Taking Stock of Ohio County Land Banks

Current Practices and Promising Strategies

Greater Ohio Policy Center

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Executive Summary

In 2008, in response to an unparalleled foreclosure and vacant and abandoned property crisis, the Ohio General Assembly, with bipartisan support, passed legislation that created Ohio’s first county land bank in Cuyahoga County. In 2010, additional legislation extended land bank authority to Ohio's forty-two most populous counties, permitting these counties to create a hybrid organization that combines the private sector efficiency of a non-profit corporation with the public purposes, powers, and funding of a governmental organization.

As of April 2015, there are twenty-two county land banks in operation, which have overseen the demolition of approximately 15,000 blighted residential properties and the revitalization of hundreds of properties, including vacant lots, residential homes, skyscrapers, historic theaters, and industrial factories.

Ohio county land banks take on a number of responsibilities, which include:

1) facilitate the reutilization of vacant, abandoned, and/or tax-foreclosed property;
2) hold and manage these properties to stabilize and improve surrounding areas, including creating redevelopment opportunities that can contribute to neighborhood and community revitalization
3) clear property titles of unpaid property taxes, fines, and assessments so that a new responsible owner will not be held responsible for previous liabilities
4) promote economic and housing development in the county or region, which may include helping existing property owners retain the value of their properties or stabilizing key commercial properties to re-attract the private market.

Land banks have the advantage of having a higher tolerance of risk and greater patience than market-rate investors. But no matter the intended return, which may include neighborhood stabilization, properties returned to tax rolls, or small sales profits, land banks are endeavoring to focus their finite resources where they will make a sustainable difference.

Ohio’s statutory language does not dictate how county land banks should programmatically operate, leaving county land banks to form in ways that are responsive to local needs. As a result, each of the 22 county land banks is tailored to their local circumstances but most have shaped their missions to include the broad goals of:

1) stabilizing and strengthening markets—particularly residential neighborhoods—to prevent further decline, and
2) clearing a path for private sector re-engagement by lowering barriers through incentives, support, and resources.

To carry out their mission in ways that have an impact and are sustainable, county land banks tend to utilize two different strategies to carry out their mission: a property-by-property approach and a targeted area approach. Property-by-property approaches eliminate blight, no matter where it is...
located in the county, and work to retain the value of vacant, but viable properties, through revitalization.

Targeted areas are usually neighborhoods or portions of neighborhoods where some market still actively remains and where the coordination and concentration of interventions and resources have the reasonable potential of stabilizing and reviving a functional market. To complement strategic demolition and strengthen the overall health of the area, land banks will often financially support or manage programs that improve the physical quality of properties occupied by homeowners. As such, a targeted area approach often includes non-profit and local government partners that closely coordinate and leverage the land bank’s unique legal powers and financial capacity.

Some county land banks are utilizing their dedicated funding streams to take on activities similar to traditional redevelopment financing agencies. Beyond the financial resources they can bring to bear, land banks are uniquely positioned to guide redevelopment efforts in a coordinated way throughout the county because of their county-wide footprint. Greater involvement in these types of innovative redevelopment strategies is expected to occur as Ohio’s land banks become even more established.

Ohio’s county land banks have accomplished much in their first five years. Through the practice of land banking, changes in local practices and state level policies that would further increase land banks’ effectiveness have been identified. Recommended changes in practices include:

1) regularly educate local officials about the long-term economic benefits of land banks
2) strategically deploy tax foreclosure so that blighted properties do not get sold repeatedly to speculators
3) utilize data-tracking to anticipate increased foreclosure and abandonment activity.

Recommended changes in state level policies include:

1) give counties the option to forgo holding forfeited land sales in cases in which properties on this list are more of a liability than asset
2) require county auditors to assess the condition and quality of properties at the same time they are assessed for value
3) provide immunity to trespassing charges to county land bank officials who enter blighted properties

While Ohio’s county land banks are still early in their development, and many have yet to implement all the tools available to them, this report concludes that land banks are having impact in their communities and hold great promise for the future.
Taking Stock of Ohio County Land Banks: Current Practices and Promising Strategies

I. Introduction

In 2006, the city of Dayton lost over $8.7 million in unpaid property taxes and spent more than $3.5 million on police and fire runs, mowing, and other city services to blighted and abandoned buildings and land around the city. And that was before the Great Recession, which led to a new surge in foreclosures and property vacancies. Almost a decade later, more than 750 blighted structures in the city have been removed, making way for new opportunities. In the Fairview neighborhood, community gardens are growing where burned-out houses used to stand, and neighbors have expanded their yards to include newly cleared parcels where unstable houses previously attracted drug users and inquisitive children.

The stabilization and revitalization of the Fairview neighborhood is due, in part, to the activities of the Montgomery County Land Bank. One of twenty-two in the state, the land bank is a quasi-governmental entity, created through state legislation in 2010. In the five years that Ohio’s land banks have been coming online and operating, they have overseen the demolition of more than 15,000 blighted residential properties and are creating and administering a number of programs that are helping to stabilize and revitalize communities throughout the state. Now is the opportunity for these unique entities to build on their successes and transform the way strategic revitalization is undertaken in Ohio.

The Greater Ohio Policy Center (GOPC) presents this study of Ohio’s county land banks to share practices, highlight successes and challenges, and set the stage for enhancing their strategic role in revitalizing our communities. This report assesses the current state of land banking in Ohio, places land banks in the larger context of community revitalization, and highlights promising county land bank programs that have the potential to greatly contribute to sustainable economic and community redevelopment throughout Ohio. Our findings and conclusions are based on formal interviews in 2014 with key staff and elected officials at 14 county land banks, informal conversations with many land banks’ staff, participation in key housing and land reutilization conferences, and review of secondary sources, including annual reports, news coverage, and county land banks’ websites.

2 As of the publication of this report Ohio has 22 county land banks. Another 21 counties are eligible to create a county land bank.
4 Please see “Note on Interviewees” for a complete list of formal interviewees and list of land bank staff who also informed this Study.
This Study complements a 2014 report by the Washington, D.C.-based Center for Community Progress, *Taking it to the Bank: How Land Banks are Strengthening America’s Neighborhoods*, which captures the national picture of land banking.\(^5\) This Study analyzes and zeroes in on the land bank variation and innovation occurring in the Ohio context. This Study also complements the technical assistance work by Thriving Communities Institute, which has assisted local leaders in establishing many of Ohio’s land banks and offers regular advice on land bank operations.\(^6\) This Study offers analysis of and observations about policies and practices that further promote a strategic approach to revitalization.

II. The Ohio Land Bank Statute: Setting the Stage

An Innovative Tool to Address Challenged or Failing Markets

All of Ohio’s large and mid-sized cities (except Columbus) have been losing population since their peak populations in the 1960s and 1970s, leading to an excess of housing and depressed property values in many neighborhoods and community decline throughout the state. The housing crisis of 2008-09 further exacerbated these decades-long trends, and the impact of blight on rural and suburban communities became more acute. In response to the growing problem property crisis, Ohio’s communities and advocates began calling for a statutory tool that would help slow the spread of blight and aid in revitalizing houses, buildings, land, and neighborhoods.

While some cities in Ohio have had “passive” land banks, which are run by municipalities, since the 1970s, “passive” municipal land banks lack the legal authority necessary to proactively and economically take control of problem properties and return them to productive use. By the mid-2000s it was clear that Ohio needed stronger tools. A new legal approach to managing abandonment and blight, pioneered by the Genesee County Land Bank Authority under a 2004 Michigan state law, was identified as a promising model to replicate.\(^7\)

In 2008, the Ohio General Assembly passed legislation providing for the creation of Ohio’s first county land bank, which was launched in Cuyahoga County in spring 2009. A year later, GOPC and a coalition of partners from around the state successfully advocated for the passage of legislation that extended the authority to create land banks to Ohio’s 42 most populous counties in addition to Cuyahoga County.


\(^6\) Both the Center for Community Progress and Thriving Communities Institute provide excellent resources on how to set up and operate a land bank.

This land bank statute\(^8\) went into effect in 2010 and permits the specified counties to create a not-for-profit, quasi-governmental entity, officially called a county land reutilization corporation (see Terminology note on page 24).

**Land Bank Mission, Powers, Composition and Funding**

County land banks were created to accomplish four statutory purposes:\(^9\)

1. Facilitate the reutilization of vacant, abandoned, and tax-foreclosed real property;
2. Efficiently hold and manage vacant, abandoned, or tax-foreclosed real property pending its reutilization;
3. Assist entities to clear the title of property and assist with coordinating and assembling properties; and
4. Promote economic and housing development in the county or region.

Charged with these four directives, land banks in Ohio have shaped their missions to incorporate the broader goals of: (1) stabilizing and strengthening markets—particularly residential neighborhoods—to prevent further decline, and (2) clearing a path for private sector re-engagement by lowering barriers through incentives, support, and resources. Due in part to an unexpected flow of resources in Ohio specifically targeted for demolition (discussed further below) and in part to overwhelming need in many parts of the state, land banks have become best known for their demolition activities. Yet their mission is much broader and their potential contributions much greater than merely building removal.

Stabilizing a neighborhood and re-energizing an existing residential or commercial market are often symbiotic or interdependent, and county land banks can and often do deploy strategies that strive for both goals simultaneously. These strategies often have both short- and long-term timeframes for impact. Land banks will undertake work as the “lead entities,” driving stabilization and revitalization efforts, but they will also serve as tools for partners and work closely with other local entities that share similar goals of neighborhood stabilization and/or market re-invigoration, such as in Hamilton and Franklin Counties, as discussed later.

The statute provides county land banks with several critical powers that allow them to address blighted, vacant, and abandoned houses, buildings, and land. Land banks can:\(^10\)

1. Take title to a property that is more than two years delinquent on property taxes, local government fines or fees, or has severe and chronically unabated code violations (ORC 1724.02(2)b; ORC 5722.01F).

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\(^8\) Community Land Reutilization Corporations: ORC 1724.01-11

\(^9\) ORC 1724.01B2a-d

2. Eliminate outstanding liens to “clear” the property’s title for future use. A county land bank has the authority to extinguish all private mortgages, liens, and state and local taxes and fees (ORC 5723.12C).

3. Prevent a foreclosed property from going to sheriff sale where the property might be purchased by an unscrupulous real estate speculator (ORC 3237.73G).

4. Revitalize neighborhoods and communities through blight mitigation, including demolition, property stabilization, and property rehabilitation (ORC 1724.01B2a-b).

Prior to the land bank legislation, cities and counties could and did demolish vacant buildings and undertake other blight mitigation strategies; however cities and counties without a county land bank cannot halt sheriff sales of abandoned and blighted property, easily clear encumbered titles, or sell property below market rate.

The land bank legislation specifies the composition of a county land bank’s board of directors. These community stewards—county commissioners, the county treasurer, representatives from a township and the county’s largest city, and a private real estate developer—ensure land banks perform appropriate functions and do not overextend their powers or undertake extensive property ownership where it is unwarranted.

Perhaps most important, the statute names a source of operational funding that counties can chose to provide to land banks: 5% of the biannual delinquent property tax receipts, more commonly known as “DTAC” (Delinquent Tax and Assessment Collection).” By law, DTAC funding goes to local school districts, however the County Commissioners may vote to allocate up to 5% of all receipts to the county land bank for unrestricted use. Ohio is the only state that statutorily provides a consistent funding source for county land banks. Land banks in some other states receive a portion of the property taxes on a property rehabilitated by the land bank. In some states, land banks receive general revenue appropriated from state and local sources.

Ohio’s statute does not dictate how county land banks should programmatically operate, leaving it up to the local boards. As a result, county land banks have the flexibility to form in ways that are responsive to local needs. They are tailored to their local circumstances, so that each of the 22 currently existing county land banks is somewhat unique in terms of operations and programming. However, there are similarities in terms of structure and activity that have demonstrated successful outcomes, which are discussed below.

Over two-thirds of Ohio’s current county land banks receive a full 5% of DTAC funding (see Figure 1 for county DTAC allocation levels). The County Treasurer, the statutorily defined incorporator, or “parent,” of the county land bank, is the most effective advocate for this DTAC allocation.12 If the Commissioners or the Treasurer do not advocate for DTAC funding for the land bank, then the county land bank misses out on a significant unrestricted, regular funding stream.

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11 ORC 321.261B. For more on funding, see Center for Community Progress’s Taking it to the Bank (2014).
12 http://codes.ohio.gov/orc/1724.04
Meeting the Land Bank Mission: Operationalizing for Community Revitalization and Market Reinvigoration

The strategies and best practices discussed below must be read with the caveat that land banks’ practices are often tailored to location-specific needs and are created in the context of location-specific resources, such as partnering nonprofits, strong neighborhood organizations, or engaged local governments. Municipal laws vary, and market strength and appetite differ markedly both within a county and from county to county across the state. In other words, not every practice is exactly replicable from place to place; however, many practices and strategies can be adapted and future policy recommendations could improve the potential for replicability.
Additionally, Ohio’s land banks are in different stages of “coming online,” with some formed in 2010 and others as recently as the summer of 2014. Not all of Ohio’s land banks receive regular DTAC funding from their counties; even some of those that are fortunate enough to have a full 5% of funding authorized may receive only $100,000 a year because their DTAC collections are relatively modest due to lower population or fewer delinquent tax cases than in Ohio’s highly urban counties where DTAC collections are greater. In two counties, the land bank receives DTAC funding, but less than the possible 5%.

**Acquisition to Disposition: Processes and Options**

A county land bank’s standard activities are to acquire property, clear the title, improve the property, and dispose of the property by transferring or selling it to a responsible end user, which is the ideal process for returning the property to productive reuse. Ohio law defines the mission of county land banks—to facilitate reutilization of problem properties and clear their titles—but does not dictate how a land bank should accomplish acquisition, property improvement, or disposition. Practices and tactics developed by Cuyahoga County and other established county land banks, such as Lucas County and Trumbull County, have become standard practice for many of Ohio’s county land banks.

Despite the clear milestones and agreed-upon methods for returning a problem property to productive reuse, almost half of all our interviewees, at some point, said a variation of the following: “you’ve handled one property, you’ve handled one property.” Each property arrives at the land bank’s doorstep with its own history of misuse, neglect, and legal entanglements which affect how it is dealt with. With this caution, outlined here are the major steps and options all county land banks go through to move a property through the “system” and back to productive use.

1) **Acquisition**

Although the Ohio Revised Code does not dictate how county land banks acquire property, the primary pipelines used in Ohio are:

- **Individual or corporate donation or deed-in-lieu of foreclosure.** The property owner or financial institution signs over the property title to the land bank.

- **Expedited or judicial tax foreclosure.** The County Treasurer forecloses on outstanding back taxes and fees. This process can be “expedited” on vacant and abandoned properties by shortening the notification periods required at different stages of the foreclosure lawsuit. The expedited process can take about 165 days before the foreclosure lawsuit concludes, at which point the county land bank can take property control.¹⁴

- **Forfeited land list** (also known as forfeiture list). The county land bank gains title to properties (i.e. land with and without structures) on the forfeiture list. If a property has gone through tax foreclosure, the county auditor will try to sell the property to reclaim costs. After two attempts at holding a sheriff sale, the property is forfeited to the State and is placed on a list that is maintained by the county auditor. At least once a year the Auditor will sell properties from the

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¹³ ORC 1724.01B2a-d

¹⁴ For more on the specific timeframes of each step of expedited foreclosure please see this useful diagram developed by the Lucas County Land Bank [http://co.lucas.oh.us/index.aspx?NID=2216](http://co.lucas.oh.us/index.aspx?NID=2216)
forfeiture list for a cost, usually at a cost lower than the cost of the back taxes and fees.\textsuperscript{15} The county land bank can request properties from the forfeiture list and bypass the sales process.\textsuperscript{16}

- **Housing Court or Environmental Court.** Toledo and Cleveland have Housing Courts; Franklin County has an Environmental Court. These courts have jurisdiction over local laws related to housing and safety and can deem structures and land unsuitable for habitation and/or hazardous to public health. The Court determines how to rectify the property problems and can bring judgment against property owners, including jail time. The Court also has the authority to transfer property directly to the county land bank.

While county land banks prefer to receive donated structures and parcels because the paperwork is much less onerous, land banks most frequently acquire property through tax foreclosure and from forfeiture lists.

2) **Title Clearing**

The Ohio Revised Code dictates that all liens and fees are automatically extinguished when the Board of Revisions, judge, or owner transfers the property to the county land bank.\textsuperscript{17} The Board of Revisions is a quasi-judicial body, made up of the county treasurer, county auditor, and one county commissioner (or their delegates), which hears complaints and revises assessments of real property for taxation.\textsuperscript{18}

3) **Property Improvement**

The Ohio Revised Code does not define how a county land bank should facilitate “the reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed, or other real property,”\textsuperscript{19} but in practice county land banks tend to demolish or board up buildings and secure the acquired property. However, not all acquisitions result in demolition and an empty lot. Land banks acquire some properties as part of a larger redevelopment plan or process. Sometimes a structure is retained because it holds economic or historic value.\textsuperscript{20} Sometimes an empty parcel is acquired by the land bank as part of a broader redevelopment plan or because the land bank wants site control to prevent or mitigate blight caused by trash dumping.\textsuperscript{21} Additionally, some land banks run programs under which they clear title and then pass along the property “as-is” to a responsible end user.\textsuperscript{22}

Property improvement, and demolition in particular, takes anywhere from 30 to 90 days in Ohio’s

\begin{itemize}
  \item ORC 5723.04B
  \item [http://codes.ohio.gov/orc/5722](http://codes.ohio.gov/orc/5722)
  \item ORC 5715.01B [http://codes.ohio.gov/orc/5715](http://codes.ohio.gov/orc/5715)
  \item ORC 1724.01B[a]
  \item The Land Banks in Hamilton, Franklin, Cuyahoga, and Lucas Counties acquire properties with historic or valuable structures on them. Examples of these types of properties include: historic houses, commercial skyscrapers, theaters, and commercial strip malls.
  \item The Land Banks in Hamilton, Franklin, Cuyahoga and Lucas Counties have acquired empty, structure-less parcels, to assist with a broader redevelopment plan. The predecessor to the Mahoning County Land Bank focused on site control of vacant land with no structures on it; the Land Bank continues to make site control a priority work area.
  \item Many land banks, including the ones in the five most urban counties, offer existing houses for sale to qualified rehabilitation specialists, nonprofits, and individuals.
\end{itemize}
larger land banks. The timeline can be longer in smaller counties, which generally rely on external reimbursable funds to help pay for services. Waiting for reimbursement dollars can slow the process. Property improvement and its different forms are discussed in more detail below.

4) Disposition
The Ohio Revised Code grants county land banks the power to sell, transfer or otherwise dispose of the property, but does not require county land banks to sell acquired property, nor does it specify how to dispose of property.\(^{23}\)

Generally, once a county land bank gains control of the title to a structure and its parcel, the land bank seeks to transfer it to a responsible end user as soon as possible. Universally, county land banks in Ohio do not want to hold or own property, unless there is a compelling strategic reason to do so. As owner of the house, building, or vacant land, the land bank must insure the property for liability, and it is responsible for all maintenance on the structure or landscaping on the vacant lot.

County land banks will transfer or sell property to a responsible end user, who is usually identified or committed at the beginning of the acquisition process. Many of the smaller land banks require an end user to be identified before beginning the process of acquiring and clearing title to a property. The large, more urban land banks may not require this, but also prefer to have end users identified before expending resources on a property. End users include:

- **Private individuals who purchase or receive property.** Individuals include: existing neighbor next to parcel, homebuyer who will rehab and move into the house or building, renovator who will rehab the structure and sell it, landlords with nearby investments they want to protect.
- **Non-profit organizations, such as a community development corporation (CDC), church, or beautification and greening organization.**
- **Local Governments, which may utilize the property to support municipal goals, such as increased park land or the creation of a new economic development site.**
- **Private Sector entities.** Real estate developers may purchase or receive parcels for a new development or to protect the value of existing investments.

Despite a desire to not own property, land banks that do hold property for strategic reasons can do so for a long time. Generally, a county land bank will voluntarily hold onto residential parcels (with and without structures) if it knows that an end user will be taking on the property but needs more time to set up the financing for the redevelopment project. County land banks will also hold commercial and industrial structures as part of a long-term redevelopment plan.\(^{24}\) Although county land banks will wait patiently for someone to take the property, county land banks at times get “stuck” with properties they had not intended to hold for the long term.

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\(^{23}\) ORC 1724.02C

\(^{24}\) Lucas County Land Bank controls a skyscraper in downtown Toledo and several smaller commercial buildings.
It should be noted here that statewide, land banks overwhelmingly focus their resources and energies on residential properties because remediating commercial and industrial properties is a more expensive and complex process. Focusing on residential properties—especially candidates for demolition—is also a function of need. In 2010, experts estimated that Ohio had over 100,000 blighted residential structures.\(^{25}\) Cities like Cleveland and Dayton have extremely concentrated areas of residential blight, but blight remains pervasive in rural and suburban areas of the state as well.

**Demolition Funding and its Effect on Land Bank Strategies**

Current land bank funding resources favor the demolition of problem residential structures. To address the detrimental impact of vacant and abandoned properties, in 2012 Ohio Attorney General Mike DeWine pledged $75 million to support demolition and created the Moving Ohio Forward program (MOF). This program concluded at the end of 2014. In 2013, the Ohio Housing Finance Authority (OHFA) successfully petitioned the federal government to utilize $60 million of its Hardest Hit Funds allocation for demolition, creating the Neighborhood Initiative Program (NIP), which will end in 2016. In fall 2014, the Cuyahoga County Council gave its approval to bond $50 million to be used primarily for problem property demolition, and other counties are exploring the viability of creating a similar funding mechanism.\(^{26}\) This availability of state and local funding has undoubtedly influenced how county land banks approach neighborhood stabilization and market re-engagement. The demolition funding from the Ohio Attorney General’s office and OHFA has been an unexpected resource, especially for county land banks that do not receive DTAC funds to support their work.

While the large amount of funding for demolition arguably has focused land bank staff time and attention on demolition and therefore deprioritized other neighborhood stabilization activities, demolition is also a highly cost-effective way to manage blight, particularly in communities that have lost significant population and are unlikely to see a major influx of new residents. It costs land banks $6,500 to $12,000 per residential demolition,\(^{27}\) as compared to $40,000 or more for rehab.

The high levels of funding in the state targeted for residential demolition have understandably impacted land banks’ strategies by narrowing their choice of activities in this early stage of their existence. In some counties, funding from state demolition programs accounts for 100% of the land bank’s budget. Arguably, this funding for demolition, while beneficial, has affected land bank’s operational decisions, so that they are utilizing a limited range of the tools in their toolbox and fulfilling only part of their mission.

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\(^{27}\) Analysis by GOPC of land bank NIP applications.
To be sure, demolition of blighted residential properties is a net benefit to Ohio’s counties made possible by the establishment of county land banks. Ohio’s land banks received this influx of dedicated demolition funding at the same time that they were “growing up” and during a time of overall resource contraction for community development, so it is understandable that they have focused on demolition of blighted residential properties. Additionally, as is explored below, smaller county land banks that share staff with local governments, do not receive DTAC funds, or are more rural may be limited by capacity and resources to only manage residential blight through demolition. However, as discussed below, additional state policy changes can help incentivize land banks to expand their operations so as to fulfill their larger mission to stabilize and strengthen markets.

III. Maximizing Land Banks’ Tools and Activities to Stimulate the Market

Building on the statutory basics of acquisition, disposition, and demolition, land banks are starting to utilize those tools in greater combination to maximize their impacts on the market and stimulate market recovery. Every land bank in Ohio will affirm that the demand for services outstrips resources. However, based on interviews, three principle considerations appear to guide land banks’ decisions to take on the responsibility of acquiring, clearing title, improving, and then disposing of a property, in order to maximize their impact:

- What unique, direct services or activities can the land bank provide or undertake itself or as the lead entity?
- What tools or resources can the land bank provide to support partners that are capable of managing property, supporting neighborhood revitalization and/or re-engaging the market?
- What is the market context for the property?

Many of Ohio’s land banks adeptly use a mix of direct services and partnerships to extend their impact and stretch resources. Generally, the strongest county land banks that are having the greatest community impact (using indicators, such as the number of reutilized properties; range of private, nonprofit, and government partners; respect in community, etc.) are both carrying out work themselves and working with partners to achieve their goals. For example, a county land bank will choose which structures are candidates for demolition and administer the demolition process.

However, if a county is fortunate enough to have a community development network, the land bank is usually reluctant to muscle its way into that space. In those counties, such as Hamilton, Cuyahoga, Franklin, Mahoning, and Trumbull, the land bank deliberately takes a supporting role to the “boots on the ground” organizations.

A common theme that emerged from the interviews, especially with the most urban land banks, is that land bank officials want to serve as tools and resources to local governments and nonprofit partners that share goals of neighborhood stabilization and market regeneration. In this way, land banks are starting to fulfill their potential capabilities -- beyond demolition -- to lead long-term and comprehensive strategic revitalization efforts.
County land bank officials point to their special capacities to clear property title, the biannual influx of funds through DTAC, and other powers as unique contributions and resources available for use by partners. For example, the Richland County Land Bank, the Cuyahoga County Land Bank and several others work closely with nonprofit partners, like community development corporations and increasingly Habitat for Humanity chapters, to acquire parcels with houses or buildings that the nonprofit has identified as key to advancing its mission. Hamilton County Land Bank financially supports local community leadership development efforts in four neighborhoods that are ripe for revitalization and have an emerging civic leadership that is eager to guide decisions around revitalization and redevelopment.

Beyond this coordination between county land banks and their development partners, some of the larger urban land banks are beginning to act as redevelopment finance agencies, providing low-interest loans and direct programming dollars to nonprofits, local governments, and some private sector partners. This emerging area of land bank opportunity is discussed in more detail below.

Land bank staff emphasized in interviews that county land banks “must know the market.” No matter the intervention, land banking is often expensive and resource-intensive. A county land bank must know it is making a reasonably solid bet when it decides to commit the staff time and resources needed to acquire a property, clear its title, and improve the structure or parcel.

Land banks have the advantage of having a higher tolerance of risk and greater patience than market-rate lenders. But no matter the intended “return” (e.g. neighborhood stabilization, properties back on tax rolls, small profits on sales), land banks are endeavoring to focus their finite resources where they will make a sustainable difference. In the larger urban counties, the county land bank often meets weekly or biweekly with its city and/or economic development partners so that land bank interventions support economic development strategies and all entities are coordinated. We return to this issue of the market in our discussion below of target areas.

**Common Land Bank Best Practices and Strategies**

In considering how to leverage their tools for maximum impact, county land banks’ strategies in carrying out their mission tend to fall into two categories: (1) a property-by-property approach and (2) a targeted area approach. Both strategies usually make use of demolition. While some county land banks use one strategy more heavily than the other, most land banks—especially the large urban land banks that are have been operating since 2010 or 2011—utilize both strategies, each for different ends.

Newly formed county land banks eager to make a difference—especially those with limited staff—usually began by tackling the parcels they can most quickly acquire, such as residential properties from the forfeited lands list, with the pragmatic philosophy that any blight eradication effort is better than no action at all. Furthermore, because county land banks serve the whole county, they often cannot work exclusively in a few targeted areas, and problem properties are located outside these areas.
However, this opportunistic property-by-property approach has the potential to have a scattershot result and dissipate the overall impact of land bank investments. County land banks are increasingly dedicating the majority of their resources and staff time to target areas set either by the land banks themselves or by local governments. These areas are often neighborhoods or portions of neighborhoods where some market still exists, and where the coordination and concentration of interventions and resources have a reasonable potential for stabilizing and reviving a functional market.

Implementation of a targeted resources approach and establishment of focused areas for investments are a relatively recent concept in Ohio, despite past efforts to advance these strategies. The Moving Ohio Forward Program in the Ohio Attorney General’s office encouraged a focus on target areas, and the OHFA Neighborhood Initiative Program requires that its demolition funds be used only in target areas. While programming dollars from the State of Ohio have moved land banks toward utilizing target areas, it is remains unclear whether county land banks with few or no staff will maintain target areas after funding through the Neighborhood Initiative Program winds down in 2016. Since target areas tend to limit county land banks to acquiring property in only select areas, smaller land banks may feel pressure to devote their scarce resources to “easy” properties outside of target areas rather than continue to work in target areas, once the “easier” properties in these target areas have been dealt with.

“Property-by-Property” Transactions
Both within and outside of their target areas, land banks work consistently to achieve their dual goals of eliminating blight and lowering barriers to stimulate market interest. Property-by-property transactions can occur both in and outside target areas. Common land bank tactics for selecting individual properties include: (1) eliminating worst first; (2) identifying and facilitating the reutilization of properties to retain value; and (3) taking properties with uncomplicated paperwork.

1) Eliminating Worst First
Many counties have a “worst first” philosophy so that the most dangerous, hazardous, or blighted houses are triaged for demolition and residential land is prioritized for cleanup. Richland County and Butler County Land Banks have found that prioritizing the most problematic houses for removal builds goodwill among residents. In fact, the “worst first” approach enabled the city of Mansfield in Richland County to successfully pass a four-year income tax levy that is expected to generate

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28 The Greater Ohio Policy Center and other organizations, such as Center for Community Progress, have been proponents of target areas since the mid-2000s. For more on resource targeting, see “Restoring Prosperity: Transforming Ohio’s Communities for the Next Economy” [http://greaterohio.org/publications/restoring-prosperity](http://greaterohio.org/publications/restoring-prosperity); for information on resource targeting for neighborhood revitalization see GOPC contributions to “Laying the Groundwork for Change: Demolition, Urban Strategy, and Policy Reform” by Alan Mallach (2012) [http://greaterohio.org/publications/strategic-demolition-report](http://greaterohio.org/publications/strategic-demolition-report).

29 For full disclosure, the Greater Ohio Policy Center was under contract with the Attorney General’s office from 2012-2013 to provide strategic advice and assistance on the creation and implementation of the Moving Ohio Forward Program and has a contract from 2013 to 2015 with the Ohio Housing Finance Agency to assist counties in applying for and implementing the Neighborhood Initiative Program.
$660,000 per year for demolition and other community improvements. Lucas County Land Bank argues that “worst first” demolition, even if not in target areas, still brings a net positive to the community because “the land bank is not creating new risk; the blighted structure was already a community risk.”

2) Identifying and Facilitating the Reutilization of Properties to Retain Value

In many counties, there are vacant buildings that have undergone tax foreclosure and still retain value. An example of this is a house with a roof that is still watertight and wiring and plumbing still intact. The sale of property that does not require demolition or significant physical improvements helps communities retain their visual identity and assists county land banks in recouping administrative costs and potentially making a small profit.

To facilitate the reutilization of this kind of property, the Hamilton County Land Bank maintains “real time” listings of properties that have been forfeited to the state and administers a “Forfeited Land Program” that allows anyone to request the land bank’s assistance in acquiring a forfeited property. The Hamilton County Land Bank has established a set minimum acquisition fee and charges a final purchase price based on the parcel’s “fair market value and level of investment required.” While the administrative burden of removing a property from the Forfeited Land List can be high, the minimum fees ensure the land bank’s costs are partially defrayed and if the property is in a stronger market, the market value paid to the land bank may completely neutralize costs.

Other county land banks will scour tax foreclosure lists and proactively acquire the title to houses, commercial buildings, and land that have value. They then market the properties using real estate agents or their own websites. The Cuyahoga County and Lucas County Land Banks both utilize deed-in-escrow programs to ensure that the purchaser mitigates the community liability and transforms the property into an asset. When the buyer purchases the property, he or she agrees to milestones for improvement. This agreement is part of the deed, and if the buyer is unable to meet the redevelopment milestones, the buyer forfeits the house or building and all improvements to the land bank.

The Trumbull County Land Bank is creating a revolving loan program that will eventually support a self-sustaining “business line” within the land bank. These programming dollars will fund the rehabilitation of property acquired from the tax foreclosure list or the forfeiture list. The Land Bank has utilized DTAC funds to renovate its first property and has sold it at a profit. That profit will go towards the next rehab project with the goal of eventually establishing an “in-house” rehab revolving loan pool. This revolving loan will recycle funds throughout the county and allow the Land Bank to utilize future dollars from DTAC and other sources for different programs.

Similarly, the Montgomery County Land Bank has established a revolving loan program for local governments interested in doing home rehabs. The Land Bank provides a loan to the local

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government that will do the rehab and then will sell the property at a profit. The local government will use the profit to pay back the loan and then use the remainder to establish and grow a revolving loan. This program has the added benefit of incentivizing local governments to see the county land bank as a resource and motivating them to enter into a long-term Memorandum of Understanding with the land bank to be eligible for this program.

To be clear, sales off the forfeiture list or sales of tax foreclosed homes and land are not a major revenue source for land banks, but they can help defray administrative and operating costs. Additionally, selling cost-neutral or revenue-generating structures or parcels to responsible end users usually stabilizes the surrounding property values and returns the remediated parcel to the property tax rolls. Sales of properties with value can occur anywhere but are particularly encouraged in target areas.

3) Taking Properties with Uncomplicated Paperwork
Last, land bank officials seek to gain residential structures and parcels that are “easy” to obtain, meaning, for example: where a house is clearly abandoned, has no mortgage liens and only a property tax lien from the county treasurer; or the owner is willing to sign over the house as a donation or deed the property in lieu of tax foreclosure. In the early days after a land bank’s formation, these “low-hanging fruit” are often the types of structures and parcels land banks have focused on. They continue to be the properties that land banks, such as those in Summit, Butler, and Eric Counties pursue, as they work through all the properties (with and without structures) eligible for acquisition within their target areas.

“Worst first” buildings and land, and properties with easy paperwork, are almost always demolished and turned into green spaces or side lots that are given to a neighbor or a nonprofit to care for as expanded yards, pocket parks, or community gardens. When private individuals gain title of a newly cleared parcel, for example as an extension of their backyard, the parcel is added to their taxed property. The Butler County Land Bank puts an innovative spin on the traditional side lot program. Many of the houses the Butler County Land Bank demolishes are in the oldest neighborhoods, from built the 19th century, of the cities of Hamilton and Middletown. The new side lot is often given to a neighbor who is an owner-occupant. Many recipients build a driveway and garage, which helps to relieve parking pressures on the residential street and increases the value of the home (and thus the property taxes).

Establishing and Utilizing Target Areas
Target areas are where land banks may concentrate or focus their activities and are established based on market and other considerations. Operating within target areas or other areas selected for their market potential enables land banks to leverage existing assets to maximize resources. As we heard in many of our interviews, “the land bank isn’t going to create a market where it doesn’t exist.” Hamilton County Land Bank staff characterized target areas as “areas with locked potential.” These neighborhoods or corridors are often “tipping” into decline but can be stabilized and “tipped back” to regain health and a reinvigorated market. Usually these areas, such as the Main Street
Corridor in Mansfield or the North Hill neighborhood in Akron, have a concentration of or proximity to other assets, such as employment centers, cultural amenities, transit, or other opportunities.

Many land banks defer to their local government partners to establish their target areas. Summit and Montgomery County Land Banks use target areas proposed by their local government partners; these land banks have not created target areas independently. Many land banks look for strong local community leadership, a critical mass of homeowners, effective municipal or township officials, and competent local nonprofit partners (CDCs or churches) to set and drive the community revitalization plan and identify target areas accordingly. In this way, land banks bring to bear their unique legal powers and financial resources in coordination with other entities, interventions, and investments.

It is in target areas where the role of the land bank as a resource or tool for partners becomes especially evident. Serving as a “conduit for money and for property,” as an official at Montgomery County Land Bank put it, county land banks are creating programs to bring properties to market. While most county land bank target areas have been identified only recently, several long-standing priority neighborhoods, including Over-the-Rhine in Cincinnati, Ohio City in Cleveland, the Oregon District in Dayton, and Weinland Park in Columbus, demonstrate that resource targeting can improve physical conditions of the neighborhood, increase property values, revive a dead or dysfunctional market and backstop against future decline. These successes, based on a range of interventions, provide touchstones for what is possible for land bank-defined target areas or locally-defined target areas that county land banks support.

Although county land banks are well-positioned to define and lead community strategic plans that identify targeted areas, many are reluctant to do so or are prevented from doing so by limited capacity and financial resources or by lack of political will or comprehensive vision, especially in smaller counties. This is the case even in counties where there is a vacuum in the community development field and few public or nonprofit partners exist that can competently undertake community development work—and thus where a land bank could fill a planning and redevelopment void. In some places, like Butler, Lorain and Erie Counties, the land banks do the majority of their business with one or two of the larger cities and are virtually unknown in the rest of their counties. In other places, further reducing their potential impact, land banks are regarded hostilely by township and municipal officials who believe the land bank may be interfering in the market or view it as unnecessary in their otherwise prosperous community. These factors limit the role played by some land banks in contributing to community revitalization efforts within their counties.

Some tactics discussed above as property-by-property are also incorporated into land banks’ strategies in target areas. However, land banks tend to have three common strategies in target areas: (1) help homeowners preserve property values; (2) mitigate risk for private investors and public entities; and (3) create opportunities for redevelopment.

1) Help Homeowners Preserve Property Values

Because target areas are focused on strengthening or preserving an existing market, many land banks undertake programs in these areas that are intended to protect existing homeowners in neighborhoods that are still viable but are “tipping” towards decline. In these target neighborhoods, demolition is focused on structures that are depressing neighboring property values and is usually paired with programs that help nearby homeowners in other ways so that the target neighborhood is comprehensively improved. Some county land banks administer outside funds or create their own programs to help homeowners in neighborhoods that have been targeted for improvement by the land bank. For example, Lucas County Land Bank’s “Roof Replacement” program helps preserve owner-occupied housing in three neighborhoods. The Lucas County Land Bank also offers a gap financing program for housing rehabilitation projects; similarly, the Franklin County Land Bank’s “Exterior Replacement” program gives eligible homeowners in target areas new siding, a fresh coat of paint, and landscaping.

Another way to protect existing homeowners in target areas is to place new homeowners into the neighborhoods. Toward this end, land banks will work closely with nonprofit community organizations to provide structures suitable for rehabilitation or parcels ready for a new build. The Cuyahoga County Land Bank works with a number of partners, including its local Habitat for Humanity chapter and the Slavic Village Recovery project, to provide houses appropriate for rehab. Franklin County Land Bank has transferred cleared parcels for new builds, and the Hamilton and Cuyahoga County Land Banks are now considering providing first-time homebuyer incentives, which could work with other local, regional, and state homebuyer programs to help increase homeownership rates, and thus the likelihood of neighborhood stability, in target areas.

To reinforce physical investments and rehab dollars, the Hamilton County Land Bank maintains a “Community Partners Program” which provides programming dollars for, among other things, community leadership development programs within its four community partner target areas. The Land Bank reports that community engagement is growing in those neighborhoods and that existing residents are becoming more active in civic and neighborhood pride activities.

2) Mitigate Risk for Private Investors and Public Entities

In addition to their focus on keeping homeowners in target areas, land banks seek to stop further neighborhood decline by reducing risk for private investors and public entities that want to revitalize a structure. A land bank’s willingness to step in where the private market will not invest in financially risky or onerous structures – in order to avoid demolition and achieve market re-engagement—is one of the key contributions county land banks bring to community revitalization for both residential and commercial properties.

The **Franklin County Land Bank** now administers a “Responsible Landlords” program that provides funding to private sector landlords in select target areas to rehabilitate and upgrade their rental units. This program essentially provides “strings-free” gap financing for affordable housing that would otherwise be subject to burdensome federal affordable housing regulations and could be neglected by landlords because of the costly regulations and modest tenant rents. The Franklin County Land Bank provides the funding to eligible responsible landlords and oversees the completion of projects—it does not handle any of the rehab work itself.

In the same vein, several county land banks have programs focused on commercial buildings in downtown and central business district areas, which many cities are working to revitalize as sites of key economic activity, employment, and innovation. The **Hamilton County Land Bank** maintains a “High-Impact Property Program,” which clears titles to strategic commercial buildings but may also help stabilize buildings by “mothballing” them or assisting with major repairs, such as roof replacement. Through this program, which in many ways operates as a gap financing program, the Hamilton County Land Bank lowered barriers to a level of risk acceptable to the private market. As a result of this program, a for-profit real estate developer now owns an iconic skyscraper in Cincinnati that had stood vacant for several decades and a historically significant theater has been saved and given an opportunity for redevelopment.

Similarly, the **Montgomery County Land Bank** runs a competitive grant program for its local governments that provides title clearing and gap financing for catalytic community projects. The program is intended for larger redevelopment projects, like commercial vacant properties that are too risky for a local government to take on alone.

Other county land banks, such as Erie, Stark and Cuyahoga, have also cleared the back taxes for a commercial property or an industrial building and have transferred title for the property to an end user. The first three buildings the **Montgomery County Land Bank** handled were commercial and industrial buildings; and the **Lucas County Land Bank** is in control of a vacant skyscraper in downtown Toledo. Though such large commercial or industrial projects are financially risky for the land bank, the rewards for the broader community are numerous if the land bank is successful in matching a vacant commercial or industrial building with a willing developer who recognizes the market potential for the building or land. As a **Lucas County Land Bank** official stated, “the greatest value to taxing districts is preserving property.”

**3) Create Opportunities for Redevelopment**

Land banks are uniquely positioned to be able to acquire properties on a large scale. For example, the **Cuyahoga County Land Bank** is systematically clearing blight from around viable economic nodes to offer up half-acre or larger plots available for complete redevelopment. The City of Dayton currently holds a multi-acre “clean slate” lot near its baseball stadium that was cleared of blight, partially
through the use of the Montgomery County Land Bank’s funds and title clearing abilities. However, these larger-scale redevelopment activities by Ohio land banks are just starting to become more frequent.

For a summary of select best practices for community stabilization and market re-engagement among Ohio county land banks, see Figure 2 and Appendix I.

**Figure 2: Highlights of land bank strategies and best practices (chart by the Greater Ohio Policy Center)**

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**Leveraging Best Practices and Demolition for Future Opportunities**

Building on the programs discussed above, county land banks are well positioned to utilize their unique legal powers and funding streams and leverage current best practices and demolition to drive and support comprehensive community revitalization. Already the innovations coming out of county

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34 For additional best practices, see Center for Community Progress’s “Taking it to the Bank,” and in particular the extensive and informative profile on the Cuyahoga County Land Bank, pages 32-39.
Land banks suggest the potential for land banks to advance revitalization rather than merely slow decline. County land banks are primed to guide comprehensive community revitalization due to three unique characteristics, embedded in the land bank itself or accessible to the land bank.

First, the geographic purview of the county land bank places it in a unique position to assist in region-wide redevelopment planning and implementation of redevelopment tactics. County land banks do not have the authority to create a plan that all local governments must follow, but their geographic reach positions them to advise the direction of development and redevelopment in the county. For example, county land banks can coordinate redevelopment projects that cross jurisdictional boundaries and potentially are in a position to ensure redevelopment projects do not work at cross-purposes to each other or dilute one another’s impact. For example, a land bank may advise a community against transferring an industrial property to a new business owner when across the street another municipality is planning to create a tract of land intended for a residential developer to build market rate apartments.

Second, county land banks are well positioned to collect and hold all property data. Counties that do have property data systems or large banks of information have used this information to accurately define target areas and precisely calibrate redevelopment plans. The Montgomery County Land Bank has utilized excellent data from the city of Dayton to define its target areas, and the Summit and Lucas County Land Banks have strong datasets on property quality from the county fiscal officer that helped precisely define their target areas. The Hamilton and Cuyahoga County Land Banks also use robust data sets that inform them about property and market characteristics to determine target areas and the interventions appropriate for those areas. The Cuyahoga County Land Bank, in particular, has pioneered a national model of data integration for neighborhood monitoring—NEO CANDO. The issue of data collection is addressed in more detail below in the Recommendations section.

Third, their countywide view and access to key data should eventually allow county land banks to work proactively, instead of reactively, towards preventing blight. While many county land banks are showing preliminary success in preventing tipping point neighborhoods from slipping into further decline, the ideal would be to identify neighborhoods before they start to “tip.” Cuyahoga County Land Bank utilizes its NEO CANDO system to monitor for a range of indicators that can indicate a neighborhood is beginning to be distressed. As areas are identified—more or less in real time—the Land Bank and its partners have implemented tools in some of these neighborhoods, such as housing counselors that can negotiate mortgage rates, exterior repair programs, increased policing to deter criminal activity, and other interventions, that are intended to help right the neighborhood’s course.

To be proactive, instead of reactive, also means capturing properties while they still have value so that they do not become blighted and ultimately require demolition. A combination of activities can

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35 The Northeast Ohio Community and Neighborhood Data for Organizing (NEO CANDO) collects over two hundred data points on a weekly basis for specific neighborhoods within Cleveland and community level data in the 17 county Northeast Ohio region. This data is free and publicly accessible.
be effective: Data on properties is a key component to being proactive, and expedited foreclosure options allow land banks to acquire properties quickly. These issues are addressed in the Recommendations section below.

Last, the possibilities of land banks serving as redevelopment funding agencies could be game-changing in many counties. Combining the ability to coordinate countywide data with resources positions county land banks to lead community redevelopment throughout the state.

County land banks that are currently focused exclusively on demolition are learning more about their county’s needs and areas of opportunities through the process of undertaking demolition. In the future, this expanding knowledge base can be channeled toward other types of programming that can support and assist the land bank in contributing to community redevelopment. While greater responsibility comes with more complex programming, so do greater rewards and more comprehensive and sustainable redevelopment.

IV. Partnering to Enhance Administrative Operations and Extend Organizational Capacity

This report has discussed a number of different partnership models land banks utilize to implement their programming, but Ohio’s county land banks also enter into important partnerships that support the land bank’s “back office” and administrative functions and are economically efficient.

As new entities, many of the earliest land banks, such as Montgomery and Mahoning County Land Banks, did not immediately receive DTAC funds or received only a portion of the possible amount. For many of the smaller land banks that are now coming online, such as those in Jefferson and Belmont Counties, their total DTAC allocation will remain modest, given their smaller county populations and smaller economies.

To lower overhead costs so that available funding can be used for direct services and programming, land banks large and small are partnering with well-established agencies, such as community development corporations (CDCs), port authorities, and city planning departments, to access additional expertise that extends staff capacity and are contracting out “wrap around” services such as GIS mapping, payroll, and bookkeeping.

Local Government Hosts and Partners

Many county land banks are initially housed in the County Treasurer’s office because the County Treasurer is the statutorily defined incorporator of the land bank;36 Montgomery, Summit and Ashtabula County Land Banks began that way. Staff administering the county land bank often come from the County Treasurer’s office or in the County economic development department. Franklin, Lucas, Richland, Summit, Ashtabula, and Belmont County Land Banks are still physically housed in

36 http://codes.ohio.gov/orc/1724.04
the county building, although for the majority of these land banks, their employees are now designated as land bank—not county—employees.

Operationally, the Butler County Land Bank still functions primarily as a pass-through tool for the cities of Hamilton and Middletown and is staffed by two city staff who split their time between their city positions and the county land bank; the Stark County Land Bank was also primarily managed by city of Canton staff in its first year. The Richland County Land Bank initially relied on city of Mansfield staff to provide needed expertise while the County Treasurer worked to get the county land bank up and running. All three county land banks are among the more recent cohort of land banks to incorporate (Butler in 2012, Stark in 2012, Richland in 2013), and only the Richland County Land Bank has a dedicated staffer, as assigned by the Treasurer.

The Franklin County Land Bank has a very active and high-capacity local partner in the City of Columbus Land Bank. The County and City land banks operate as a “unified land bank,” meeting weekly and working together to strategically deploy resources. The County and City are in the process of finding a site to physically co-locate to, and are in the midst of integrating the County into the City’s data management and property management systems. The eventual goal for the unified land bank is to provide “one-stop” services to its nonprofit, private, and local government partners and the general public by coordinating all administrative work within one building, even though their statutory duties are different.

Quasi-Governmental and Non-Profit Hosts and Partners
Some smaller land banks are housed within their county’s Regional Planning Commission (RPC) and others are looking to associate with existing entities. The Erie and Jefferson County Land Banks are housed in the RPC; and other county land banks, like Richland County, are exploring how their RPC might serve as a long-term data management and coordination partner.

The Hamilton and Lorain County Land Banks are co-located with their respective counties’ Port Authorities, giving the land bank access to legal expertise and administrative and IT support. This co-location also facilitates coordination between the land bank and the regional economic development agency, ensuring that the Port Authority has direct knowledge of potential demolitions and the land bank can plan for economic development projects.

The Montgomery County Land Bank initially contracted many of the administrative tasks of the county land bank to a local nonprofit, County Corp, and County Corp continues to assist the land bank director with handling reimbursement requests from demolition contractors. County Corp also provides IT and payroll support under its contract with the Land Bank and the Executive Director has his office in County Corp’s facilities. Similarly, the Trumbull County Land Bank is housed in the nonprofit Trumbull Neighborhood Partnership. Trumbull Neighborhood Partnership has been subcontracting with the city of Warren since 2012 to do neighborhood level planning, which further enhances the synergies among planning, the county land bank, and community development.
services. The **Fairfield County Land Bank** is currently co-located at the county’s community action agency.

Partnering on administrative and technical “wrap around services” helps county land banks defray costs, reduce duplication, and increase coordination across the county and with organizations committed to neighborhood revitalization and market recovery.

**V. Recommendations for the Future: Lessons Learned, Promising Practices and State Policy Reforms**

While Ohio’s county land banks have accomplished much in their first five years, some changes in policies and practices would remove barriers and to further increase land banks’ effectiveness and maximize their ability to meet their mission. The following recommended changes include both practice and policy reforms.

**Educate County Officials**

To be effective, county land banks must have resources; county officials are the arbiters of those resources. Almost one third of all county land banks do not receive DTAC funds or receive only a portion of the permitted 5%. Those county land banks with 0% DTAC have struggled to have an impact, and one or two are basically land banks in name only. The long-term consequences of not resourcing the land bank likely may be the ineffective management of problem properties in the county.

Additionally, some county officials insist that county land banks not take control of structures or land before sheriff sale, because they believe parcels may sell and the county will be able to collect a portion of the delinquent property taxes. However, the reality in most counties is that blighted property exists in markets that are so weak that the property is almost worthless and causes a net loss of community resources through the cost of local government services and lost property tax revenues. Continued education on the long-term economic benefits of land banks will be necessary for sustainable success.

**Encourage Strategic Use of Tax Foreclosure**

If the County Prosecutor initiates tax foreclosure on a property, the property must undergo two sales attempts through the sheriff. In strong markets the sheriff sale should produce revenues. But in Ohio the reality is that tax foreclosures churn blighted properties, bouncing them from one unscrupulous or uninformed investor to another. After a sale, the blighted structure (or land parcel) is out of reach of the land bank for at least two years—the statutory minimum for accumulating back taxes before the county can initiate a new tax foreclosure, and the land bank can attempt to gain control of the property.

The County Prosecutors in **Lucas** and **Cuyahoga Counties** now do not initiate tax foreclosure on a vacant property with outstanding back taxes, unless directed by the county land bank. Then, as soon

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37 ORC 5721.14
as the tax foreclosure occurs, the land bank intercedes and gains control of the property. As Lucas County Land Bank officials summarized, “[tax foreclosure] is no longer a clerical function, it’s a policy function.” This perspective encourages the type of strategic redevelopment planning that allows a land bank to achieve its potential.

**Provide More Discretion over the Forfeited Land List**

If a property is so unattractive that it does not attract a buyer at two different sheriff sales, the property is forfeited to the state. The County Auditor manages the county’s forfeiture list on behalf of the state and is required by law to sell properties from the list once a year to help recoup costs. If a property is so unattractive that it does not attract a buyer at two different sheriff sales, the property is forfeited to the state. The County Auditor manages the county’s forfeiture list on behalf of the state and is required by law to sell properties from the list once a year to help recoup costs.38 In reality, unscrupulous real estate buyers will buy properties with buildings on them in bulk from the forfeiture list, hoping that in the midst of their multi-house purchase, one or two houses may retain value. The rest of the properties are often left to continue to blight. These properties also churn. For instance, Hamilton County Land Bank has analyzed its forfeiture list, and 80% of all houses or land on its current list have been on the list previously.

- **State Policy Recommendation**
  Counties should have the option to forgo holding forfeited land list sales in cases in which properties on the forfeiture list have become more of a liability than an asset. Counties officials should have the ability to choose to not sell properties or to do a direct sale of properties to land bank-approved buyers.39

**Determine Property Value and Condition**

With possible inventory outstripping resources, county land banks want to be strategic in the structures and vacant land they chose to handle. If land banks sell a property that still has value in it, the overall cost to the land bank will decrease, because selling the property or giving it to a nonprofit or individual for redevelopment either produces revenue or at least eliminates having to pay for demolition costs.

There are two challenges in determining condition and value of a structure. First, there are currently no countywide or statewide databases that record the quality of real property, with the exception of the NEOCANDO system in Cuyahoga County and some city-specific systems throughout the state. This means that an in-person inspection by a county land bank is required for every candidate parcel and structure, which is time-intensive and a poor use of precious staff time. Second, land bank officials, nonprofits, potential buyers and other responsible end users cannot actually enter a house or building without the threat of being charged with trespassing. This prohibition makes it difficult for land banks to stabilize the structure (through boarding, landscaping, etc) while it is in the five-month (or longer) process of acquisition. This prohibition also hobbles the county land bank’s ability

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38 ORC 5723.04A
39 Currently the county auditor can transfer a property directly to a the land bank (ORC 5723.04B) but no county land bank in Ohio wants to be an automatic recipient for problem properties, so matching properties with other responsible people and entities is a sustainable strategy and one that encourages market recovery.
to “sell” a property to a potential end user, such as a renovator or developer, who wants to see the inside of a structure before committing to its purchase.

- **State Policy Recommendation**
  
  **Require county auditors to assess the condition and quality of property at the same time they assess it for value.** To determine property taxes, county auditors send staff and contractors around the county every six years to establish the property value of each parcel. It would be very easy to require the assessors to also record the condition or quality of the structure or vacant land using a standard grading rubric.\(^40\) Recording condition and quality information will help land bank officials do a first-pass assessment of the potential for a property without a field visit. This assessment would also assist county land banks in establishing the right stabilization and revitalization strategies for a neighborhood. For example, if 70% of homes in a block are owner-occupied and most of the houses are graded “C”s, meaning they are structurally sound but may require some light exterior repairs and landscaping, and only two are “F”s, meaning they are abandoned, overgrown, and a public hazard, then the land bank may want to muster homeownership resources instead of focusing on finding demolition funds for that neighborhood.

- **State Policy Recommendation**
  
  **Provide immunity to trespassing charges to county land bank officials and community-oriented nonprofit staff who enter blighted properties they do not own for remediation or assessment.** The Ohio General Assembly has considered a bill on this issue in two different General Assemblies, most recently as SB9 (130\(^{th}\) GA).

**Blight Prevention Efforts**

In interviews, most land bank officials lamented the fact that the work of the land bank has been to “react to what happened in the past.” Many officials asked how could they “get proactive now, get properties now, ones with value still.” Gaining control of houses or buildings with value lowers the probability of demolition, increases the chances of finding a new owner for the structure, and helps neighborhoods remain stable.

County land banks are using systematic data collection programs to get a handle on their county’s property inventory with the goal of anticipating new “hot spots” before they grow out of control. But monitoring code violation rates, utility shut-off rates, foreclosure rates, and other indicators of deteriorating health is hard to do in a comprehensive “birds-eye” way. As referenced earlier, the **Cuyahoga County Land Bank** has the NEO CANDO system, a national model of data integration for neighborhood monitoring. This system requires a range of public and private sector offices to agree to provide data to the centralized database and is expensive. Several county land banks in Ohio will be establishing their own NEOCANDO-like systems in 2015, but such a database is out of the reach of many of the smaller land banks in counties with smaller populations and fewer resources.

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\(^{40}\) Summit County Land Bank grades properties as Unsound (U), Very Poor (VP), Poor (P), Sound (S).
Another tool that can help land banks prevent blight would be the ability to expedite foreclosure on abandoned property with liens privately held by banks and mortgage companies. In these cases the land bank might be able to capture a property with some remaining value, but more importantly it would speed the remediation process, thereby lessening the chances that the abandoned property will “infect” surrounding properties with blight.

➢ **State Policy Recommendation**

**Expedite foreclosure on abandoned properties.** A bill introduced in 2014 in the 130th Ohio General Assembly would have expedited the foreclosure and transfer of unoccupied, blighted parcels in cities with Housing Courts and Environmental Courts and allowed houses to be sold at less than 2/3 value to certified buyers in sheriff sales.\(^4\) This bill has been reintroduced as house Bill 134 (131st General Assembly). Another bill introduced in the 2014 proposed to expedite foreclosure on abandoned properties with privately held liens.\(^4\)

In lieu of or in addition to expediting foreclosure through a policy reform, coordinating a suite of interventions in a target area, such as those discussed above, is also an effective way to proactively prevent blight.

**Conclusion**

In communities throughout Ohio, the private market has softened or failed. Population loss, the foreclosure crisis, and economic decline have contributed to vast numbers of vacant houses and buildings in communities of all sizes. County land banks have been created to step in where there is insufficient market demand to bring properties back to productive reuse, and they are making an enormous difference in neighborhoods where they are needed. Structures and vacant lands that were once unmarketable are now hosting new uses and are returning to the tax rolls, due in large part to the efforts of land banks.

It is clear that there is no single “right” way to go about land banking, and the diversity of land bank structures and programs throughout Ohio testifies to the ingenuity and resourcefulness of local leaders in adapting these entities and their activities to the needs of their communities. The Greater Ohio Policy Center undertook this study to provide a snapshot of the current state of land banking in Ohio and a baseline to encourage current, newly-created, or future land banks and the community leaders with whom they work as they advance to the next stage of effective strategic intervention. It is intended that this report inform the activities of Ohio’s land banks and that the report’s proposals for policy and practice changes enable Ohio’s land banks to take informed steps to maximize their potential to meet their mission of stabilizing and strengthening markets. GOPC looks forward to the next five years of land banking in Ohio.

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\(^4\) House Bill 223, 130th General Assembly.
\(^4\) House Bill 613, 130th General Assembly.
About the Greater Ohio Policy Center
Greater Ohio Policy Center, a non-profit, non-partisan organization based in Columbus and operating statewide, develops and advances policies and practices to revitalize Ohio’s urban cores and metropolitan regions and achieve sustainable land use and economic growth.

Terminology
For ease of reading, we have elected to refer to Ohio’s county land reutilization corporations by their commonly understood names. These are not their legal names; for example Franklin County Land Bank is technically the Central Ohio Community Improvement Corporation (COCIC). The decision to call the land bank by its common name also allows us to avoid confusing acronyms like MCLRC, which is the acronym for both the Mahoning County Land Reutilization Corporation and the Montgomery County Land Reutilization Corporation.

Note on Interviewees
GOPC would like to extend appreciative thanks to officials and staff at the following land banks for their generous interviews: Ashtabula County, Butler County, Erie County, Franklin County, Hamilton County, Lucas County, Mahoning County, Montgomery County, Richland County, Stark County, Summit County, and Trumbull County.

The Cuyahoga County Land Bank is a national model and has been characterized by national leaders in vacant property reutilization as “The Professional,” due to its reputation for professional excellence. (Center for Community Progress, “Taking it to the Bank: How Land Banks are Strengthening America’s Neighborhoods” [2014]). We did not conduct a formal interview with Cuyahoga County Land Bank staff because they generously have provided so much time to other researchers already. GOPC’s ongoing relationships with staff at the Cuyahoga County Land Bank have allowed us to stay abreast of their programming in a more informal way. Additionally, Cuyahoga County Land Bank is somewhat unique among Ohio’s land banks and so we prioritized formal interviews with other land banks that are more similar to each other in order to lift up their practices.

GOPC would like to acknowledge the staff at the following land banks whose work and progress also informed this research: Fairfield, Jefferson, and Lorain Counties.

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The findings contained in this report do not constitute legal advice and should not be construed as such.
Appendix I

Summary of Select Practices Ohio County Land Banks Utilize for Community Stabilization and Market Re-engagement

- Commercial property title clearing and holding: a complex and sometimes high-risk transaction the land bank takes on for an identified end user (p. 17)
- Community partners leadership programming: financial support of leadership development programming (p. 16)
- Competitive grant program for local catalytic projects: financing from land bank for local governments (p. 17)
- Deed-in-escrow program: enforce property improvements at time of sale by holding deed until improvements completed (p. 13)
- Driveways and garages through side lot program: multi-impact strategy for traditional side lot programming in dense residential neighborhoods (p. 14)
- Eliminate worst first: triage resources to most problematic properties (p. 12)
- Exterior replacement program: administration of funds in target areas to assist existing homeowners (p. 16)
- First time homebuyer incentives: financing incentives, such as mortgages with below market rates (p. 16)
- Forfeited land program: using land bank authority to gain control of properties on forfeited land list and sell to committed buyers (p. 13)
- High-impact property program: programming dollars to support title holding and management of key commercial properties (p. 17)
- In-house rehab revolving loans: developing sustainable funding stream through rehab of land bank owned property (p. 13)
- Operate as redevelopment finance agencies: provide funding but not labor for redevelopment projects (p. 11)
- Responsible landlords program: “no-strings-attached” financing available to landlords of affordable housing (p. 17)
- Revolving loan program for local governments: serving as lending agency to local governments undertaking rehab of residential property (p. 14)
- Roof replacement program: administration of funds in target areas to assist existing homeowners (p. 16)
- Transfer properties for new builds: provide vacant land and/or land with structures to qualified nonprofits or individuals (p. 16)