BUILDING *and* PRESERVING VALUE *in* OUR COMMUNITIES

MONTGOMERY COUNTY LAND REUTILIZATION CORPORATION

2015 ANNUAL REPORT

We are pleased to share with you "Building and Preserving Value in Our Communities," the Montgomery County Land Reutilization Corporation's 2015 annual report on our accomplishments and initiatives over the past year.

In it, we have focused on the theme of "value," exploring the many creative ways in which we are working with citizens and local governments to enhance and protect value of the investments people have made in residential and commercial properties across our communities.

As you read these pages, you'll also learn about programs we've piloted and prepared to roll out in 2016. Each one has been held to the test of advancing the mission that drives our organization, which is…

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.

Finally, you will also read the comments of individuals who have used our programs. With their words, you will sense that there's more to "value" than dollars and cents. There is also hope, momentum, inspiration and satisfaction. As structures are transformed, neighborhood revitalized and communities strengthened, we are confident that we are on the right path.

Hoping you enjoy browsing through this report, we look forward to your comments.

Best regards,

Montgomery County Land Reutilization Corporation Board of Directors
Carolyn Rice, Chair
Doug Harnish, Vice Chair
Sheila Crane
Judy Dodge
Debbie Lieberman
Scott Paulson
Nan Whaley

Building and Preserving Value in Our Communities

The Meaning of Value

According to the Merriam-Webster Dictionary, the simple definition of "value" is "the amount of money that something is worth: the price or cost of something."

At the Montgomery County Land Bank, we see it that way too – only more broadly.

As we work to preserve and reinvigorate our communities and neighborhoods, we appreciate the value in…

- Transformation of an eyesore into an attractive, comfortable home that provides safe and affordable housing.
- Property makeover that turns a resource-draining liability into a tax-generating asset.
- Momentum shift that reverses neighborhood decline, inspires new investment and builds confidence in the future.
- Stabilization of property values and marketability of a neighborhood.
- Preservation of previous investments made in a property.
- Improvements to overall safety, security and quality of life in our neighborhoods.

We have seen the Land Bank's impact on people in neighborhoods. We have been on site when residents gathered outdoors to welcome a demolition crew and cheer the bulldozer's first strike at a longtime neighborhood eyesore.

We've witnessed the pride of a homeowner who saw the potential of the abandoned property next door – slated for demolition – which he was able to rehab and rent to a responsible tenant.

And then there was the initiative of the city government that used a Land Bank loan to preserve home ownership in a neighborhood by refurbishing a house and selling it to an owner-occupant, providing a new sales comp for lenders, and setting a new- market price for the neighborhood.

The pursuit of value – in all its forms – fuels the work and the vision of the Montgomery County Land Bank.

2015 Accomplishments: A Year of Growth and Development

With a focus on the Land Bank's mission to remove blight and stabilize property values, we are making important strides to provide the tools at a scale necessary to transform Montgomery County neighborhoods.

The Land Bank Board of Directors has continued to provide outstanding leadership, steady guidance and balanced representation of our community's diverse interests.

Land Bank Board of Directors

Carolyn Rice, County Treasurer

Judy Dodge, Montgomery County Commissioner

Debbie Lieberman, Montgomery County Commissioner

Nan Whaley, Dayton Mayor

Scott Paulson, Washington Township Trustee

Doug Harnish, Founder & CEO, Market Metric$, LLC

Sheila Crane, Realtor and Community Development Specialist

At the same time, the Montgomery County offices involved with the foreclosure process remain committed to the Land Bank's mission. As a result, we continue to enjoy the benefits an expedited foreclosure process that shortens the time from initiation to acquisition by up to 18 months.

In this report, we highlight the Land Bank's 2015 organizational accomplishments in five major focus areas. In addition to the facts and figures, we'll share stories of people who are working with us to preserve and build value in our communities.

I. Program Implementation

Our priority in 2015 was the implementation of Land Bank programs – piloted in 2014 – that would allow targeted audiences of citizens, investors and local governments to play a role in removing blight, restoring distressed properties, stabilizing property values and sparking interest in neighborhood revitalization.

Before *After*

The hiring of three program managers provided the capacity to "soft launch" two programs per quarter. This approach helped to ensure that we were prepared to meet demand, maintain program integrity and provide quality customer service.

An unbelievable tool'
When we first started working with the Land Bank, Harrison Township was facing an increasing number of vacant homes and nuisance properties. Of course these problems attract more problems, like crime and falling property values. The grant funds we've received through the Land Bank will pay for nearly 60 nuisance properties to be demolished. The Land Bank is a tool that's viable, realistic and has already had impact. It's been an unbelievable tool for us.
– Jack Kuntz, Development Director, Harrison Township, 2015

Once the programs were made available, we experienced not only significant interest but most importantly, early successes that advance the Land Bank's mission and suggest that our strategies are meeting a local demand.

The following table provides a summary of program activity in 2015:

LAND BANK PROGRAMS IN 2015

Program	Description	2015 Impacts	Value Metrics
Demolition Program (Neighborhood Initiative Program)	As the conduit for federal and state grant programs that pay for property demolitions, the Land Bank has helped local communities remove hundreds of blighted units across Montgomery County. In 2015, we received $796,033 in additional Neighborhood Improvement Program funding increasing our demolition count by 50 units. The additional award was based on our success in exceeding program milestones, when we were awarded $5.11 million in Neighborhood Initiative Program funds.	• 275 acquisitions • 171 remediated • 82 demolitions • Total unit cost below budget	• Blight removal • Health and safety • Property value stabilization • Neighborhood repositioning • Good will
Foreclosure Acquisition Program (formerly Tax Foreclosure Sponsorship)	For a modest investment, citizens and investors can acquire a tax-delinquent residential property to rehab and reuse, or for a side lot, home expansion or new construction. Local governments may encourage residents to use the program in conjunction with demolitions to revitalize neighborhoods.	• 29 applications resulting in 4 transfers; users include ○ 16 owner-occupants ○ 10 investors (rentals) ○ 3 Community Rehab Loans	• Applicant investments • Taxes • Preservation of property equity* • Mowing, demolition cost avoidance • Neighborhood property values
DIY Renovation Program (formerly Deed in Escrow)	Citizens and investors may buy and rehab homes acquired and inspected by the Land Bank. Once the renovations are completed, and the structure meets Land Bank standards, the buyer receives the deed and may then sell, lease or occupy the property. Local governments use the program in conjunction with demolitions to enhance their neighborhood revitalization efforts.	• 2 transferred to new owners • 4 under contract • 2 in auction cue • 20 in acquisition process • 300 evaluated	• Investment/improvements • Taxes • Preservation of property equity • Mowing, demolition cost avoidance • Neighborhood property values

Commercial Property Redevelopment Program	Investors can work with the Land Bank to acquire tax-delinquent properties under a form of pre-purchase agreement while helping communities by transforming an eyesore into a marketable retail, multi-family, office or industrial property.	• 2 agreements concluded
		  ○ 1 transferred
		  ○ 13 in acquisition process
		• 40 researched
			• Investor improvements
			• Taxes
			• Preservation of property equity
			• Mowing, demolition cost avoidance

Donation Program	The Land Bank may accept donations of some residential and commercial properties with reuse potential to help property owners to gain relief from tax liability and ongoing maintenance costs.	• 30 donated	• 30 dispositioned to new use (demolition or reuse)
Land Banking Program	This program allows local governments to strategically assemble properties for future development. The Land Bank will hold them, tax free, as the community completes a development plan or financing package.	• 2 applications pending	• Investor improvements • Taxes • Preservation of property equity • Mowing, demolition cost avoidance • Neighborhood property values
Community Residential Rehab Loan Program	Local governments are eligible for residential rehab loans to renovate distressed single-family homes in strategically targeted neighborhoods.	• 2 agreements concluded	• Public resource utility • Community stabilization • Good will
Planning Grants	Montgomery County governments under agreement with the Land Bank may apply for a planning grant of up to $50,000, with a 25 percent local match, to help pay for professional assistance in creating plans and strategies to maximize the potential benefit of Land Bank programs.	• 1 agreement concluded	• Improved use of public resources • Development of strategic use of Land Bank programs
**Property equity is the preservation of the value that the property has that would have been lost but for the Land Bank's intervention.*			

II. Communication and Marketing

Future progress toward the Land Bank's mission hinges on building awareness of our programs and tools. We have approached this priority systematically, laying the groundwork for our course of action by creating a detailed communication plan for 2016.

The plan identifies citizens and investors as well as local governments and community development organizations as the target audiences for our programs. It describes the strategies, messaging, tactics and a timetable for our communication initiatives.

'A win-win all the way around'
I'd had my eye on a property for some time. It wasn't in great shape, but I saw the potential. When I researched it, I found out the Land Bank owned it, and it was on their demolition list. I met with Sue at the Land Bank, and she laid out how we could work together. It was a little intimidating as I was doing the work and investing without owning it. But Sue eased my mind. I ended up with a nice house. The County is collecting the taxes. No one is dumping trash, and the Township doesn't have to come to mow. It's a win-win-win all the way around.
– Russ, Harrison Township

In late fall, we assembled the capabilities to begin developing the centerpiece of the Land Bank's marketing and communication efforts, the website. Our intent is to create a comprehensive, user-friendly, responsive tool that will provide program descriptions and application forms, easy online access to tax-delinquent property listings, information about properties already available and more. The website will launch in the spring of 2016.

Before

After

III. Finances and Funding

We are committed to being careful stewards and disciplined managers of the resources entrusted to the Land Bank, and were pleased to receive a clean audit report for 2014.

We have created an organizational culture that stresses working always to maximize efficiency and return on investment.

For example, our organization has adopted a business model through which program expenses are offset with fees. As a result, we were able to collect more than $120,000 in fee, donation and sales revenues. These revenues, a reflection of the organization's value-added services, allow us to offset operating costs and invest more of resources back into the community.

In the area of grants, the Neighborhood Initiative Program (NIP), administered by the Ohio Housing Finance Agency, has been the primary source of funding for the acquisition and demolition of nuisance properties. The Montgomery County Land Bank's performance in the first two funding rounds of NIP, starting in 2014, positioned us favorably for the redistribution of funds that were forfeited by other communities. As a result, we received an additional $796,000 in 2015. This program's strategy has been reverse negative trends with positive action by concentrating demolition efforts in "tipping point" neighborhoods, where the removal of blighted, one- to four-family, residential properties could prevent further decline.

'Now I have good tenants'
I became interested in an abandoned property adjacent to a property I own. So I started a foreclosure with the Montgomery County prosecuting attorney, but the owner just went ahead and deeded it to the Land Bank. The prosecuting attorney told me it was on a demolition list. So I worked with the Land Bank, and they were able to have it deeded to me, on the condition I'd rehab it. Working with the people at the Land Bank was like working with family. They're doing a great service cleaning up neighborhoods. Now I have good tenants in both properties and made a 100 percent return on my investment.
– Ben, Harrison Township

IV. Partnerships and Relationships

The Memorandum of Understanding represents the foundation of our relationships with partnering communities, ensuring efforts between the organizations are coordinated. We require these agreements to be in place before pursuing any programmatic activity with a local government. Our policy is to clear every Land Bank transaction within a jurisdiction with local government officials prior to taking the first step.

'Tools jurisdictions can't muster'
We've been working with the Land Bank since its inception. Since then, we've had roughly 300 problem properties dispositioned in a variety of ways – including both rehab and demolition. Many times, the neighbors come out to say 'thanks' when they see the bulldozers roll up for a demolition. The City has also received a Planning Grant that we will use to leverage a $2 million ask from HUD to undertake a major planning activity just west of downtown. The Land Bank has many tools jurisdictions can't muster.
– Aaron Sorrell, Director of Planning and Community Development, City of Dayton

Entering 2015, the Land Bank enjoyed formal partnerships – signed MOUs – with 16 communities. This year we established relationships with three additional communities and forged connections with eight community development corporations growing our network of partners and improving coordination of regional activities.

In an effort to consistently generate property inventory, we reached out in 2015 to various businesses, institutions and organizations. As a result, the Land Bank has developed four new sources for distressed properties, including two banks.

V. Organizational Development

In its short history, we have seen the Land Bank's organizational structure evolve as we expand our scope and capacity in response various community needs.

- Staffing - The hiring of three program managers provided the capacity to develop and refine descriptions, processes, applications, instructions and procedures for the programs we launched.

- Accounting - We completed the transition of the accounting function to the Land Bank, establishing a much-needed financial management resource.

- Policies - Due to the nature of land banks and the authorities vested in the organization by the Ohio Revised Code, careful policy consideration is given to many issues. It is critically important to the Board and staff that we maintain the community's trust and confidence. In order to do so, we operate to the highest ethical standards and utilize policies to maintain consistency in decision-making. In 2015, we carefully evaluated Land Bank policies involving property acquisition and conflict of interest, refining those that had been established during the founding of the organization.

- Environmental Support – The Land Bank is fortunate to have a volunteer who is adept at collecting and interpreting information on the status of environmental matters from regulators. This service is being provided as added value to communities to help them understand the regulatory circumstances surrounding environmentally challenged properties.

Future Focus: 2016

Huber Heights Planning Grant target area

If our "soft" rollout of programs is an indication of market interest, we believe that our activity will ramp up in 2016, given our communication and outreach efforts. The need for affordable housing is driving demand in the DIY Renovation and Foreclosure Acquisition programs. Also, we have seen growing interest in commercial properties, including the assemblage of vacant land, multi-family units, environmentally contaminated sites and large office structures. We look for this activity to increase.

As awareness of our local government programs grows, we also anticipate that an increasing number of townships, cities and villages will take advantage of our planning grants and residential rehab loans to address their real estate issues and take advantage of opportunities.

Our immediate priority in 2016 is to work toward achieving scale in our eight existing programs through a variety of creative strategies. We will also continue to monitor – and respond to – community and market needs in ways that align with the Land Bank's mission.

Building and Preserving Value

Like many communities across the country, Montgomery County is still recovering from the housing crisis of 2008. Thanks to the vision of its organizers and our partners, however, we are making progress. Through the mechanism of the Land Bank, we now have the tools and programs to deal with distressed properties that compromise the safety and marketability of our neighborhoods. We have encouraged and engaged citizens, investors and local governments in the effort to remove blight, re-energize neighborhoods and stabilize property values.

Together, we are addressing real estate needs and quality-of-life issues. Together, we are building and preserving value in our communities.