



To: Syracuse Common Council  
From: Katelyn Wright, Executive Director, Greater Syracuse Land Bank  
Date: 4/21/2020  
RE: 2020-21 City Budget allocation for the Land Bank

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### **Results to Date**

The City and County created the Land Bank to return vacant and abandoned properties to productive use. To date, the Syracuse Land Bank has relied heavily on grant funding from the City and County to operate. In exchange, the Land Bank has generated an economic return for these local governments.

- Over 850 properties sold: returned to productive use and to the tax rolls
  - These properties generate over \$1.4 million in property taxes annually
  - Leveraged over \$26.6 million private investment in renovations
- Significant Reduction in # of Vacant Buildings in Syracuse
  - Data from the Department of Neighborhood & Business Development shows a 20% reduction in the number of vacant buildings in Syracuse since the Land Bank was established
- Leveraged over \$30 million in grant funds
  - \$9.6 million in OAG grant funds brought to Syracuse only available to Land Banks
- Improved Tax Collection Rates
  - Since the Land Bank was established, the City has collected at least \$19.7 million in otherwise uncollectable overdue taxes, penalties and interest
  - Presumably, a corresponding \$13.1 million above historical levels collected on behalf of the County during this time
- Site Control
  - Better access for Police, Fire, and Codes to monitor and manage these properties and a local, helpful property owner with whom to coordinate
  - Police and Fire access for training
  - Enables site assembly and planning for projects like Resurgent Neighborhoods Initiative
- Lower Cost of Property Maintenance

Properties still held in our inventory used to be tax-delinquent and the City would cite property owners for neglected maintenance and then bill them for trash pickup, mowing, board-ups, etc. Post-foreclosure, responsibility for maintenance and cleanup is transferred to the Land Bank. While that may not result in immediate renovation and beautification, it transfers a significant maintenance obligation off the City's books. The Land Bank is able to perform many of these tasks at a much lower unit cost than can be achieved by the City.

## 2020-21 Land Bank Budget Presentation

### Past Funding

City funding for the Land Bank to date:

2013-14	\$ 1,500,000.00
2014-15	\$ 1,500,000.00
2015-16	\$ 1,500,000.00
2016-17	\$ 1,500,000.00
2017-18	\$ -
2018-19	\$ 750,000.00
2019-20	\$ 750,000.00
2020-21	\$ 500,000.00

### Fiscal Outlook

The Land Bank has a \$2.8 million rainy day fund as of 12/31/19. In 2019, we ran a \$373,310 operating deficit, requiring us to draw down from that fund balance. This deficit would have been much higher without \$250,000 from the City to cover maintenance expenses such as lawn mowing and debris removal. We project we will deplete this fund balance completely within the next few years.

Sales revenue accounts for nearly 75% of our annual operating revenues (excluding grant funded rehabs and demos, for which income and expense net to zero). We are currently unable to show any houses and like the rest of the real estate industry, we expect these revenues to take a nosedive in 2020. This will result in a much larger deficit in 2020, forcing us to draw down on our fund balance. Our fund balance is likely to drop below \$2 million by the end of 2020 for several reasons:

- Reduced sales due to COVID-19 (We cannot show houses now; not sure when we can resume. Will there be resurgence of the virus in the Fall?)
- Reduced sales due to the pace of foreclosures. We have only received 11 properties this year from the City. Our sales team has fully caught up with the backlog of unlisted LB properties and we need more inventory to sell.
- If we cannot use another \$250,000 in City funds this year for maintenance that will also increase our operating deficit.

In 2019, we were able to do 78 demolitions using a variety of funding sources, but over 280 demolition candidates remain in our inventory. Each year, 20-40 structures typically must be demolished for health and safety emergencies. In 2020 and 2021, we had planned to demolish an additional 28 structures to make room for infill construction for the Resurgent Neighborhoods Initiative. We requested that the Mayor include \$1 million for the Land Bank in this year's budget – the increase needed to support those demolitions clearing the way for RNI infill. Given the City's current fiscal outlook, we understand that cut to \$500,000 and we remain committed to supporting this important infill housing initiative.

We understand the necessity to reduce our funding in this City budget, given the impact of COVID-19, but we ask for support in the following ways:

- We ask the Common Council not to reduce our 2020-21 allocation below the \$500,000 amount proposed in the Mayor's budget.

## 2020-21 Land Bank Budget Presentation

- We ask the City to increase the pace of foreclosures so that we will have more inventory to sell once we can resume showing houses.
- We have asked our state legislators to support proposed legislation amending the Real Estate Transfer Tax (RETT) Law to provide recurring funding for Land Banks. We ask the Mayor and Common Councilors to please contact our state legislators and express support for this proposal. This funding would be sufficient to bridge our annual operating deficit, fund demolitions, and subsidize substantial rehabs and new construction, making more affordable move-in ready housing available and making a significant visual and financial impact on our neighborhoods.
- If the RETT legislation does not pass this year, we ask the City to consider bonding for demolitions so that we can quickly catch up with the backlog of blight-removal that is needed to clear the way for infill construction.