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Montgomery County Land Bank
2017 Progress Report

MISSION

To facilitate the transition of blighted, foreclosed and abandoned properties into viable, marketable properties by working collaboratively with public and private entities in a financially responsible, transparent manner with a long-term goal of returning these properties to the tax roll.

When five businessmen launched the Minnesota Mining & Manufacturing Company in 1902, they had one clear goal: to get rich. They pinned their hopes on a mine they had purchased and the sale of the mineral corundum, the ideal abrasive for producing sandpaper and grinding wheels.

Their dreams of a wealth and great fortune stalled, however, after they learned their mine contained not corundum, but anorthosite, an inferior mineral with no commercial value.

Still determined to achieve their goal, the founders adopted new business strategies

Instead of mining, they turned to the manufacturing of sandpaper products. They also encouraged their employees to develop practical, new innovations. Before long, the company brought to market products such as waterproof sandpaper, masking tape and Scotch tape.

This change of strategy marked the beginning of the 3M Company's success story. Today it sells 55,000 different products and employs 90,000 people. A mainstay on the Fortune 500 list, it is one the world's most respected companies.

A century ago, 3M founders understood the survival technique that modern-day thought leaders espouse: To succeed, organizations must be prepared to pivot, adapt and evolve in response to changing circumstances.

In 2017, the Montgomery County Land Bank faced a similar situation

The Land Bank was created as Montgomery County's response to the 2008 housing crisis. For the past six years, we have been providing programs and tools to remove blight, repurpose troubled commercial and residential properties and support neighborhood revitalization.

But the environment has changed since 2008

The country's economic recovery, although positive news, has generated impacts on the Land Bank:

- It is accelerating market demand for investment-grade rental housing, creating competition for our Do-It-Yourself (DIY) Program properties. This challenges the quality of the properties available to us and drives up the cost of making them marketable.
- Also, the federally funded Neighborhood Initiative Program will end in 2019. Since 2014, it has provided $18 million for the demolition of 1,100 residential structures.

These changes present the ideal opportunity to rethink our strategy – and to pivot

Despite the uptick in the economy, much work remains to be done in this community to address the issues of distressed real estate, declining neighborhoods and depressed property values.

To address those needs under current circumstances, the Land Bank is pivoting to a more proactive strategy. Although we are continuing the DIY and Tax Foreclosure Acquisition programs, providing real estate solutions and supporting neighborhood improvement efforts, we are changing in other areas. This includes expanding the Planning Grant Program to support not just single communities, but also multi-agency strategic planning efforts that will result in neighborhood redevelopment.

In addition, we are investing resources in a new strategy, the Thriving Neighborhoods Initiative. The goal is to stabilize property values in concentrated pockets, thereby maximizing the impact of the community's investments. (Read more on this on page 6.)

In 2017, we launched a pilot of this program in West Dayton's Pine View neighborhood.

The stories on the following pages provide a look at the Land Bank's new strategies in action. Also included are updates on our legacy programs, which will complete a 360-degree view of the Land Bank's activity in 2017.

Clayton:

Preparing for the Next Generation of Homebuyers

The city of Clayton is an attractive, family-friendly community known for its charm and variety of housing types. Like many communities across Montgomery County, however, Clayton has struggled to recover from the 2008 housing crisis. By 2015, the city began facing issues of vacant homes, blight in neighborhoods, pockets of tax-delinquent commercial parcels, stalled development projects, decreased property values and reductions in local government funding.

"Each of these is a tremendously complex issue in and of itself," said Development Director Jack Kuntz. "To combat them all strategically, we believed we needed to start with a redefined vision for the future of Clayton. "

In 2016, the city prepared to launch a community-based process to update the existing land use plan, which had been created in 1999. Their first step was to apply for a planning grant from the Montgomery County Land Bank.

The Land Bank provided a $50,000 grant, which was matched by the city's $12,500. The funds were used in 2017 to hire a professional planning firm to assist with the development of a Comprehensive Land Use Plan and Implementation Plan.

The nearly year-long process included extensive citizen participation through opinion surveys, stakeholder interviews, community forums and input from city council, staff and the business community. Their ideas merged into a strong, new vision for Clayton "to create walkable neighborhoods, around central cores with connected parks lined by great streets and infrastructure."

The proposed new plan is ready for adoption by the Clayton City Council in 2018. City officials are excited for the plan's vision and strategies, which will strengthen all areas of the city, but especially its established neighborhoods. There, the city is focused on removing blighting influences and providing affordable rehab opportunities for the next generation of homebuyers.

"The Land Bank's grant was the catalyst that allowed us to undertake a land use plan update of this scope," said Kuntz. "We believe this is the key to stabilizing property values, which is vitally important to Clayton's future and the county's."

Legacy Program Update: **Neighborhood Initiative Program**

Approximately 1,100 abandoned and distressed houses have been – or will soon be – removed from nine partner communities, thanks to the Land Bank's Neighborhood Initiative Program. NIP represents federal dollars distributed through the Ohio Housing Finance Agency. Here are additional facts about NIP:

- $16,210, on average, is invested in removing each property. This includes acquisition, environmental survey and remediation, demolition, greening, post-demolition maintenance and project management.
- The Land Bank's total award since 2014 is just over $18 million. By the time the program ends in 2019, approximately 1,100 eyesore structures will have been acquired and removed.
- 57 newly greened lots have been transferred to new owners. These lots will be used for side lot expansion, for commercial expansion and by non-profits for community gardens and recreational green space.
- To address the issue of a diminishing tree canopy in targeted residential areas, a partnership was developed with Ohio Department of Natural Resources and City of Dayton to create a pilot reforestation project on former NIP lots.

Housing Authority:

Plan Would Transform Struggling Neighborhood

The Dayton Region's loss of manufacturing profoundly hurt the entire community, but nowhere more than West Dayton. Those residents relied on Delphi and GM for employment and the business generated by the plants' employees.

A good example is DeSoto Bass, a neighborhood that lost 23 percent of its population between 2000 and 2010. Today, it has the city's highest crime and vacancy rates as well as the lowest homeownership rate. More than half its residents live in poverty.

The neighborhood includes the 354-unit Desoto Bass Courts and 150-unit Hilltop Homes, two of the city's oldest, largest and most segregated public-housing developments.

In June 2016, the US Department of Housing and Urban Development awarded a $1.5 million Choice Neighborhood Planning Grant to co-applicants, city of Dayton and Greater Dayton Premier Management, the public housing authority in Dayton. The goal is to develop a "Transformation Plan" for the revitalization of the DeSoto Bass neighborhood.

The federal program – which offers separate grants for planning and implementation – requires communities to create a locally driven, comprehensive approach for the transformation of struggling neighborhoods with distressed public housing. The strategies must focus on three core goals: housing, people and neighborhoods.

To complete its plan and demonstrate broad-based stakeholder leverage, GDPM reached out to community partners for financial and human-resource support. True to form, 25 of the region's businesses, institutions and organizations have gotten behind this important work.

Recognizing the plan's potential to advance the organization's mission, the Montgomery County Land Bank has joined the project's other community partners. In fact, the Land Bank's involvement in the Choice Neighborhoods project has led to the organization's pilot planning program in the nearby Pine View neighborhood. (See page 6.)

"The Land Bank has been an awesome partner," said Kiya Patrick, GDPM director of Planning and Development. "They're always looking to align resources and strategies to create the greatest impact for the community."

Legacy Program Update: **Do It Yourself Renovation**

The Land Bank's DIY Renovation Program helps to stabilize property values in neighborhoods by allowing ambitious citizens and investors to buy and rehab distressed homes that have been acquired and inspected by the Land Bank. Once a home is renovated, and the structure meets Land Bank standards, the buyer receives the deed and may then sell, lease or occupy the property.

Here's a summary of 2017 activity:

- 8 Properties were transferred with estimated $200k investment
- 1 property was in renovation as part of Pineview Pilot Project.
- 5 properties were sold and in renovation.
- 18 properties were on, ready, or being readied for market.
- 30 properties were identified as DIY candidates and submitted for foreclosure.
- 6 properties were transferred for demolition.

Pine View Pilot:

A Proactive Neighborhood Effort

Throughout Montgomery County, low- and moderate-income neighborhoods are challenged by vacancies and foreclosures, conditions that lead to disinvestment and depressed property values. These problems evolve into home improvements being neglected and market confidence being eroded.

In response, the Land Bank has launched a bold, proactive effort that aims to resolve these issues through the collective impact and investments of public and private partners. The Thriving Neighborhoods Initiative allows the Land Bank to address the neighborhood's physical challenges while partners provide solutions aligned with their respective scopes of services.

To make the Thriving Neighborhoods Initiative scalable and repeatable, it will be implemented in unique neighborhoods using a consistent methodology that includes neighborhood-selection criteria, a strong strategic planning effort and an implementation component. Collaborating partners will get involved depending on the neighborhood's particular needs.

In early 2017, the Land Bank launched a pilot project in Dayton's Pine View neighborhood as a trial of the Thriving Neighborhoods Initiative. Comprising 370 homes, Pine View suffers from depressed property values that have not rebounded since the housing crisis. It is part of the Choice Neighborhoods target area. (See page 5.)

Fueled by community partnerships and supported by public-private investments, the Thriving Neighborhoods Initiative will

- improve property values
- encourage improvements by homeowners
- increase the market's confidence
- improve residents' quality of life, and
- inspire neighborhood pride

"Working with the residents and our partners, we intend to return the neighborhood to happier and healthier times," said Land Bank Chair Carolyn Rice.

Legacy Program Update: **Tax Foreclosure Acquisition**

For a modest investment, citizens and investors can acquire a tax-delinquent residential property to rehab and reuse for a residence, side lot, home expansion or new construction. The Land Bank makes it easy for potential buyers to locate a property through the GoGetProperties research tool on our website.

- Here's a summary of 2017 activity:
- 55 applications were received and processed
- 33 properties were transferred
- 46% of transfers were to owner occupants
- 3 forfeited properties were transferred; 4 are pending
- Land Bank efforts often result in delinquent taxes being paid prior to foreclosure

Riverfront Plan:
'Why Not Dayton?'

If there's one priority local leaders, economic development specialists, business people and outdoor-recreation enthusiasts have been able to agree on over the years, it's their wish to see the Dayton Region maximize the use of its beautiful waterways. Outstanding examples of the unique power of rivers to attract people and business opportunity are just down the road in Columbus and Cincinnati. And so people have asked, "Why not Dayton?

Those voices were heard. In 2017, seven agencies began an exciting planning process – with a strong emphasis on public participation – to tap the potential of the Great Miami, Mad and Stillwater rivers and Wolf Creek and their corridors.

Their vision builds on a 1997 plan that sparked momentum with projects such as RiverScape, River Run and Water Street housing. The new, 20-year vision is to develop a more accessible riverfront that invites outdoor recreation, brings people together, improves housing opportunities, inspires neighborhood pride, attracts companies and talented workers and generates environmental benefits.

The seven agencies leading the effort – the city of Dayton, Five Rivers MetroParks, the Miami Valley Regional Planning Commission, the Miami Conservancy District, Montgomery County, the Downtown Dayton Partnership and the Greater Dayton RTA – haven't had to go it alone.

Noting the planners' intent to propose public amenities that would help stabilize the 19 Dayton neighborhoods within the planning area, and transform vacant land to viable uses, the Land Bank has contributed a planning grant of $50,000 toward a project cost of $415,000.

"We aren't looking for neighborhoods to be gentrified," said Carrie Scarff, chief of Planning and Projects for Five Rivers MetroParks. "We share the Land Bank's goals and want to see the neighborhoods return to the density, vitality and sense of community they've offered in the past.

"The Land Bank has been incredibly helpful to this effort as a forward-thinking consultant and reliable supporter."

Legacy Program Update: **Commercial Property Redevelopment**

This program positions the Land Bank to work with investors to redevelop tax-delinquent commercial properties and facilitate solutions to other distressed real estate issues. The projects typically are complex, often involving liens and unpaid taxes. The Land Bank creatively combines other existing programs to deliver solutions agreeable to everyone involved. Our experience shows that activity on these properties may become a catalyst for payment of delinquent taxes and new investment. This year saw activity that spurred investment and facilitated reuse of abandoned or underutilized property.

- A blighted Main Street West Carrollton car wash, dry cleaner and gas station was demolished, remediated, and transferred to Kettering Health Network for a new medical office facility.
- 4 vacant abandoned residences on Wayne Avenue were demolished and the property purchased by Esther Price Candies to support their expansion – a really sweet deal!
- 13 vacant abandoned commercial and residential lots were acquired for and purchased by Sugar Creek Packaging as a part of its community development.
- The 225 S. Main building was placed into the care of the Land Bank by the city of Dayton. Various structural improvements were made to the structure to preserve its integrity until a user can be identified.
- The Land Bank proactively sought to reposition a vacant abandoned commercial building that had become seriously tax delinquent and was falling into disrepair. The property is expected to be ready for market and available for reuse in the summer of 2018.

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