



## Greater Syracuse Land Bank 2018 Annual Report to Syracuse Common Council

Delivered March 25, 2019

As required by section 1612 of the New York Land Bank Act:

*(c) In addition to any other report required by this chapter, the Land Bank, through its chairperson, shall annually deliver, in oral and written form, a report to the municipality. Such report shall be presented by March fifteenth of each year to the governing body or board of the municipality. The report shall describe in detail (1) the projects undertaken by the Land Bank during the past year, (2) the monies expended by the Land Bank during the past year, and (3) the administrative activities of the Land Bank during the past year. At the conclusion of the report, the chairperson of the Land Bank shall be prepared to answer the questions of the municipality with respect to the projects undertaken by the authority during the past year, the monies expended by the municipality during the past year, and the administrative activities of the municipality during the past year.*

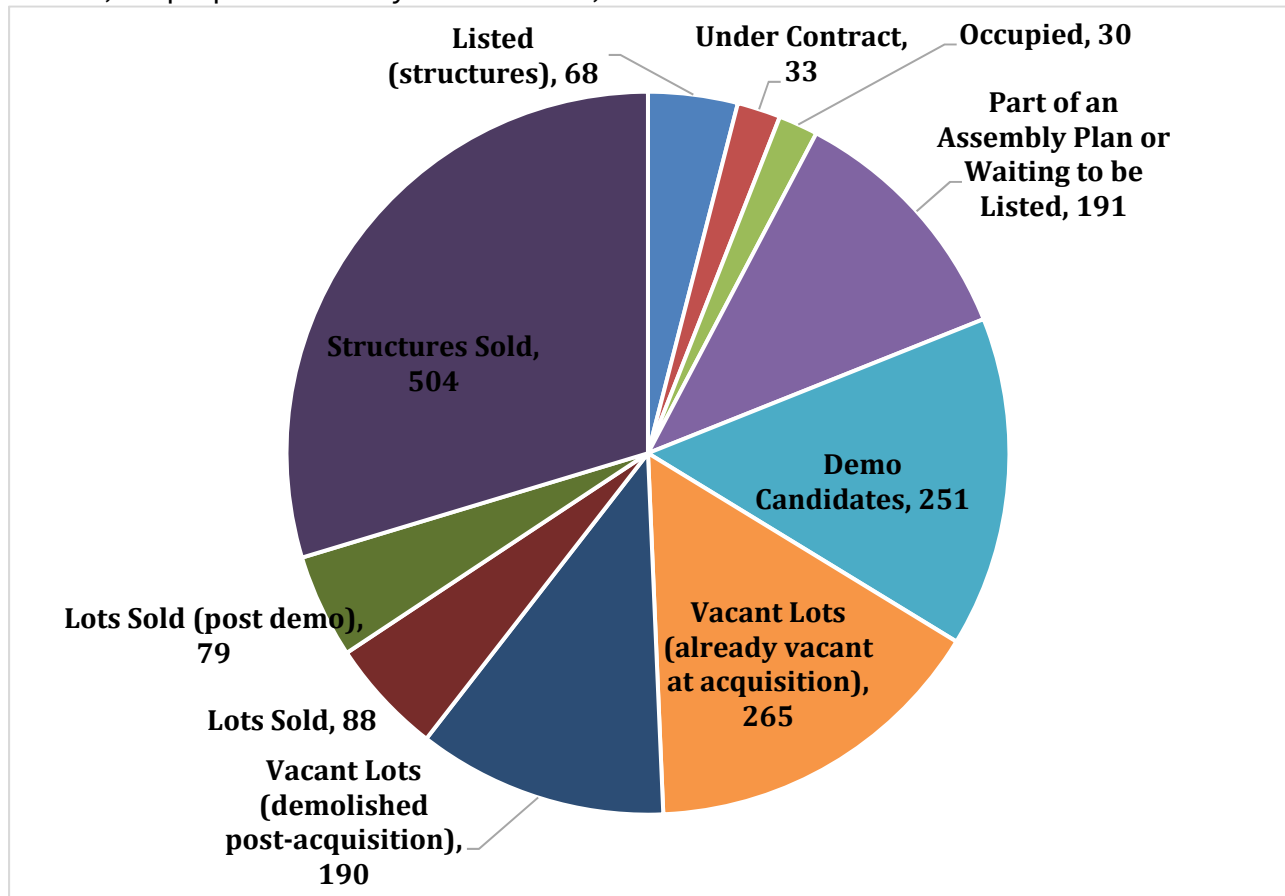
### I. Introduction

The Land Bank is a local public authority created by the City and County in 2012 for this purpose: to acquire vacant and abandoned properties and facilitate their return to productive use. The Land Bank has partnered with the City to become the default recipient of their tax-foreclosed properties. In 2012, we decided that we already had strong not-for-profit affordable housing developers, but they can only do a limited number of projects each year based on available grant funds. The Land Bank was designed to complement their work and to take control of abandoned properties sooner in the cycle of abandonment:

- so we can address the scale of abandoned properties with “interim” strategies such as preventive maintenance
- take these properties off the rolls temporarily so the City and County aren’t sending tax bills to properties they know don’t pay
- by taking all the City’s foreclosures, help make the City a better collector of their own delinquent taxes and County taxes on City properties.
- by default, engage in site assembly (making bigger, more attractive sites available for development) and make site control available for these developers while they put together grant applications
- hold title to hundreds of shovel-ready projects, enabling us to apply for state and federal grants
- engage in land banking on their behalf so we can hold properties tax exempt until they’re ready to start construction (allowing more grant funds to go into brick and mortar expenses; on Housing Visions Butternut Street project this saved them nearly \$50k in carrying costs)
- position properties to attract private investors – by taking title proactively we clean them out and draft specs, so buyers can use traditional financing and know what they’re getting into, enabling us to expand the number of properties redeveloped each year to leverage private investment in renovations and return a greater number of properties to tax-paying status

It took decades of neglect and property abandonment for our neighborhoods to get this way, and we are making significant progress, but it will take a sustained effort, and sustained public investment, to reposition our local real estate market. The partnership we've crafted between the Land Bank and the City is working:

- Since the City started issuing foreclosure notices to the 'backlog' of 4,000 seizable properties in 2012, they have collected \$14.4 million more of overdue receivables. Presumably, a corresponding \$9.6 million above historical levels has been collected on behalf of the County through this effort. This revenue is generated by the properties that pay and avoid foreclosure.
- In addition, we have sold over 670 properties post-foreclosure, leveraging over \$21 million in private renovation investment and those properties. Now returned to the tax rolls, these sold properties generate over \$1 million/year in local property tax.
- With \$6.75 million invested by the City of Syracuse and \$2.4 million from Onondaga County, the Land Bank has been able to attract and leverage over \$21 million in other grants from federal, state & local sources. These funds support renovations, new construction, demolition, and other neighborhood revitalization activities.
- Of the 1,600 properties conveyed to us so far, we have addressed over half via sale or demolition.



- The number of residential vacant properties in the City has decreased by 17% in recent years.<sup>1</sup>
- Over time, we've been able to assemble larger sites for new development and an inventory of buildable lots for infill construction. It often takes several years of foreclosures and property purchases to assemble larger sites that are better able to attract new development, but the Land Bank's low carrying costs enable us to patiently go about this pre-development work. We're ready to go with shovel ready sites for commercial and residential development – including at least five half-acre commercial sites and hundreds of buildable residential lots. This puts our community

<sup>1</sup> According to the latest data from the City's Department of Neighborhood & Business Development.

development and business development partners in a stronger position when applying for grants and other funding.

- The ~1,000 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 doesn't result in immediate renovation and beautification, it has transferred 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.

## II. Annual Report

### (1) Projects undertaken in 2018

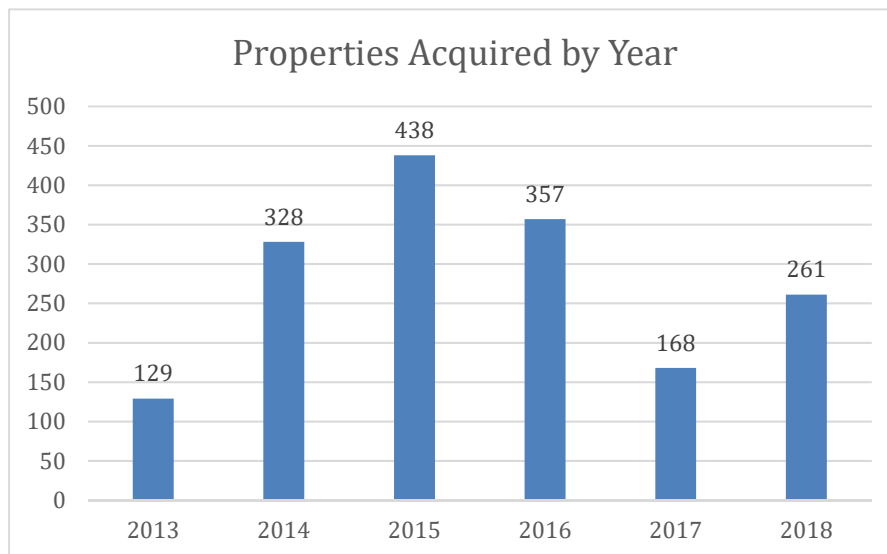
#### A. Acquisitions

The Land Bank Acquired 261 properties in 2018.

Acquisition Method	
Default on Enforcement Mortgage	2
Donation - Private	1
Purchase	2
Tax-Foreclosure - City	247
Tax-Foreclosure - County	9
<b>Total</b>	<b>261</b>

City/Town	
Clay	1
DeWitt	1
Elbridge	2
Geddes	1
Lysander	1
Salina	3
Syracuse	252
<b>Total</b>	<b>261</b>

Structure Type	
Apartment	5
Commercial	13
Industrial	1
Industrial	1
Single Family	93
Three Family	9
Two Family	60
Vacant Lot	79
<b>Total</b>	<b>261</b>



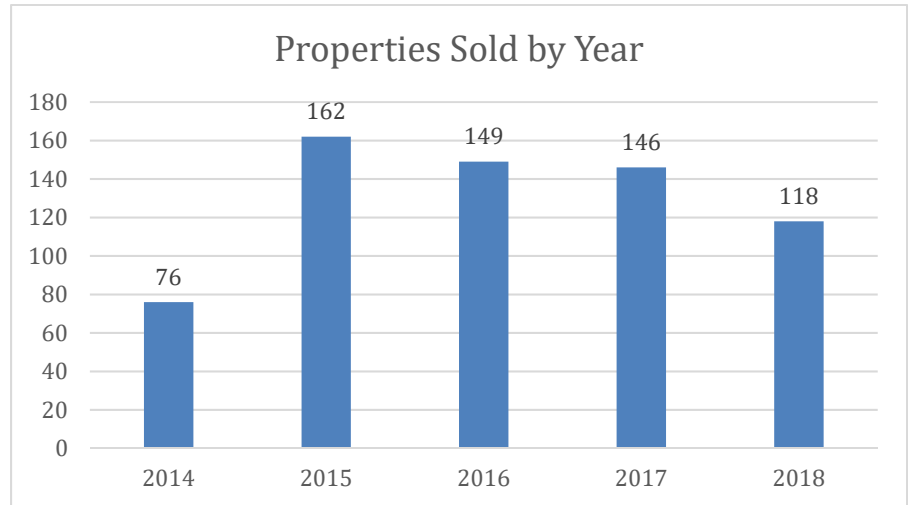
In 2017, the City saw that foreclosures were slowing, but they were not yet halfway through catching up with the “backlog” of seizable properties that had existed when the Land Bank was first formed. They made a concerted effort to increase the number of tax-foreclosures in 2018, adding an outside paralegal to support Law and Finance staff's work in completing the foreclosures before properties are conveyed to the Land Bank.

## B. Sales

The Land Bank sold 118 properties in 2018. These sales included:

Property Type	
Commercial Lot	3
Residential Building	82
Residential Lot	33
Total	118

116 of these sales were in the City of Syracuse. The majority were on the Southside and Northside (leveraging \$1.65 million in private investment in renovations in just those two TNT areas), followed closely by the Westside with 21 sales (where nearly \$500,000 in private renovation investment was leveraged) in 2018.



By TNT area (and location outside of the City), 2018 sales are broken out as follows:

TNT	Buyer Investment Leveraged	Number Sold
Eastside	\$ 141,127.30	5
Eastwood	\$ 114,634.00	8
Northside	\$ 903,700.91	28
Southside	\$ 750,160.16	39
Valley	\$ 156,039.50	9
Westside	\$ 514,202.25	27
Mattydale and Dewitt	\$ 82,978.00	2
Total	\$ 2,662,842.12	118

To date, the Land Bank has sold 668 properties – 651 in the City of Syracuse. These are leveraging over \$21 million in private renovation investment, effectively crowdfunding revitalization:

TNT	Sum of Buyer Investment	Number Sold
Downtown	\$ 4,823,953.00	2
Eastside	\$ 1,539,084.75	52
Eastwood	\$ 718,229.00	26
Lakefront	\$ -	3
Northside	\$ 5,171,655.91	204
Southside	\$ 4,166,694.36	200
Valley	\$ 1,399,805.75	42
Westside	\$ 3,215,092.95	122
Outside of City	\$ 391,067.00	17
Total	\$ 21,425,582.72	668

Proceeds from the sale of property totaled ~\$1 million in 2018, down approximately 26% from 2017.

	2014	2015	2016	2017	2018
<b>Total Sales Revenue</b>	\$ 965,015.00	\$ 1,481,446.55	\$1,725,545.06	\$1,378,313.00	\$1,014,852.59
<b># of Properties Sold</b>	76	169	150	146	118
<b>less side lots and AG transfers (private renovations)</b>	55	122	103	106	74
<b>Average price for structures sold for private renovation</b>	\$ 17,587.70	\$ 11,902.37	\$ 15,691.85	\$ 13,002.95	\$ 13,714.22

In early 2016 we expressed concern that our average sales price had declined by 31% from the prior year. In March 2016 we hired an in-house sales specialist and by September 2016 terminated our contracts with outside real estate brokers. The average sales price in 2016 increased 31% over 2015. We also changed our pricing policy in late 2015 stating that we would no longer accept offers for less than asking price and this has improved 2016 sales prices. That positive momentum was reversed in 2017. We believe this is because the City is foreclosing on more distressed properties that have been vacant for a longer period of time, require greater renovation investment, and therefore cannot command as high a sales price.

We estimate that the properties sold just in 2018, now returned to taxable status, will generate approximately \$170,000 annually in City and County property taxes. The buyers of these properties have pledged to invest just over \$2.6 million in renovations. The Land Bank's strategy of acquiring properties and marketing them in as-is condition for buyers to renovate is successfully leveraging private investment in neighborhood revitalization.

To date, the Land Bank has sold 668 properties and approximately 44 more sales are pending closing. **Cumulatively, properties sold by the Land Bank to date are generating approximately \$1 million per year in local property taxes and have leveraged over \$21.4 million in renovations.**

**Since the City started issuing foreclosure notices to the 'backlog' of 4,000 seizable properties in 2012, they have collected \$14.4 million more of overdue receivables (delinquent taxes), and assuming a proportionate increase, the County should have received \$9.6 million from City properties above historic collection levels.**

Buyers are required to complete the mandatory scope of renovations and sign an enforcement mortgage agreement at the time of purchase, which is not discharged until the renovations are complete. Of the 668 properties sold to date, only five have defaulted on their enforcement mortgage and been taken back by the Land Bank. One of these has already been re-sold and another is under contract. **The enforcement mortgage mechanism works and guarantees more predictable, better quality results than an auction.**

The Land Bank's rate of sales has continued to improve as we gain experience (although 2017 was clearly an outlier due to the slow pace of foreclosures).

Year	2013	2014	2015	2016	2017	2018	total
<b>Properties Sold</b>	0	76	169	150	146	118	659
<b>Properties Acquired</b>	131	336	442	358	170	261	1698
<b>% of that year's acquisitions sold</b>	0	22.62%	38.24%	41.90%	85.88%	45.21%	38.8%

At this point, about 57% of the structures in our inventory are demo candidates and the rest are renovation candidates. We have about 50-60 active sales listings at any given time and we list those in the best condition ASAP so that they are not sitting for a prolonged time risking vandalism or further deterioration. Since we've had so few properties coming into our inventory, we're now listing properties that are in far worse condition and that have been vacant for a longer period of time. Many of our active listings have been on the market for over a year, sometimes 18 months, and just aren't moving. They are, nevertheless, renovation candidates and it doesn't seem prudent to shift them to the demolition list when there are already 251 properties on that list in worse condition. We are looking at other strategies to move these properties back to productive use. One option we are considering is whether it makes sense to renovate them and operate as rentals, which would visually improve the property and provide high quality rental units that are often hard to find in our more distressed neighborhoods. This option could provide an income stream that might help us offset our operating deficit, but it would require we scale up our staff to manage more renovations and rentals.

We often get calls about properties that aren't listed yet. In those cases, we discuss with the caller how much work the property needs and often visit the property with them to determine if they're really interested. They often decide that the home needs more work than they are willing to undertake and shift their focus to other properties we have listed. If they are interested in submitting an offer, we get the property cleaned out and listed so that it's on the open market for at least a few weeks and anyone else who may be interested will also have an opportunity to submit an offer. That process can take a few weeks and we do tell people that they can submit offers right away on the properties that are actively listed.

### ***C. Renovations***

To date, the Land Bank has received nearly \$9 million from the NY OAG's Community Revitalization Initiative (CRI) program. The first two grant rounds totaling nearly \$5 million funded 38 demolitions and 68 renovations, 58 of which were in the City of Syracuse. The last of these projects were completed in 2017.

Round 3 CRI funding provided us with \$2 million and funded 56 demolitions (all of which were completed in 2017) and 8 substantial rehab/new construction projects. All of those renovation/new construction projects are located in the City's Neighborhood Revitalization Strategy Area (NRSA). Half of these renovations were completed in 2018 and the remainder will be completed in Q2 2019 in partnership with Home HeadQuarters. They include:

- |  |                                 |
|--|---------------------------------|
| 1. 707 First North Street – New Construction | 5. 123 Belle Ave – Renovation   |
| 2. 128 W. Kennedy St. – New Construction     | 6. 1108 Hawley Ave – Renovation |
| 3. 134 W. Kennedy St – Renovation            | 7. 135 W. Borden – Renovation   |
| 4. 207 W. Boyden – New Construction          | 8. 138 W. Newell – Renovation   |

The Land Bank was awarded a fourth round of CRI funds in the amount of \$2 million. This will fund an additional 56 demolitions in 2019, but we have **no secured source of demolition funds for 2020**. It will also fund the renovation of eight homes, all in the City's NRSA. These are also being renovated in partnership with Home HeadQuarters:

- |                |                  |
|----------------|------------------|
| 1. 308 Craig   | 5. 711 Tully     |
| 2. 203 Landon  | 6. 116 Dearborn  |
| 3. 256 Girard  | 7. 147 W Kennedy |
| 4. 106 Elmwood | 8. 607 Gifford   |

Our goal is to complete all of these Round 4 projects in 2019, which will enable us to apply for additional funding for 2020, but at this point it has not been disclosed how much additional funding might be available and 25 land banks across NYS are competing for it.

The Land Bank's primary strategy for renovations is to attract well-screened private buyers who are required to renovate within a set period of time per an enforcement mortgage. This strategy has proved an effective way to leverage private investment for mission-related activities (see above re: over \$21 million in private renovation investment); although it is rare that we can attract private investment to pay for demolitions (see below). We are looking at other models such as partial renovation prior to sale and other sources of grant funds. In addition, the Land Bank sells properties at-cost for the development of subsidized, affordable housing.

#### ***D. Demolitions***

The Land Bank completed only 35 demolitions in 2018 and has completed 272 demolitions to date:

	Demos Completed
2014	30
2015	61
2016	76
2017	67
2018	35
2019 to date	3

We have now fully depleted the following sources of demolition funds:

Source	Amount
SIDA	\$1,000,000
CDGB	\$ 750,000
OAG Rounds 1 and 2	\$1,076,284
County funds	\$ 462,976
OAG Round 3	\$1,400,000
2018-19 City funds	\$ 500,000
Total grant funds for demo expended to date	\$5,198,260

In addition to the restricted funds listed above, in 2016 the Land Bank spent over \$1 million in unrestricted cash on demolitions. Having demolished 272 structures to date, this averages just under \$23,000 per demolition (keeping in mind that some of these 272 were large commercial structures). The Land Bank currently owns over 251 demolition candidates. At this average rate, the Land Bank would need \$5.7 million to address all the demo candidates held in inventory. In addition, we expect there are over 100 demolition candidates that the City has yet to foreclose upon and convey to the Land Bank. There is **no source of demolition funds secured for the 2020 construction season.**

Even without sufficient demolition funds secured to address the number of demolition candidates held in inventory, it still makes sense for the Land Bank to hold these properties until demo funds become available rather than leaving them on the seizable list for a prolonged period of time:

1. The City continues to send tax bills to the property until the foreclosure is completed and must make the SCSD whole during that time so the City loses money every quarter these properties remain taxable, but not yet foreclosed.

*For example, the sum of assessed values at the time of acquisition for all demo candidates the Land Bank currently holds is approx. \$6.5 million. Prior to foreclosure, these properties would be issued City/School tax bills each year even though they were unlikely to pay. Those bills would total approx. \$209,779 of which the City collected \$0, but was still obligated to pay \$136,757 to the Syracuse City School District because the properties were still taxable. It doesn't make sense to postpone foreclosure and continue to bill properties that we know will not pay because not only does it mean \$0 collections for the City, leaving uncollectable properties on the rolls actually puts the City in the negative because they make SCSD whole.*

2. The City maintains the property and bills the owner (who won't pay) for these services. Post-foreclosure the Land Bank can provide those services more cost effectively than the City can (\$54 v. \$12 to mow a lawn; \$200 v. \$30 to board a window) plus the Land Bank shovels the sidewalks, a service which the City does not provide on seizable properties.

*There has been some discussion of whether the Land Bank is taking on too much inventory. This inventory is here in our community (x number of properties have been effectively abandoned) and it's become the public's responsibility to maintain them whether or not they've been foreclosed on yet. The Land Bank can provide that service more cost effectively.*

3. The Land Bank files a trespass affidavit against the property enabling the Syracuse Police Department to arrest people on the spot and we are a cooperative local owner willing to work with Codes, DPW, SPD, and SFD to address problems as they arise.
4. Holding demo candidates in inventory makes us very competitive grant applicant applicants. We have "shovel ready" demos whereas other land banks might take 9-12 months to take title before they can start demos. We've brought home more AG money than any other land bank and this is partly why.
5. Proactively foreclosing enables us to assemble more attractive sites for new development and, as those opportunities become apparent, we can prioritize demos to get these properties to market. We currently have two ~half-acre sites on South Ave available for development (one out to bid and one going out to bid soon) and a third in the works; one ~half acre site at Seymour and Geddes that's been on the market available for commercial infill, and other similar commercial sites in the works. On the residential side, we are working with the City and Home Headquarters to select and assemble prime infill sites that will enable our partners to apply for state and federal funding for infill construction.

## **(2) Monies expended in 2018**

Our 2018 Profit & Loss Statement and Balance Sheet as of 12/31/18 are attached. These statements are prepared on an accrual basis. I have also attached a version that makes a few adjustments to better show our expenditures on a cash basis. Typically, we book income and expense for restricted grant funds simultaneously, and I have adjusted our City grant income to match that standard. Without including demolition and renovation expenses, the cost of operating the Land Bank in 2018 was approx. \$2.5 million (Total COGS + Total Expense). Sale of property, rents, fees charged by the Land Bank, and donations brought in approx. \$1.3 million – creating a cash operating deficit of \$1.13 million. You'll see the financial statements only show a deficit of \$800,000 on an accrual basis.

Our annual operating deficit has been growing in recent years, as we expected. We anticipate this annual deficit will grow until the City finishes catching up in their backlog of tax-delinquent properties, at which point our inventory (and accompanying maintenance expenses) will begin to shrink. We have made significant strides on cutting costs over the past 3-4 years. Bringing sales in-house in 2016 cut over \$100,000 in annual expense. A policy change shifting the cost of legal closing costs to our buyers and a slight reduction in our (premises) liability insurance rates the Land Bank saved about \$117,000 in these expenses in 2017 compared to 2016. Our state elected officials have worked with us to pass multiple amendments to the Land Bank Act, which have reduced our operating expenses. We have become exempt from deed/document recording charges, which resulted in a savings of \$5,000 – 9,000/month. Land banks are now exempt from special assessments, which saves \$200,000 - 300,000 annually. We will continue to work on these cost-savings strategies, but also are looking at ways to list more properties and increase sales revenue.

Our balance sheet estimates the value of properties held at \$1.24 million, but this does not reflect long-term liabilities associated with maintaining these properties (~\$2.5 mill/year to operate) or the looming cost of demolitions. In addition, for the 251 demolition candidates currently on the books we estimate that cost to be \$5.7 million. For this, we must continue to seek local and state financial support. Our program generates a wide array of benefits: delinquent taxes collected, properties returned to the rolls paying on-time taxes, private renovation investment leveraged, grant funds leveraged, quality of life improvements of people living next to land bank homes that are either sold and renovated or demolished – but all of those benefits are external to our organization. All we can capture is sales revenue and so all these externalities aren't being captured and used to keep this service going. That's where we need assistance from local and state government.

Subtracting liabilities and restricted funds from total cash on hand and receivables, the Land Bank at the end of 2018 held a \$2.6 million fund balance – down 1/3 from last year. Given that as we take on more properties this deficit will grow, the Land Bank projects this fund balance will be depleted by the first quarter of 2021.

### **(3) Administrative Activities**

#### ***A. Staff and Operations***

In late 2015, the Land Bank reevaluated the way it contracts for property management and decided to bring occupied property management, intake and periodic inspections, minor repairs, and many other property-management related tasks in-house. In March 2016, we hired an in-house sales specialist and phased out our contracts with outside real estate brokers. This has given us better control over the message being delivered to our buyers, ensuring that they are better informed at the time of purchase. Both of these changes have increased our payroll, but significantly reduced overall expenses and it continues to be worthwhile to keep these functions in-house.

We continue to outsource debris removal, lawn mowing, snow shoveling, demolitions and major renovations. We are proud to report that all of our debris removal, lawn mowing, and snow shoveling is contracted to M/WBE contractors with the exception of Project Joseph, which does some of our snow removal and is a local workforce training program.

While our enforcement mortgage tool has been working well in the sense that we have only had to take back five properties, many of our buyers are having trouble finishing their renovations on time, requiring numerous extensions. We hear from many of our buyers that their projects end up going significantly over budget, as well. The work specs we attach to each listing come with a cost estimate. In the past, we allowed buyers to estimate how much the work was going to cost them and show corresponding proof of funds. Many buyers who work in the construction trades or have family in the construction trades are able to get the work done for less when labor is essentially donated. However, many buyers overstated their expertise on their application. We are getting ready to advertise for consultant services in this area. We want to require buyers who haven't renovated a home before to meet with a renovation mentor before they take title. This person will be an on-call resource available to them over the course of the project who can give advice on the best way to hire contractors, pull permits, cut costs, etc.

For over a year we have added a 10% contingency line item to our estimated renovation budget if they are hiring the whole job out to contractors and a 20% contingency line if they are planning to do the work their selves and requiring that buyers show sufficient financing available to cover our budget, even if they estimate they can do the work for less. We are also requiring that they have written quotes from licensed contractors before they take title so if a quote comes back much higher than expected we can make sure they have sufficient financing before they take title and get in too deep without a plan to finance the project.

We are getting some complaints from interested buyers that this puts too many hurdles between them and buying a home, but our experience has shown that too many people start these substantial renovation projects without enough information and run into difficulties financing the complete project. Occasionally they will still run into cost overruns during the course of the renovation. We have worked closely with Home Headquarters to help these buyers secure additional financing when possible, but more importantly we're working with them to ensure that buyers are over financed on the front end so that they don't run out of funds mid-project.

We are planning to advertise soon for a part-time community engagement specialist who will be focused on attending neighborhood meetings and being a communication conduit between the land bank and the larger community. This should help us be more responsive to neighborhood concerns in general and to tailor our planning objectives and targeted revitalization work where the community wants it most.

Lastly, we are planning to advertise for part-time help showing homes so that we can get more properties listed.

### ***B. Planning, Land Banking/Site Assembly***

The Land Bank continued our partnership with the Northeast Hawley Development Association, whom we have engaged to assist side-lot purchasers required to resubdivide and combine the lot with their adjacent property. Their assistance has been invaluable, since these applications require a diligent steward to ensure that they progress through the City's multi-department review process in a timely manner. The Land Bank has utilized them to complete resubdivisions for many Land Bank owned properties, as well as those being purchased by next door neighbors as side-lots. NEHDA assisted the Land Bank and our buyers with over 100 resubdivisions to date.

The City provides a recommended outcome for all the properties they convey to the Land Bank and we work with the Department of Neighborhood & Business Development to develop targeted revitalization plans and coordinate with affordable housing developers and neighborhood economic development plans. We have assembled quite a bit of property on South Ave and are soliciting Requests for Proposals for redevelopment that is consistent with their South Ave Economic Development Corridor Study. In the Towns & Villages we work with their Codes staff and elected officials to determine what outcome they want to see when we sell properties in their area.

In 2016, Housing Visions was awarded Low Income Housing Tax Credits for their Butternut Commons project, for which we have been land banking and assembling sites since 2013. Housing Visions took title at the end of 2017 and construction is just wrapping up on this \$16+ million project that will bring over 50 units of new affordable housing to the Northside. Those units should come online in 2019.

Housing Visions also invested about \$7.8 million in the renovation of 664 W. Onondaga Street, which they purchased from the Land Bank, and which is now known as the Ethel T. Chamberlain house. This facility just opened and is operated by the Salvation Army.

Home HeadQuarters was awarded funding from New York State for several properties we have been land banking for them on the Near Westside for the past several years. They took title to these properties in late-2018 and renovations in some are underway. New construction will begin in early 2019. Two of these renovations will also be assisted with our 2019 round of CRI grant funds. We've really hit our stride working with HHQ to each maximize our strengths and layer in funding from both agencies to make projects successful.

As the City continues to foreclose on tax-delinquent properties, we are able to assemble clustered abandoned properties into larger sites to attract private investment. We have a half-acre site at Geddes & Seymour listed for sale and numerous other sites being assembled and/or bid out.

### ***C. Board of Directors***

All Board of Directors meetings are open to the public. The Board of Directors met frequently in 2018 in order to approve a large number of property sales, property acquisitions, oversee contracts and the procurement of services for the maintenance and redevelopment of Land Bank-owned properties.

- January 16 – Annual Board Meeting
- March 1 – Special Board Meeting
- March 28 – Audit Committee Meeting
- March 28 – Regular Board Meeting

## 2018 Annual Report to County Legislature

- April 17 – Regular Board Meeting
- May 1 – Personnel Committee Meeting
- May 15 – Regular Board Meeting
- June 19 – Regular Board Meeting
- July 17 – Regular Board Meeting
- July 24 – Special Board Meeting
- August 21 – Regular Board Meeting
- September 18 – Regular Board Meeting
- October 16 – Finance Committee Meeting
- October 16 – Regular Board Meeting
- November 20 – Regular Board Meeting
- November 28 – Personnel Committee Meeting
- December 18 – Regular Board Meeting

I encourage you to review all the Greater Syracuse Property Development Corporation's Policies and Procedures published at [www.syracuselandbank.org](http://www.syracuselandbank.org), which were all reviewed and readopted in January, 2019 unless otherwise noted.

### Attachments:

- 2018 Unaudited
  - Balance Sheet,
  - Profit & Loss Statement
  - P&L with notes
- Correspondence regarding the need for dedicated funding for the Land Bank's work
- 2019 City Budget Request

## Greater Syracuse Property Development Corporation

## Balance Sheet

As of December 31, 2018

	Dec 31, 18
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
10000 · Checking	3,509,949.63
Total Checking/Savings	3,509,949.63
Accounts Receivable	
11001 · Accounts Receivable	135.00
Total Accounts Receivable	135.00
<b>Other Current Assets</b>	
12100 · Contract Receivable	
12103 · N4N Contract Rec.	316,740.00
12104 · County Architect Salvage Rec.	100,000.00
12105 · City of Syracuse	375,000.00
12106 · '19-'20 CRI Receivable	1,800.00
Total 12100 · Contract Receivable	793,540.00
12200 · Reimbursement Receivable	3,683.84
12300 · Forbearance Receivable	1,000.00
12500 · Prepaid Insurance	114,583.74
12900 · Prepaid Expense	13,551.70
Total Other Current Assets	926,359.28
Total Current Assets	4,436,443.91
<b>Fixed Assets</b>	
14000 · Computer	13,399.86
15000 · Furniture and Equipment	6,381.08
16000 · Software and Website	13,050.00
17000 · Accumulated Depreciation	-24,893.50
Total Fixed Assets	7,937.44
<b>Other Assets</b>	
18000 · Cost of Properties Held	1,240,820.96
Total Other Assets	1,240,820.96
<b>TOTAL ASSETS</b>	<b>5,685,202.31</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
20000 · Accounts Payable	313,734.94
Total Accounts Payable	313,734.94
Credit Cards	
20001 · M&T Visa Community Card	546.92
Total Credit Cards	546.92
Other Current Liabilities	
20500 · Down Payment on Property Sale	18,079.00
21000 · 401(k) Payable	1,254.20
22000 · Accrued Expenses	21,227.77
Total Other Current Liabilities	40,560.97
Total Current Liabilities	354,842.83

## Greater Syracuse Property Development Corporation

## Balance Sheet

As of December 31, 2018

	Dec 31, 18
<b>Long Term Liabilities</b>	
28000 · Deferred Grant Inflow	
28003 · County Loan Guarantee '14	150,000.00
28004 · County Deconstruction '14	16,910.17
28006 · County Bank Purchase	139,663.91
28012 · County 2017	43,117.73
28013 · Neighbors for Neighbors '17-'18	314,888.82
28014 · AG Rehab '17	295,000.00
28015 · City of Syracuse '18-'19	375,000.00
28017 · CRI 2019 Demo	1,800.00
29000 · Americorps Grant	3,520.35
<b>Total 28000 · Deferred Grant Inflow</b>	<b>1,339,900.98</b>
29500 · Parks Conservancy Grant	1,000.00
29502 · Community Foundation Lead Grant	43,750.00
<b>Total Long Term Liabilities</b>	<b>1,384,650.98</b>
<b>Total Liabilities</b>	<b>1,739,493.81</b>
<b>Equity</b>	
32000 · Unrestricted Net Assets	4,752,327.14
Net Income	-806,618.64
<b>Total Equity</b>	<b>3,945,708.50</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>5,685,202.31</b>

## Greater Syracuse Property Development Corporation

03/11/19

## Profit &amp; Loss

Accrual Basis

January through December 2018

	Jan - Dec 18
Ordinary Income/Expense	
Income	
40000 · Government Grants	
40010 · City of Syracuse	375,000.00
40030 · Admin/Developer's Fee	13,709.45
40040 · Onondaga County	210,820.06
40060 · NY Attorney General	490,965.32
Total 40000 · Government Grants	1,090,494.83
40090 · Neighbors for Neighbors Income	326,031.89
40950 · Community Donated Funds	400.00
41000 · Donated Property	254,442.00
42000 · REO Donated Funds	21,100.00
43000 · In-Kind Donation	125,000.00
48000 · Side Lot Application Income	1,075.00
49000 · Rental Income	61,486.20
49500 · Sale of Property	1,014,852.59
Total Income	2,894,882.51
Cost of Goods Sold	
50000 · Cost of Sales	
500VI · Vacant COS Inventorial	
50010 · Property Purchase Cost	158,274.52
50015 · Donated Property Value	254,442.00
50020 · Recording Fees	125.00
50040 · Board-Up	3,602.52
50050 · Debris Removal - Initial	290,860.12
50090 · Renovation Inventory	233,520.15
50095 · Sidewalk Replacement/Repair	17,325.00
50100 · Stabilization	192,152.80
50115 · Environ. Assess. Inventorial	105,461.87
50145 · Title Searches	2,197.80
50170 · Architectural Prof. Services	31,214.98
50180 · Land Survey Prof. Services	22,225.00
50200 · Property Appraisal	2,750.00
50990 · Impairment Loss	501,337.43
50999 · Spec Reclass to/from Inventory	-937,150.98
Total 500VI · Vacant COS Inventorial	878,338.21
500PC · Periodic COS	
50025 · Property Materials and Supplies	6,961.11
50029 · General Inspections	21,765.25
50045 · Pest Exterminations	454.00
50051 · Debris Removal - Periodic	277,843.64
50070 · Lawn Maintenance	225,836.19
50080 · Snow Removal	87,522.00
50110 · Demolition/Deconstruction	679,247.34
50111 · Renovation Expensed	362,402.55
50117 · Survey/Abatement Pre-Demo	48,570.00
50120 · Permits/Fees	2,725.00
50130 · Utilities	56,292.73
50190 · Evictions	11,612.43
50205 · Legal & Closing Costs	23,715.79
50220 · Brokerage - Sale	6,000.00
53100 · Stabilization	6,570.04
53200 · Property Appraisal	450.00
Total 500PC · Periodic COS	1,817,968.07
Total 50000 · Cost of Sales	2,696,306.28
Total COGS	2,696,306.28
Gross Profit	198,576.23

## Greater Syracuse Property Development Corporation

## Profit &amp; Loss

03/11/19

January through December 2018

Accrual Basis

	Jan - Dec 18
Expense	
60000 · Accounting Fees	77,060.00
60100 · Automobile	6,318.49
60150 · Bad Debt	2,966.80
60200 · Depreciation	4,370.75
60300 · Legal Fees	48,408.84
60400 · Office Expense	30,251.69
60500 · Payroll	
60510 · Salary	337,006.44
60520 · Payroll Taxes	26,322.93
60530 · Employee Health Insurance	35,256.07
60540 · Employer 401(k) Match	16,055.94
60550 · Payroll Processing Fees	8,123.74
Total 60500 · Payroll	422,765.12
60600 · Professional Services	37,448.09
60602 · Relocation Assistance Expense	39,021.00
60603 · Special Assessments Expense	25,363.88
60700 · Insurance	
60701 · Property	3,456.62
60702 · Liability	169,133.58
60700 · Insurance - Other	108,372.36
Total 60700 · Insurance	280,962.56
60800 · Telephone	2,722.48
60900 · Travel	2,296.58
60905 · Conference/Meeting	635.00
61000 · Bank Service Charge	35.00
61200 · License and Fees	3,494.88
61300 · Events & Marketing	10,702.05
61400 · Rent Expense	26,325.91
Total Expense	1,021,149.12
Net Ordinary Income	-822,572.89
Other Income/Expense	
Other Income	
70200 · Salvage Income	665.00
70400 · Forbearance Income	2,000.00
71000 · Reimbursement Income	
71001 · Insurance Reimbursement	3,892.04
71000 · Reimbursement Income - Other	4,646.83
Total 71000 · Reimbursement Income	8,538.87
72000 · Forfeited Down Payment on Sale	4,000.00
79000 · Misc. Income	750.38
Total Other Income	15,954.25
Other Expense	
80000 · Unallocated	0.00
Total Other Expense	0.00
Net Other Income	15,954.25
Net Income	-806,618.64

# Greater Syracuse Property Development Corporation

## Profit & Loss 2018

	Jan - Dec 18	Jan - Dec 18 Amended to Cash Basis	
Ordinary Income/Expense			
Income			
40000 · Government Grants			
40010 · City of Syracuse	375,000.00	484,533.06	<-- We've actually incurred this much eligible demo expense (shown below and that should be offset by income here), but our auditors only want us to book \$375,000 at this time because we'll have to match the City's funds and complete x number of demolitions in order to 'earn' their grant funds and that activity will occur in 2019 during the City's FY18-19. The remaining reimbursement for eligible expenses will be picked up as income next year.
40030 · Admin/Developer's Fee	13,709.45	13,709.45	
40040 · Onondaga County	210,820.06	210,820.06	
40060 · NY Attorney General	490,965.32	490,965.32	
Total 40000 · Government Grants	1,090,494.83	1,200,027.89	
40090 · Neighbors for Neighbors Income	326,031.89	326,031.89	
40950 · Community Donated Funds	400.00	400.00	
41000 · Donated Property	254,442.00		
42000 · REO Donated Funds	21,100.00	21,100.00	
43000 · In-Kind Donation	125,000.00	125,000.00	note - this is offset by \$125,000 of expense below
48000 · Side Lot Application Income	1,075.00	1,075.00	
49000 · Rental Income	61,486.20	61,486.20	
49500 · Sale of Property	1,014,852.59	1,014,852.59	
Total Income	2,894,882.51	2,749,973.57	
Cost of Goods Sold			
50000 · Cost of Sales			
500VI · Vacant COS Inventorial			This Inventorial section is shown on the P&L so our board can see how much cash is being spent; but these costs are capitalized so the reclass to/from inventory line below shows that expense being moved off the P&L and to the balance sheet.
50010 · Property Purchase Cost	158,274.52	158,274.52	
50015 · Donated Property Value	254,442.00	0.00	
50020 · Recording Fees	125.00	125.00	
50040 · Board-Up	3,602.52	3,602.52	
50050 · Debris Removal - Initial	290,860.12	290,860.12	
50090 · Renovation Inventory	233,520.15	233,520.15	<--renos taking place while we hold title; mostly grant funded
50095 · Sidewalk Replacement/Repair	17,325.00	17,325.00	
50100 · Stabilization	192,152.80	192,152.80	
50115 · Environ. Assess. Inventorial	105,461.87	105,461.87	
50145 · Title Searches	2,197.80	2,197.80	
50170 · Architectural Prof. Services	31,214.98	31,214.98	
50180 · Land Survey Prof. Services	22,225.00	22,225.00	

# Greater Syracuse Property Development Corporation

## Profit & Loss 2018

	Jan - Dec 18	Jan - Dec 18 Amended to Cash Basis	
50200 · Property Appraisal	2,750.00	2,750.00	
50990 · Impairment Loss	501,337.43		deleted since this isn't a cash expense
50999 · Spec Reclass to/from Inventory	-937,150.98		deleted to reflect cash outlays above on P&L
<b>Total 500VI · Vacant COS Inventorial</b>	<b>878,338.21</b>	<b>1,059,709.76</b>	
<b>500PC · Periodic COS</b>			
50025 · Property Materials and Supplies	6,961.11	6,961.11	
50029 · General Inspections	21,765.25	21,765.25	
50045 · Pest Exterminations	454.00	454.00	
50051 · Debris Removal - Periodic	277,843.64	277,843.64	
50070 · Lawn Maintenance	225,836.19	225,836.19	
50080 · Snow Removal	87,522.00	87,522.00	
50110 · Demolition/Deconstruction	679,247.34	679,247.34	<-should be offset by grant income above; see City adjustment
50111 · Renovation Expensed	362,402.55	362,402.55	<-reno funds passed through to HHQ for projects we partner
50117 · Survey/Abatement Pre-Demo	48,570.00	48,570.00	with them on; project done while they hold title
50120 · Permits/Fees	2,725.00	2,725.00	
50130 · Utilities	56,292.73	56,292.73	
50190 · Evictions	11,612.43	11,612.43	
50205 · Legal & Closing Costs	23,715.79	23,715.79	
50220 · Brokerage - Sale	6,000.00	6,000.00	
53100 · Stabilization	6,570.04	6,570.04	
53200 · Property Appraisal	450.00	450.00	
<b>Total 500PC · Periodic COS</b>	<b>1,817,968.07</b>	<b>1,817,968.07</b>	
<b>Total 50000 · Cost of Sales</b>	<b>2,696,306.28</b>	<b>2,877,677.83</b>	
<b>Total COGS</b>	<b>2,696,306.28</b>	<b>2,877,677.83</b>	
<b>Gross Profit</b>	<b>198,576.23</b>	<b>-127,704.26</b>	
<b>Expense</b>			
60000 · Accounting Fees	77,060.00	77,060.00	
60100 · Automobile	6,318.49	6,318.49	
60150 · Bad Debt	2,966.80	2,966.80	
60200 · Depreciation	4,370.75	4,370.75	
60300 · Legal Fees	48,408.84	48,408.84	

# Greater Syracuse Property Development Corporation

## Profit & Loss 2018

	Jan - Dec 18	Jan - Dec 18 Amended to Cash Basis
60400 · Office Expense	30,251.69	30,251.69
60500 · Payroll		
60510 · Salary	337,006.44	337,006.44
60520 · Payroll Taxes	26,322.93	26,322.93
60530 · Employee Health Insurance	35,256.07	35,256.07
60540 · Employer 401(k) Match	16,055.94	16,055.94
60550 · Payroll Processing Fees	8,123.74	8,123.74
Total 60500 · Payroll	422,765.12	422,765.12
60600 · Professional Services	37,448.09	37,448.09
60602 · Relocation Assistance Expense	39,021.00	39,021.00
60603 · Special Assessments Expense	25,363.88	25,363.88
60700 · Insurance		
60701 · Property	3,456.62	3,456.62
60702 · Liability	169,133.58	169,133.58
60700 · Insurance - Other	108,372.36	108,372.36
Total 60700 · Insurance	280,962.56	280,962.56
60800 · Telephone	2,722.48	2,722.48
60900 · Travel	2,296.58	2,296.58
60905 · Conference/Meeting	635.00	635.00
61000 · Bank Service Charge	35.00	35.00
61200 · License and Fees	3,494.88	3,494.88
61300 · Events & Marketing	10,702.05	10,702.05
61400 · Rent Expense	26,325.91	26,325.91
Total Expense	1,021,149.12	1,021,149.12
Net Ordinary Income	-822,572.89	-1,148,853.38
Other Income/Expense		
Other Income		
70200 · Salvage Income	665.00	665.00
70400 · Forbearance Income	2,000.00	2,000.00
71000 · Reimbursement Income		
71001 · Insurance Reimbursement	3,892.04	3,892.04

# Greater Syracuse Property Development Corporation

## Profit & Loss 2018

	Jan - Dec 18 Amended to Cash	
	Jan - Dec 18	Basis
71000 · Reimbursement Income - Other	4,646.83	4,646.83
Total 71000 · Reimbursement Income	8,538.87	8,538.87
72000 · Forfeited Down Payment on Sale	4,000.00	4,000.00
79000 · Misc. Income	750.38	750.38
Total Other Income	15,954.25	15,954.25
Other Expense		
80000 · Unallocated	0.00	0.00
Total Other Expense	0.00	0.00
Net Other Income	15,954.25	15,954.25
Net Income	-806,618.64	-1,132,899.13



Honorable J. Ryan McMahon, II, County Executive  
John H. Mulroy Civic Center, 14th floor  
Syracuse, New York 13202

Honorable Ben Walsh, Mayor  
203 City Hall  
233 E. Washington Street  
Syracuse, New York 13202-1473

February 27, 2018

RE: Utilizing the Land Bank to return abandoned, tax-delinquent, and/or potential brownfields to productive use and tax-paying status

County Executive McMahon and Mayor Walsh,

As both of you are well aware, since you played central roles in its creation, the Greater Syracuse Land Bank was established in 2012 by an Intermunicipal Agreement between the City and the County for the purpose of returning vacant, abandoned, and tax-delinquent properties throughout the County to productive use and to the tax rolls. Since the City started issuing foreclosure notices to the 'backlog' of 4,000 seizable properties in 2012, they have collected \$14.4 million more of overdue receivables, and assuming a proportionate increase, the County should have received \$9.6 million from City properties above historic collection levels since late 2012. This revenue is generated by the properties that pay and avoid foreclosure. In addition, we have sold over 670 properties leveraging over \$21 million in renovation investment and those properties, now returned to the tax rolls, generate over \$1 million/year in local property tax. In light of the success we have had to date, there are several new policy areas I would like to bring to your attention as part of the Land Bank's continuing mission and in the interest of its long-term effectiveness.

In order to keep building upon this success, the Land Bank is in dire need of a predictable, annually recurring source of revenue. We outline below a solution modeled after other successful land banks in Ohio, and respectfully seek your support and the support of our state-level elected officials to institute a \$2/\$1000 increase to the Real Estate Transfer Tax dedicated to funding the Land Bank. This will enable us to engage in realistic long-term budgeting and ensure that we can continue to clean-up and reposition thousands of abandoned properties that have resulted from decades of population and wealth shifting away from older neighborhoods. The number of vacant residential buildings in the City has decreased 17% in recent years<sup>1</sup> and we have addressed half of the properties acquired to date through sale (and renovation) or demolition. This initiative is tackling vacancy and abandonment at a scale never attempted before in our community and it is working, but the future of this initiative is in jeopardy as we continue to deplete our fund balance to achieve these successes and project that the Land Bank will run out of money in 2021. If this happens, it will leave the City and County on the hook to maintain and dispose of the Land Bank's inventory of properties.

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<sup>1</sup> According to the latest data from the City's Department of Neighborhood & Business Development.

The Land Bank is prepared to contribute to our community's increased efforts to combat concentrated poverty. Context plays a role in shaping opportunities and outcomes for children in neighborhoods that suffer from blighted and abandoned properties. As we work to improve education, develop our workforce, and create economic opportunities, we must also work to improve the environment in which people live – not just by creating new affordable housing, but also by cleaning up the abandoned housing and other buildings left behind as the City lost population. These abandoned properties are a drag on the local real estate market, and addressing them is essential to stabilizing and growing housing values, which will help neighbors grow equity and household wealth and so that as we subsidize new construction, less subsidy is needed to bridge the gap between construction cost and the market value of the finished product.

Since its creation in 2012, the Greater Syracuse Land Bank, along with other land banks across NY state working through the NY Land Bank Association, have advocated for legislative changes that help us pursue our mission and purpose as cost effectively as possible. The Syracuse area's state delegation has sponsored numerous successful bills that reduce land banks' transaction costs, carrying costs, and administrative burdens. Land banks are now:

- Exempt from fees for recording of deeds, mortgages, maps, and other instruments with County Clerks.
- Exempt from: (i) all special ad valorem levies and special assessments as defined in section one hundred two of the real property tax law; (ii) sewer rent imposed under article fourteen-F of the general municipal law; and (iii) any and all user charges imposed by any municipal corporation, special district or other political subdivisions of the state.
- While land banks have always been exempt from property tax, they are now considered exempt immediately upon taking title. (Other public authorities have to wait until the next taxable status date for their exempt status to take effect and often end up having to pay a year or more of property taxes before their exempt status takes effect. This is particularly burdensome for commercial and industrial properties with high assessments.)
- Exempt from section 2897 of Public Authorities Law, which requires other public authorities to appraise each property prior to selling it, and if the property appraises for over \$100,000 they must notify the state comptroller, the director of the budget, the commissioner of general services, the legislature, and the authorities budget office and wait 90 days for their response before disposing of the property.
- Authorized in our enabling legislation to create subsidiary LLCs for the purpose of acquiring properties in order to protect the organization from liability.<sup>2</sup> This is particularly useful for acquiring suspected brownfields, but may also be useful for other types of real estate development.

Land banks are the only local public authorities afforded these special rights and powers. Land banks are specifically created for the purpose of returning vacant and abandoned properties back to productive use, and they have the most efficient means to do so. We've worked hard to improve the efficiency of land banks and are excited that we can bring these tools to the table as we partner with local government to return vacant, abandoned, and possibly contaminated properties to productive use.

First, a predictable, sustainable revenue model is a top priority for the Land Bank. Currently, the Land Bank relies heavily on government funding to stay afloat. Despite generating over \$1 million in sales revenue annually, we operate at a deficit. If we didn't, and if this work could generate revenue, then we would know that our local real estate market has turned around to the point that Onondaga County doesn't need a land

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<sup>2</sup> The ABO has taken the position that unless an authority's enabling legislation expressly enables them to create subsidiaries, they are prohibited from doing so.

bank anymore. Until then, we would be better able to do our jobs and intervene with abandoned properties if we could better budget into the future. We are slated to deplete our fund balance in 2021 and we cannot secure local government funding more than one year at a time. We have proposed a solution to this problem: an increase in the Real Estate Transfer Tax (RETT), the revenue from which would be directed toward the Land Bank. This predictable, annually recurring revenue is modeled after the mechanism Ohio counties use to fund their land banks; theirs appears to be the only financially sustainable approach to dealing with vacant and abandoned properties nationwide. This would be very similar to the way a portion of the Mortgage Recording Tax is dedicated to CENTRO, providing a long-term commitment that they can count on year-over-year. The Real Estate Transfer Tax, unlike the Mortgage Recording Tax (MRT), has remained unchanged in Onondaga County for many years. While other counties and cities across New York have adopted local increases to this tax, Onondaga County has not availed itself of this option. An increase of \$2/\$1,000 would generate about \$3 million/year: sufficient to cover the Land Bank's annual operating deficit and subsidize capital projects and other pre-development work – demolitions, renovations, property purchase, and environmental work. In the short term, while we are still making a significant amount of revenue annually off property sales, these additional funds will help us catch up with needed demolitions and subsidize new development. Over time, as we catch up with the scale of the problem and fewer properties are foreclosed upon each year, our sales revenues will likely decline, and stewarding a large volume of vacant land will increase our operating deficit, but the number of demolitions needed each year will have declined.

Onondaga County could pass home rule legislation adopting a local increase to the Real Estate Transfer Tax and directing any revenue generated to the Land Bank.<sup>3</sup> This would need to be approved by the State Legislature and signed by the Governor. We've had preliminary conversations with our state elected officials and they believe that such a home rule bill specifically directing the revenues from a Real Estate Transfer Tax to the land bank would be greeted with support from the Legislature and Governor in Albany. Alternatively, Assemblyman Magnarelli has offered to research the possibility of state legislation that would fund land banks similarly to the way transit authorities are funded. In the case of transit authorities, a small increase in the state mortgage recording tax is collected by the County Clerks and funds the transit authority in that county.<sup>4</sup> A state bill increasing the RETT by \$2/\$1,000 in counties that have land banks, with those funds being directed to the land bank, would be an analogous solution.

Either way (Home Rule or State Law) would meet our goal – an annually recurring source of revenue that we can plan on, sufficient to bridge our operating deficit and to subsidize additional capital investments that are needed to “right size” our county's housing infrastructure – to remove and replace our community's excess of deteriorated and blighted properties. I expect a Home Rule law could be adopted more quickly, in time to address our looming financial crisis, and hope that a state law might be later adopted expanding this to benefit to communities that are struggling with blighted and abandoned properties all across New York. We ask you to use your positions as the elected leaders of the City and County to work with our state delegation to craft legislation and advocate for a solution that will dedicate annually recurring revenue to the Land Bank so that we can continue this important work.

Second, we are interested in diversifying the Land Bank's portfolio to bring proven redevelopment strategies to the entire County. To date, the Land Bank has acquired 24 properties via County foreclosure. The Legislature has the authority to sell properties noncompetitively to the Land Bank for \$1, rather than send them to tax auction. When we acquire properties from the City or County, we conduct a conditions

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<sup>3</sup> As a public authority, the Land Bank is only allowed to conduct activities related to its adopted mission and purpose: to return vacant, abandoned, and tax-delinquent properties to productive use. Therefore, these funds would be restricted to that purpose.

<sup>4</sup> Some counties can opt out of this increased MRT, but those serving larger metro areas, including Onondaga County, were not permitted to do so. An “opt out” option in the RETT bill will likely be necessary in order to get it passed.

evaluation to determine if the property can be renovated or if it needs to be demolished. The Land Bank uses grant funds to renovate some properties, which are sold move-in ready to homeowners who may not have been able or willing to manage the extensive renovations themselves. More often, we clean out the property and list it for sale with a scope of work attached. Some properties have added restrictions, such as a requirement to be owner-occupied. This scope lets buyers know what they're getting into, and allows us to screen buyers to make sure they have the capacity to handle the project. We place a lien against the property to ensure they complete the work; if they don't, we can foreclose and take the property back. (Of the more than 670 properties we've sold, we've only had to do this five times to date.) In our experience, Village and Town officials prefer this sales process because we can guarantee more consistent, higher quality outcomes than can be achieved through an auction. And because the properties can be inspected before sale, which appeals to a large pool of more cautious investors who are more likely to have access to traditional mortgage and construction financing.

We would like to explore the possibility of the County addressing all tax-foreclosed properties this way, transitioning away from the auction toward using the Land Bank as its default means of selling properties. If the loss of auction revenue is an impediment to the County considering this shift, we could explore a revenue sharing agreement. Albany County has already decided to do away with auctions and use their land bank to sell all their foreclosed properties because they see value in the predictability that the land bank brings to their process.

Finally, the Land Bank is uniquely positioned to tackle development barriers at some of the City and County's highest potential but most challenging sites. Historically the City, County, and Land Bank, have been hesitant to enter the chain of title of suspected brownfields. Currently, the City sells tax liens to potential developers and lets them foreclose on those liens so that the City avoids entering the chain of title. This enables a qualified developer (vetted by the City) to get title to a property that might not have a willing (or living) seller and a means to extinguish tax liens against the property that have been an impediment to its redevelopment. However, from what we understand, it is costly and time consuming for the buyer to foreclose on those liens, and there is no guarantee that they will complete the process and take title or that they will complete any necessary environmental cleanup after taking title.

The City, County, and Land Bank have been discussing a memorandum of understanding with the NYS Department of Environmental Conservation. This MOU is based on one already adopted by NYSDEC, Suffolk County, and the Suffolk County Land Bank, in which the DEC provides the County and land bank with liability protections (providing a covenant not to sue) in instances where the County forecloses on a tax-delinquent brownfield and conveys it to the land bank so that it can be redeveloped, cleaned up, and returned to the tax rolls. This covenant not to sue protects the City and County from the liability associated with entering the chain of title, allowing you to foreclose on a tax-delinquent brownfield and convey it to a subsidiary LLC owned by the Land Bank without the risk of being held liable by NYS for any contamination on or emanating from the site.

We understand that the County Law Department and Corporation Counsel are finalizing the details of this agreement with our DEC region's legal staff. Once executed, the City or County can foreclose on suspected brownfields and convey these properties to a subsidiary LLC owned by the Land Bank. We can then use our routine sales process to sell it to a well vetted developer, with an enforcement lien guaranteeing they complete the necessary cleanup and redevelopment of the property. This will be faster and ensure more predictable outcomes than the lien sales process. We also plan to work with the City to address the numerous properties that the City has declined to foreclose upon over the past six years due to suspected contamination and work with the County to identify tax-delinquent brownfield properties in the towns and villages that

might also benefit from this approach. The Land Bank applied last month, jointly with SIDA and OCIDA, for funding from the US EPA to complete environmental testing on sites like this. If awarded, we can use these funds to better understand the extent of the contamination, determine the scope of cleanup needed, and include that in our scope of work for the property's redevelopment.

We understand that the County is soliciting legal advice on how best to return tax-delinquent brownfields to the tax rolls. The Land Bank was created for this purpose, and collaborating with the Land Bank will access the benefits described above that private developers or other governmental entities cannot access. It is reasonable that the County might want to retain control over the ultimate sale and outcome. To do so, the County could impose certain conditions upon the sale of tax-foreclosed property to the Land Bank – such as stipulating how the property will be marketed for sale or even placing the responsibility for marketing and selecting the buyer with the County or OCIDA so that the Land Bank is simply a vehicle to hold title and utilize the legal powers described above. The agreement could also allow the County to invest County or OCIDA resources in environmental testing, redevelopment, demolition, or cleanup of a particular site either by allowing their contractors site access or with a fee-for-service agreement with the Land Bank. Such a partnership might also include a revenue sharing agreement as described above. Working together creatively, we can utilize the powers, legal tools, and financial resources available to all of these agencies in the most effective way possible.

We have accomplished a great deal since the Land Bank was established in 2012 – selling 670 properties, demolishing more than 270 blighted structures, and attracting \$9 million in mortgage settlement grant funds to our community – more than any other land bank in New York state. These mortgage settlement funds have facilitated the renovation or new construction of 76 single-family homes for sale to low-income families, in addition to a significant number of demolitions. It took over 60 years of decline to get to this point and it will take us a considerable period of time before we can demolish all the blighted, abandoned structures and sell/renovate all those that can be salvaged, but we are making a significant amount of progress each year. We will continue to work with local and state partners in government, the nonprofit sector, and private investors to find ways to dramatically increase the volume of renovations and infill construction in our most distressed neighborhoods to provide quality housing, development, and growth opportunities for our community.

Sincerely,

  
Katelyn Wright  
Executive Director

  
Vito Sciscioli  
Chairman of the Board

CC:

Honorable David Knapp, Onondaga County Legislature Chairman  
Honorable Helen Hudson, Syracuse Common Council President  
Honorable Rachel May, NY Senate, 53<sup>rd</sup> District  
Honorable Robert E. Antonacci, NY Senate, 50<sup>th</sup> District  
Honorable William Magnarelli, NY Assembly, 129<sup>th</sup> District  
Honorable Pamela Hunter, NY Assembly, 128<sup>th</sup> District  
Honorable Albert A. Stirpe, Jr., NY Assembly, 127<sup>th</sup> District



Honorable Ben Walsh, Mayor  
203 City Hall  
233 E. Washington Street  
Syracuse, New York 13202-1473

March 6, 2019

RE: 2019-20 Funding Request

Mayor Walsh,

Last week we sent a letter to you and County Executive Ryan McMahon primarily focused on our request for recurring, predictable funding for the Land Bank. We outlined the ways the Land Bank's activity has benefitted the City and County tax-collections, local residents, property owners, and taxpayers. We explained that the Land Bank is running a deficit annually and that we are on track to deplete our fund balance in 2021. We are seeking a recurring source of revenue that will bridge this financial gap and fund badly needed capital investments such as demolitions and renovations. Our proposal for this funding source, derived from an increase in Real Estate Transfer Tax, is detailed in our previous letter.

The certainty of a recurring funding source will enable us to continue working with the City to address the vast scale of abandoned and seizable properties. Without it, the Land Bank may have to slow down acquisitions, which will undermine the City's improved collections performance. If we keep up the pace of acquisitions to avoid this, but deplete our reserves in 2021, the City will be left with the responsibility to maintain and dispose of our remaining inventory.

In the meantime, we are writing to respectfully request that you include \$1.5 million for the Land Bank in your 2019-20 budget. Even if a sustainable solution is secured this year, it will be late-2019 before it is signed into law. Pledging financial support for the Land Bank in May 2019 will put some additional time between us and our looming financial crisis, giving the Land Bank confidence to continue accepting a steady stream of foreclosed properties in the interim.

It took decades to get here and we are making significant progress, but it will take a sustained effort, and sustained public investment, to reposition our local real estate market. The partnership we've crafted between the Land Bank and the City is working:

- Since the City started issuing foreclosure notices to the 'backlog' of 4,000 seizable properties in 2012, they have collected \$14.4 million more of overdue receivables.<sup>1</sup> This revenue is generated by the properties that pay and avoid foreclosure.
- In addition, we have sold over 670 properties post-foreclosure, leveraging over \$21 million in renovation investment and those properties. Now returned to the tax rolls, these sold properties generate over \$1 million/year in local property tax.
- Of the 1,600 properties conveyed to us so far, we have addressed over half via sale or demolition.

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<sup>1</sup> Presumably, a corresponding \$9.6 million above historical levels has been collected on behalf of the County through this effort.

- The number of residential vacant properties in the City has decreased by 17% in recent years.<sup>2</sup>
- Over time, we've been able to assemble larger sites for new development and an inventory of buildable lots for infill construction. It often takes several years of foreclosures and property purchases to assemble larger sites that are better able to attract new development, but the Land Bank's low carrying costs enable us to patiently go about this pre-development work. We're ready to go with shovel ready sites for commercial and residential development – including at least five half-acre commercial sites and hundreds of buildable residential lots. This puts our community development and business development partners in a stronger position when applying for grants and other funding.
- The ~1,000 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 doesn't result in immediate renovation and beautification, it has transferred 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.

*That said, our debris removal costs dramatically increased in 2018; over the course of the year we spent \$247,843.64 on exterior cleanups. Approximately half of that was attributable to "spring cleanups" and the rest was exterior debris discovered in the course of our periodic inspections, reported by neighbors, or reported by Codes. Our inventory grew by 16% between 2017 and 2018 but our debris removal costs increased by 80% (an increase of approx. \$85/property/year). We must find ways to cut this expense and would welcome the City's help in any way possible.*

The benefits described above are external to the Land Bank and despite these successes, the Land Bank ran a \$1.15 million deficit last year.<sup>3</sup> We generated approx. \$1 million in sales revenue, but it cost \$2.2 million to run day-to-day operations. This \$2.2 million does not include the cost of grant-funded demos and rehabs for which revenue and expense cancel each other out. We need to secure funding for both types of activities – day-to-day operational expenses and capital investments like demolitions and rehabs – but it is funding for the day-to-day expenses that will shrink our deficit and postpone the ultimate depletion of our fund balance.

The Land Bank and City have been strong partners in this endeavor for the past seven years and we greatly appreciate your continued support for our work and for stabilizing Syracuse's neighborhoods.

Sincerely,

  
Vito Sciscioli  
Chairman of the Board

  
Katelyn Wright  
Executive Director

CC:

Honorable Helen Hudson, Syracuse Common Council President  
Honorable J. Ryan McMahon, II, County Executive  
Honorable David Knapp, Onondaga County Legislature Chairman

<sup>2</sup> According to the latest data from the City's Department of Neighborhood & Business Development.

<sup>3</sup> This is a cash deficit. Our audited financials are booked on an accrual basis and treat \$847,000 of expense as a capital investment in inventory rather than a 2018 expense. This \$1.16 million deficit reflects a cash basis accounting of the year and how much cash actually entered versus left our bank account.