

Vacant and abandoned properties emerging from Ohio's foreclosure meltdown threaten to overtake entire city neighborhoods and are creeping into once stable suburbs.

Last week, Montgomery County leaders took the first steps to create a **land bank**, with the authority to acquire abandoned properties, clear the titles of delinquent taxes and liens, then find new users who will make them tax producing again.

In the Cleveland area, Cuyahoga County was the first in Ohio to try this remedy two years ago. Could it work in Montgomery County?

"This is a crisis of unprecedented proportions. Old tools don't work," said former Cuyahoga County Treasurer Jim Rokakis, now director of the Western Reserve **Land Conservancy's** Thriving Communities Institute.

Cuyahoga County won legislative approval to launch the state's first **land bank** in 2009. A handful of counties — Lucas, Mahoning, Trumbull — with populations of at least 60,000 have followed suit since the General Assembly expanded **land banking** authority in 2010. Montgomery and Hamilton counties are the latest to join the movement.

"I think there are probably thousands of these structures in the county," Montgomery County Treasurer Carolyn Rice said. "My intent is to drive this conservatively, but smart. We want to get the **land** into the hands of responsible, stable people."

Cuyahoga County **land bank** backers say they are turning eyesores into eye-catching properties. Now that Montgomery County has taken the first step toward establishing a **land bank**, the Dayton Daily News decided to go to Cleveland to see whether it is making a difference in some of the state's most depressed neighborhoods.

### 'Land bank on steroids'

The Cuyahoga County **Land Reutilization Corp.** is funded through millions of dollars in penalties and fees from delinquent property tax bills. The president, Gus Frangos, has called it a "**land bank on steroids.**"

"The world was coming to an end and going slow was not going to work for us," said Frangos, estimating the county had 30,000 vacant or abandoned structures.

The **land bank** began negotiating agreements almost immediately.

- A December 2009 agreement with Fannie Mae — a government-sponsored corporation that purchases mortgages from banks and resells them to investors — enabled the **land bank** to buy foreclosed homes for \$1 each. Fannie Mae pays \$3,500 toward the demolition costs for each

home.

- August 2010, the U. S. Department of Housing and Urban Development agreed to sell low-value (\$20,000 or less) properties to the **land bank** for \$100 each, instead of putting them up for auction for possible sale to house flippers or speculators. As part of the deal, the **land bank** also may buy homes valued between \$20,001 and \$100,000 at a 30 percent discount before the properties are offered to the public. If the houses go on the market and don't sell within 60 days, the **land bank** can purchase them at a 50 percent discount.

- In June, Wells Fargo began donating vacant **land** and foreclosed, low-value properties to the **land bank** along with a contribution of \$3,500 to \$7,500 toward demolition. **Bank of America** struck a similar deal to donate up to 100 vacant properties and assisting with demolition costs.

"These are agreements that should be in play fairly quickly in Montgomery County," Rokakis said.

The Cuyahoga County **land bank** hasn't magically transformed neighborhoods. It is not a quick cure or a cure all, but residents and community leaders say it is helping jurisdictions make noticeable improvements.

"This is not a short-term process. You're not going to fix it overnight, but you will see progress over time," Rokakis said.

A 2010 study by Neighborhood Progress Inc. tallied more than 13,000 vacant houses in the city of Cleveland alone, up from the 11,500 counted in a Case Western Reserve University study the previous year.

In all, the **land bank** has acquired about 1,240 properties since November 2009. Of those, 490 have been demolished or are under contract for demolition and 96 have been rehabbed and sold.

Ultimately, it's cities and townships where a property is located that decide the end use, not the **land bank**. Some are being held for strategic assembly and economic development. Urban search-and-rescue teams are using collapsed homes held by the **land bank** for training, prior to demolition. Lots have been deeded to churches and schools for parking lots and playgrounds, and some have gone to neighboring property owners.

And, around the county, flower and vegetable gardens are blooming on **land-bank** acquired property that once held dilapidated housing.

"We're not just growing fruits and vegetables here," city of South Euclid Mayor Georgine Welo said. "We're growing a community."

The goal, Frangos said, is to move properties in and out of the **land bank** as quickly as possible.

"We don't want to hold properties. That can be costly, about \$3,000 to \$3,500 a year. If my folks are humming, from the time we get the property to demolition, it's three months," Frangos said.

Of the 59 municipalities in Cuyahoga County, 30 have **land** banks, which can hold properties tax

free until a new use is identified.

“We can’t point to one big building to show the impact of the **land bank**. We have hundreds of little stories,” Frangos said.

The Cleveland Housing Network has rehabbed about 5,000 homes in the city for working class families and the working poor over 30 years. While there are thousands of vacant properties in the city, gaining control of them isn’t easy or quick due to questionable titles.

Rob Curry, executive director, said the nonprofit is putting together a 45-house deal, with 19 coming from the **land bank**.

“We put together this deal in record time, about three months. That would never have been possible without the **land bank**,” Curry said.

Properties accepted into the **land bank** are first cleared of all liens and encumbrances, including delinquent property taxes.

“That’s a critical tool if you want to put the property into the development stream, ” Rokakis said.

The Cuyahoga County **Land Bank** also stepped in as a interim owner of a multistory building for the housing network, while the organization waited for a tax credit allocation. The building will be converted into apartments for the chronically homeless.

Joe Hamdeh, manager of Pro Pager located across the street, said he was pleased to learn the eyesore would be rehabbed and reopened.

“That building has been empty for years,” he said.

‘Out of this rubble, we’ve realized our greatest resources’

The city of South Euclid, about 13 miles southeast of Cleveland, is a largely middle-class suburb with about 24,000 residents and an estimated 500 to 700 vacant or abandoned properties. The West Fine Neighborhood is the epicenter of that city’s foreclosure crisis.

Tony Dreskin, 58, had lived in the neighborhood more than 20 years before moving to accommodate a growing family. Seeing his former Colony Road home after being gone for several years was heartbreaking. Weeds grew from the gutters. The front of the house was bowed. Eventually, the roof landed in the living room.

“The place was going to pieces,” Dreskin said. “It upset the kids to see the house in such poor condition. After awhile, we didn’t like driving past it anymore.”

The **land bank** purchased the property from HUD for \$100, demolished the unsafe house and deeded the lot back to the city. It is now the Colony Road Community Garden.

“When it blossoms, it’s beautiful,” Dreskin said.

Richard Curry, who grows onions, eggplant, tomatoes and a variety of peppers in the garden, said he had always waved to neighbors, but hadn't gotten to know them. Now, they work in the garden together.

"This garden brought the neighborhood together," Curry said. "I don't think they could have found a better use for this lot."

South Euclid Mayor Welo, a former member of the **land bank** board, said her city's two community gardens — both made possible by the **land bank** — have had ripple effects. Flower beds are springing up around the neighborhoods. Residents are sprucing up the exterior of their homes and they're gathering for block parties and to plan another community project — building a playground.

"Out of this rubble, we've realized our greatest resources in this community are the people who live here," Welo said. "The **land bank** is changing our community. Instead of vacant property with squatters, we have gardens."

In the city of Berea — home of the Cleveland Browns headquarters and training facility — a pair of shuttered Ford dealerships stood in the way of creating a new commercial/entertainment district in the north end of town. The city and the Ohio Department of Transportation had purchased **land** in the area for a railroad track overpass years earlier, but demolishing the dealership buildings was too costly an undertaking for the city of 20,000.

The Cuyahoga **Land Bank** stepped in to fund the \$180,000 demolition project using HUD Neighborhood Stabilization I funds. The funding had originally been awarded to the county's department of development, then passed on to the **land bank**. The dealership buildings have been razed, grass planted, and the search for developers is under way.

"I see opportunity where before all I saw was blight," Berea Mayor Cyril M. Kleem said. "It's much easier to develop vacant **land**. We hope to attract business to the site themed around the Cleveland Browns."

While the Cuyahoga County **land bank** moved quickly to acquire property after opening its office, Rokakis or Frangos advise against moving too quickly.

Frangos, a real estate attorney, and Rokakis wrote the **land bank** legislation. That history gave them an advantage other counties don't have.

"Everybody's anxious to see results. They want you to start taking properties immediately," Frangos said. "Start slow. Focus on the system and make sure everybody understands the law."

### Starting a **land bank** in Montgomery County

The county commission approved creation of the Montgomery County **Land Reutilization Corporation**, on Tuesday. A seven-member governing board must be appointed and an operating system developed. Treasurer Rice said there is a minimum three to six months of work ahead,

before Montgomery County takes on properties.

Rice and County Prosecutor Mathias Heck put up \$750,000 in delinquent taxes and assessment fees to support the **land bank** for one year. Cuyahoga's operates on an \$8 million budget, with a staff of 20.

"They'll need to revisit funding in a year. (County officials) need to get over a reluctance to invest in this," Rokakis said. "These are really tough times. I never thought I'd see a crisis like this in my lifetime. The only way to recoup valuation is to cull out vacant structures."

A long-vacant building on Loraine Avenue in Cleveland acquired by the Cuyahoga County **Land Reutilization Corp.** will be renovated for housing for chronically homeless people. South Euclid resident Richard Curry, 48, talks about the changes to his neighborhood since the Colony Community Garden replaced a derelict house there. The garden where he and his son Jalen, 10, maintain a plot is among the projects made possible by the Cuyahoga County **Land Reutilization Corp.** STAFF PHOTOS BY JAN UNDERWOOD Georgine Welo, mayor of the Cleveland suburb of South Euclid, visits the Warrendale Community Garden. With the help of the Cuyahoga County **Land Reutilization Corp.**, the city was able to replace a derelict house with the garden. STAFF PHOTO BY JAN UNDERWOOD

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