

Neighborhood Revitalization Committee Meeting

April 9, 2008

Present: Nancy Moore, chair; Members John Ball, Jim Brady, Chris Hunter, Karen Nordstrom, Robert O'Neal, Stacey Reed; Mayor Earl Leiken; William Hanson, director of Housing Inspection; CAO Jeri Chaikin; Lisa Gold-Scott, Assistant Law Director; Kamla Lewis, director of Neighborhood Revitalization; Karin Petrosky, mayor's assistant (substituting for Jayne Lucas)

The purpose of this meeting was to discuss policies and procedures with which to implement the practice of land-banking. This idea has been around for a long time, but the current housing situation makes it more relevant now. There are many vacant houses; in addition, HUD is selling foreclosed homes for \$1. City Council has allocated funds to acquire these dollar homes, and the committee needs to determine the policies and procedures to be put in place to decide about their purchase. To be discussed at the meeting were recommendations for (1) policies to guide the decisions for acquisition, (2) the implementation process, and (3) roles for various departments of the city to play. It was hoped that at the end of this meeting, the committee would be able to make those recommendations. The recommendations would then be taken to Council to decide on the dollar amount to be allocated.

Kamla Lewis, director of the Neighborhood Revitalization Department, summarized the issues and recommendations:

Buying properties can sometimes be an appropriate role for cities to play. The city is proposing that there be in place a transparent process for acquiring property in a responsible way for use when the time is ripe. Some of the goals of the program are (1) to provide the city with strategically located land, (2) to increase green space, (3) to increase the competitiveness of the city by possibly availing owners and buyers of larger lots with which to make improvements, 4) to remove obsolete housing and (5) to strengthen neighborhoods.

Ms. Lewis emphasized that the city is not looking to supplant the private market. Rather, it is interested in properties that the private market has not been interested in—abandoned and deteriorated homes, “rejects”—homes that have been on the market for a long time and have not been sold and homes available at a significant discount. When asked the definition of “functionally obsolete,” Ms. Lewis explained that it is a property that no longer meets the needs of the marketplace—for instance, one that has only one bathroom or that sits on a very small lot, especially now when there are so many choices for buyers. Another criterion is that the property is likely to remain unsold. This can be determined by the sales history of similar properties. Even energy-inefficient homes may become functionally obsolete in the future. Another criterion for purchase is whether the purchase supports the existing goals of the strategic investment plan, the housing preservation plan or plans for parks and recreation.

Once the department staff feel a property meets the necessary criteria and if the expected cost of demolition is under \$25,000, it will bring it to the attention of the mayor and CAO to authorize moving forward with the purchase. This will allow the process to move more quickly. If the amount of demolition is over \$25,000, the decision would go to City Council. Once the mayor approves acquisition, he would work with any taxing authorities in case of existing tax debt.

Several city departments would have roles in the land-banking process:

The Neighborhood Revitalization Department would be the lead department in terms of identifying a property, working with banks and HUD, doing background on the property,

determining if it meets the criteria and making a recommendation to the mayor. It would place the offer and manage the acquisition as well as oversee the demolition as needed. The Law Department would negotiate the acquisition and handle the closing and title work. The Planning Department would take the lead in developing the implementing landscaping and would work with the Public Works Department on maintenance. It would also take the lead in developing guidelines to decide what to do with the property. The Inspection Department would be a key partner in creating protocols with HUD and lending institutions. Community Life would have input regarding the strategic value of the land for parks and recreation. The Economic Development Department would be involved concerning strategic economic development purposes. There is currently one property under consideration for economic development.

Ms. Moore gave examples of what could be done. One is building “green houses,” like a new home in Ludlow, which could be a prototype for others. On Lindholm, there is a new home that reflects an initial foray into energy-efficient homes. She indicated that both the Moreland and Lomond communities are supportive of this program, as is the school system.

The Neighborhood Revitalization Department is proposing an allocation of \$500,000, which would involve a maximum of 25 houses.

One member of the public questioned the lack of market demand for some of the homes and felt that the charge of 150% of the expected cost of repairs was preventing investors from coming forward. But Mayor Leiken responded that the point-of-sale inspections have been a salvation for the city and that in other cities that don’t have it, people will buy homes and then let them deteriorate. Also, he stated that there will be many houses still available for rehabbing, so that if investors are interested, there are still opportunities. Mr. Hanson felt that the rule has been successful in raising the value of homes in Shaker.

A Moreland resident asked whether the areas where the homes are located would remain residential, and the mayor said that they would and that the whole purpose of the program was to strengthen neighborhoods.

A motion to approve the proposed guidelines was made and seconded, and the vote was unanimous to send the recommendations to City Council.

The next meeting will be held on May 14.

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