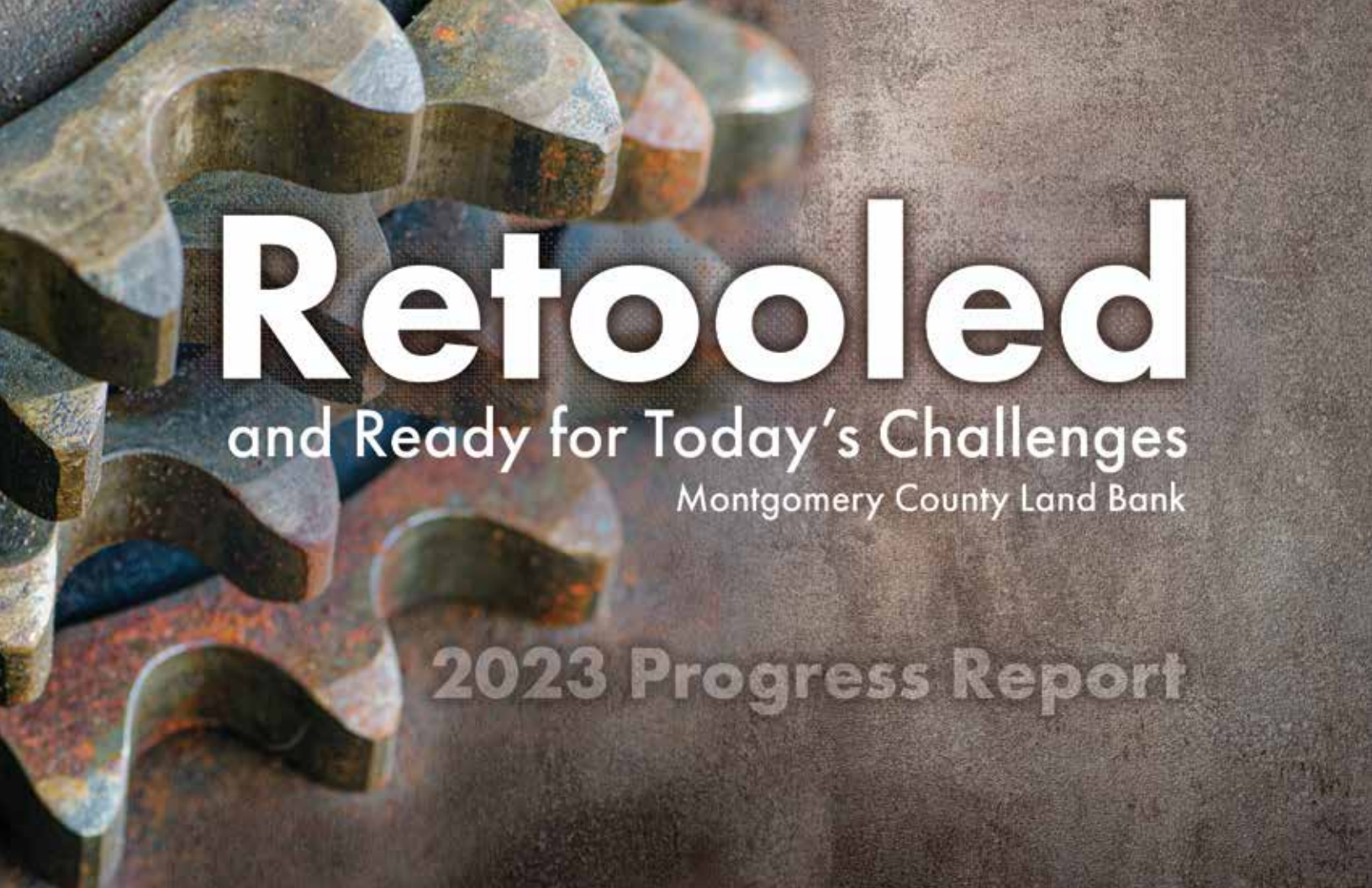

Retooled

and Ready for Today's Challenges

Montgomery County Land Bank

2023 Progress Report

Mission

To reposition distressed real estate to support Montgomery County's communities in building quality of life and vibrant neighborhoods, one property at a time.

From the Board

Necessity is well known as the mother of invention – and with good reason. Unmet needs have always driven innovation in business, industry, medicine, education, technology, social services and other areas.

To implement innovative new strategies, their inventors often must take steps to retool the organization with updated programs, state-of-the-art equipment, retrained employees and specialized new hires.

As Land Bank board members, we recognize the "necessity" of continuing to help Montgomery County communities address issues of distressed real estate and blight. But recent changes in the real estate environment have generated hurdles for our once-robust legacy programs and driven us to invent new strategies to accomplish our mission.

During 2023, we focused on implementing those strategies by restructuring the organization, forming new partnerships, hiring professionals with specialized skills and rolling out new services.

In other words, we retooled. Now we're ready for the challenges 2024 brings our way.

2023 Land Bank Board of Directors

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Montgomery County Commissioner

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Montgomery County Commissioner

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Retooled and Ready for Today's Challenges

retool (verb)
1: to equip a gain with new or different tools
2: to make changes or improvements
– *Miriam-Webster Dictionary*

Embracing change is a critical survival skill for organizations determined to succeed.

The Bureau of Labor Statistics reports that 70% of new small businesses survive two years, but only 30% make it to 10 years. According to company founders, successful businesses continuously adjust their products and services to align with market needs. And they assemble the best team for the job.

Corporate juggernaut IBM has more than mastered survival skills. The company was founded in the late 1800s and sold recordkeeping and measurement equipment. Later known for computing technology, IBM continuously retooled its business model to adapt to market demands. The company has remained a tech leader by transitioning from hardware to software and services, investing heavily in cloud computing, artificial intelligence and blockchain technology.

Reimagined and retooled

The Land Bank's original mission – to address the distressed real estate resulting from the foreclosure crisis – has remained constant, although the operating environment has changed significantly. In 2023, the organization found creative new ways to advance its mission, retooling its structure, strategies and tactics. It maximized new funding opportunities, expanded staff resources, forged partnerships and developed creative solutions to barriers.

Now retooled – equipped "again with new or different tools" – today's Land Bank stands ready to address the real estate challenges facing Montgomery County communities.

Converging Challenges

The Land Bank was created in 2011 to address the impact of tax-foreclosed and abandoned housing in the wake of the foreclosure crisis. The organization developed a menu of programs that found new owners to renovate and sell, rent or occupy the refurbished properties.

However, new challenges have evolved in the real estate market. Most critical is the lack of available and reusable residential foreclosure properties. The reasons are several:

- Court rulings have triggered policy changes to the tax-foreclosure process that severely limited the number, type and condition of qualifying properties.
- The majority of properties generated by the foreclosure crisis 15 years ago are now in severe disrepair and less marketable, or have been absorbed by the market.
- During Covid, tax-foreclosure activity was suspended, and existing inventory was depleted.
- Also during Covid, real estate demand was high and supplies low. Out-of-state investors and speculators bid up properties at greatly inflated prices, and have retained, but in many cases, not repaired, them.

- Plenty of abandoned, tax-delinquent properties exist on the landscape, but they are typically in severe disrepair and located in distressed neighborhoods with weak market appeal. These properties require greater investments of staff time, unfunded rehab costs and financial risk.

Meanwhile, 2023 brought to light new opportunities for the Land Bank. These include state programs and federal funding to address demolition of blighting properties, affordable housing and brownfield remediation.

Retooled for New Initiatives

While the Land Bank's operating environment has undergone upheaval, new funded opportunities to achieve the productive reuse of distressed properties have emerged. By retooling its strategies, tactics, staff resources and structure, the organization has prepared to maximize those opportunities.

Creating Affordable Housing

With the inventory of vacant and distressed housing diminished in recent years, the Land Bank retooled its approaches to property acquisition and the delivery of much-needed affordable housing.

New strategies were put in place during 2023:

- **New Acquisition Models** - A designated acquisition manager is now tasked with pursuing distressed properties through alternative means such as sheriff's sales, market purchases and bank foreclosures. Simultaneously, staff is evaluating different acquisition models that would avoid the current barriers to the tax-foreclosure process.

- **Nuisance Enforcement** - The heated real estate market and legacy foreclosure properties have encouraged investor speculation that often leads to poor property maintenance and deteriorating property condition. To address vacant, deteriorating properties that are not tax delinquent, the organization has initiated nuisance complaints against these owners in targeted areas.

- **Collaboration for Affordable Housing** - The Land Bank and the city of Dayton launched an initiative to address the area's affordable housing shortage through the renovation of vacant and distressed properties in three target neighborhoods. Investing $2.4 million in American Rescue Plan Act funds, the city entered an agreement with the Land Bank to rehab Land Bank-acquired properties. Preliminary work on 11 properties was completed in 2023, with renovation to begin in the first quarter of 2024. The homes will be sold at market rate.

- **Welcome Home Program** - The city of Dayton-Land Bank collaboration will serve as the model for Ohio's new Welcome Home Program. This $150 million state investment in affordable housing will help communities convert distressed properties into homes for income-eligible Ohioans who commit to owner occupancy. Grant applications are to be submitted in the first quarter of 2024.

Addressing Brownfields

Two years ago, the Land Bank utilized a $500,000 USEPA brownfield assessment grant to launch the Environmental Services Program, which provides communities with technical expertise, legal support and financial resources to take the first steps to remediation. The program is especially important for smaller communities that lack the experience and staffing to deal with the complexities of environmental remediation.

The program has helped 12 communities with the Phase I and II assessments required before applying for remediation funding.

Since then, the state of Ohio has funded a Brownfield Remediation Program to create development opportunities by helping communities remediate hazardous substances or petroleum at industrial, commercial and institutional properties.

The legislature funded the initiative at $350 million in each of two budget cycles. In the first cycle, four Montgomery County communities participated. In the second, with the Land Bank serving as the designated lead agency for Montgomery County, eight projects and/or project proposals were submitted to the Ohio Department of Development in December 2023.

34 North Main Street, Dayton

In light of the Land Bank's pivotal role in implementing the state and federal brownfield programs, the organization hired an Environmental Services program manager in 2023 to manage the various efforts and maximize opportunities.

Abandoned gas station, New Lebanon

Advancing the Mission

Legacy programs were implemented to the levels possible in 2023. Some performed with support from funded opportunities, while others maintained a pace similar to previous years'. Still others were stunted by the lack of residential property inventory.

Do-It-Yourself Renovation Program

- 7 sales contracts awarded; 6 properties completed and transferred
- 5 first-time participants
- Affected by inventory issues

Tax-Foreclosure Acquisition Program

- Transferred 20 properties, some initiated before pandemic
- Processing 14 properties

Thriving Neighborhoods Initiative

- **Huffman Neighborhood:** Re-evaluated strategic plan; completed two demolitions; identified targets for enhanced renovation and new construction efforts
- **Pineview Neighborhood:** Final work being completed; evaluated potential lot acquisition for park access

Commercial Redevelopment Program

- Continued negotiation for improvements to Centre City Building and secured $1.6 million for asbestos remediation
- Maintained 34 N. Main St. and secured $1.6 million for asbestos remediation
- Acquired 3636 N. Dixie Dr. for future use
- Supported various non-profit inquiries, including adaptive reuse evaluations
- Hired new program manager, who also has responsibility for Environmental Services Program

Demolition

- Received $11 million in FY22-23 state demolition funds; removed 251 blighted properties; 84% completed or under demolition contract
- Submitted applications for $12.2 million in FY24-25 state demolition funds to remove 227 blighted properties
- Submitted on behalf of 10 communities, including 4 new to the program
- Hired new program manager

Tree Equity Reforestation Program

- Acquired—and matched—ODNR's $25,000 grant to restore tree canopy in 12 urban neighborhoods
- Planted 66 trees of 5 species

Ohio Land Bank Association Conference

Additional 2023 Achievements

- Recognized, for the ninth time, with the Auditor of State award for compliance with all accepted accounting principles
- Supported 2023 Ohio Land Bank Association conference in Dayton
- Revised and refreshed Land Bank's website

2024: Geared Up for Action

The challenges of the past few years have been a catalyst for change. Now retooled and reinforced with additional staff resources, the Land Bank approaches 2024 with focus on maximizing its newest opportunities.

In 2024, the Land Bank envisions...

- Integrating newly hired professionals, as well as their roles and responsibilities, into the organization to provide greater depth and breadth of capabilities.
- Approaching more aggressively the acquisition of reusable, tax-foreclosed properties, employing strategies to restore the inventory needed for high-performing legacy programs and holding accountable non-delinquent property owners to maintain and improve their investments.
- Working with county offices on strategies to expedite the tax-foreclosure process.
- Refining of skills and procurement processes to complete property renovations associated with new housing programs.

- For the Thriving Neighbors Initiative, remaining flexible in choosing participating neighborhoods so the program can continue to evolve and benefit a variety of communities and markets.
- Submitting an FY2024 application for state demolition funding in multiple communities, while servicing projects approved earlier.
- Formalizing policies and procedures for oversight of projects under the state's Brownfield Remediation Program.

- Planting 50 more trees in disadvantaged neighborhoods.

- Managing the investment of time and financial risks involved in renovating older properties to maximize the number of units completed.

Retooled and ready for today's challenges, the Land Bank looks forward to continuing to help Montgomery County communities build quality of life and vibrant neighborhoods, one property at a time.

Mission

To reposition distressed real estate to support Montgomery County's communities in building quality of life and vibrant neighborhoods, one property at a time.

Vision

Montgomery County's communities are comprised entirely of thriving neighborhoods with sustainable real estate markets that enhance residents' quality of life.

MONTGOMERY COUNTY LAND BANK

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