

Livingston County Land Bank Corporation
Board of Directors Meeting
July 19, 2018
Meeting Minutes

Members: WILLIAM BACON, Office of Economic Development; IAN COYLE, Livingston County Administrator; AMY DAVIES, Livingston County Treasurer; WILLIAM FULLER, Real Property Tax Services; SHANNON HILLIER, Livingston County Attorney; DANIEL L. PANGRAZIO, Livingston County Board of Supervisors.

Members not Present: ANGELA ELLIS, Livingston County Planning Department

Staff: DAVID PAOLETTA, Planning Department; LINDA SHANKS, Planning Department

Agenda Item	Call to Order and Welcome
--------------------	----------------------------------

Chairman Pangrazio called the meeting to order at 1:32 p.m. and welcomed the group.

Agenda Item	Approval of Minutes from May 31, 2018
--------------------	--

Chairman Pangrazio asked if there were any additions, corrections, or deletions to the May 31, 2018, Draft Meeting Minutes. Hearing none, he asked for a motion to approve them.

A motion to approve the May 31, 2018, meeting minutes was made by Mr. Coyle and seconded by Mr. Fuller.

The motion carried.

Agenda Item	Treasurer's Report
--------------------	---------------------------

Ms. Davies reported. The Balance Forward of the Livingston County Land Bank Corporation was \$25,500. With no financial activity to report, the Ending Balance remains at \$25,500.

Hearing no comments or questions, Chairman Pangrazio asked for a motion to approve the Treasurer's Report.

A motion to approve the Treasurer's Report was made by Mr. Bacon and seconded by Ms. Hillier.

The motion carried.

Agenda Item	Livingston County Foreclosed Real Property Tax Auction – July 26, 2018
--------------------	---

Mr. Fuller provided background on the process he followed to select properties from the list; and explained that a *Poor* rating means the house is really bad, a *Fair* rating means that it is not so good, and a *Normal* rating means that it is good.

Mr. Fuller stated his opinion that two properties in Dansville -- 112 Franklin Street and 55 Franklin Street -- have the greatest potential. He added that he has heard, unofficially, that 112 Franklin has been vacant for at least a year. A discussion regarding this property ensued.

- Mr. Bacon agreed with Mr. Fuller's assessment that the property is not a bad one, and that it has good visibility, because of its proximity to a high-traffic road.
- In response to Ms. Hillier's question about the title, Mr. Fuller stated that the property is facing foreclosure by Five Star Bank. Mr. Coyle asked what would happen to the Bank's standing at auction. Ms. Hillier replied that the Bank, as a creditor, would be cut off from the auction with

regard to the lien. They could always bid on the property themselves, if they want it. She added that if the Board of Directors decides to bid on the property at auction, it should first make sure that the property was properly foreclosed upon.

- The ratings of the two properties – 112 Franklin Street and 55 Franklin Street – were discussed. The former rated as *Normal*; the latter as *Fair*. Chairman Pangrazio raised a concern about the interior of the 112 Franklin Street house, since it has not been occupied in over a year.
- Mr. Coyle asked Mr. Bacon if the property meets the standards of the acquisition rating assigned to it. Mr. Bacon replied that the neighborhood is a little “rough”, although some breweries have recently begun at one end of the street. That is where the 55 Franklin address is located. The other end of Franklin Street, where 112 Franklin is located, is near the local Tops store on Rt. 36 and would be part of the Rt. 36 traffic.
- In response to Chairman Pangrazio’s question, Mr. Bacon estimated that an average value for properties on Franklin Street might be \$112,000. He added that both 55 and 112 Franklin Street are marketable properties.
- Mr. Coyle noted that the 112 Franklin Street had a \$12,000 reduction in assessed value three or four years ago. Mr. Fuller stated that this was the result of a revaluation, which would have required a close look at the property. The resulting reduction must have been due to a change in the inventory or condition of the property.
- Regarding the property at 55 Franklin Street, Mr. Bacon indicated that there has been no transition since 1994, which means there has been no reason or opportunity for a revaluation to be done.
- In response to Mr. Coyle’s question, Chairman Pangrazio stated his opinion that the Board of Supervisors should not have an issue with giving the 112 Franklin Street property to the Land Bank.
- Responding to Ms. Hillier’s question, Ms. Davies reported that the back taxes and other fees owed on 112 Franklin Street total roughly \$10,000.
- Chairman Pangrazio stated his opinion that 112 Franklin Street might be a good property for the Land Bank to designate as its first project. The title is clean and there are no occupants to move out. Mr. Fuller, Mr. Coyle, and others agreed.
 - Per Mr. Bacon’s request for confirmation, Mr. Coyle stated the need to re-check the filing, foreclosure process, etc. before the Land Bank take any official action.
- Ms. Hillier outlined the steps that should occur, assuming that the foreclosure process was properly carried out, and that Five Star Bank, as an active creditor, is cut off.
 - Ms. Davies signs the deed for the property and puts the title into the County.
 - The County signs the property over to the Land Bank.

Mr. Coyle asked Mr. Paoletta about the practices of other land banks in the State regarding compensation for properties deeded to them by their respective counties. Mr. Paoletta stated his belief that compensation generally takes the form of a cash payment or payment of back taxes, depending on the property and the deal structure made.

Mr. Coyle asked the Board for their opinions regarding 112 Franklin Street.

- Mr. Fuller recommended acquisition of the property with the goal of fixing it up and selling it. He stated that it would be good public relations as the first venture of its kind for the Land Bank. Mr. Coyle concurred. Ms. Hillier and Mr. Bacon agreed, noting their expectation that the cost of

renovation should not be excessive.

- Mr. Bacon agreed to try to arrange a visit to the property for an interior view. He also indicated that he would contact neighbors for any input they might have.

Mr. Coyle asked for suggestions on the method and amount of compensation to offer the County for the property. A discussion on options and their pros and cons ensued.

- Chairman Pangrazio suggested paying the taxes for the current year. Ms. Davies disagreed, noting that the County might potentially lose \$12,000 on the property.
- Mr. Bacon asked if the County might allow payback at the end of twelve months, which would give the Land Bank time to “flip” the property and sell it. Mr. Coyle endorsed such a plan, noting that he was thinking of a plan that offered the County \$5,000 now and \$5,000 more after the renovated property sells. Ms. Hillier voiced her misgivings on this suggestion, from a legal standpoint, because it resembles holding a note.
- Chairman Pangrazio indicated that, if the Land Bank used some of its seed money from the County to buy the property, it might not have enough money left to fund renovation of it.
- Mr. Coyle stated that the Ways and Means Committee should be made aware of the goals and benefits of Land Bank property acquisition and disposition to a community: i.e., beautification, the common good, and the betterment of the neighborhood; in contrast to the potentially negative scenario resulting from purchase by others.

Chairman Pangrazio advised that the first step to take regarding 112 Franklin Street is to determine what it looks like on the inside. As a member of the Board of Supervisors, he believes he can make the idea work; by noting that this is a first venture, and that the Land Bank will eventually pay the County back for its initial outlay.

- Ms. Hillier pointed out a possible legal difficulty: In her role as County Attorney, how would she protect the County from non-payment at the end of twelve months?
 - Mr. Bacon asked the acceptability of the following idea: The County gives the property to the Land Bank, which, in turn, gives money to the County when the rehabilitated property is sold. Ms. Hillier stated that, since it would not be contractual, that money would be considered a donation. Chairman Pangrazio stated that it has always been his understanding that the \$25,000 seed money given to the Land Bank by the County, would be repaid to the County, as soon as circumstances allowed.

Mr. Coyle cited the example from Erie County, in which the Land Bank acts as a *preferred bidder*. It may not actually bid, but it does provide something toward the acquisition of the property. Ms. Hillier noted that in many counties, there is no auction; everything that it is proposed upon automatically goes to the Land Bank. She quoted the statute, which says that once a property is proposed upon, because it was acquired through foreclosure and not purchased, the County can give it away.

Mr. Coyle suggested the following plan of action: Given that grant funding should be realized within the next 12 months, the Livingston County Land Bank Corporation should, in the meantime, work out a process with the County in which the Land Bank acts as a preferred bidder. In that role, the Land Bank will be allowed early access to the foreclosure process and will agree to supply a fixed amount or percentage – such as 50% or 100% – of whatever is owed on any property it would like to acquire. There will be no per-property negotiations or fluctuations in the agreed-upon amount/percentage. The Board of Directors should decide upon the fixed amount/percentage after careful deliberation.

- Noting that this would be setting a policy in advance, Ms. Hillier asked if a resolution were needed. Mr. Coyle believes that the Ways and Means Committee would have to approve the Land Bank Corporation as a *Super Bidder*. He suggested that the mechanics of that process be researched and put on the agenda for the next Land Bank meeting in August.
- Mr. Coyle recommended that, until then, the Land Bank should ask the County to give the property at 112 Franklin Street, Dansville, to it.

Referencing information just received by Ms. Davies – the total amount owed in taxes for 112 Franklin Street is \$14,619.70 and the water bill amount due is \$700 – Chairman Pangrazio indicated that he would share the Land Bank’s request with the Ways and Means Committee at its Monday, July 23, 2018, meeting. Other points he will make include:

- The benefits to the local community and to the County that will result from working with the Land Bank on this property
- The reimbursement of funds to the County once the refurbished property sells
- The fact that this is a first venture for the Land Bank, and if it uses the seed money supplied by the County to buy the property, it will not have enough funds left to cover the cost of rehabilitation of the property
- The careful, methodical property selection process followed by the Land Bank Board of Directors
- The fact that the need for a request like this is not likely to be repeated. Grant monies are expected within 12 months and, as the Land Bank Corporation completes successful projects, it should become more self-sufficient.
 - Mr. Paoletta suggested adding that funding from the Attorney General’s Office is forthcoming.

Chairman Pangrazio confirmed for Ms. Hillier that the Land Bank proposal would be discussed in executive session, and if successful, would be followed by a resolution in general session.

Mr. Fuller suggested that backup properties be chosen, if Mr. Bacon’s investigation shows that the interior of 112 Franklin Street is not good. Mr. Bacon reported that, per a text he just received from a neighbor, the interior of 112 Franklin Street, is “pretty rugged... and will need considerable rehab”.

- Regarding the Driscoll properties in Avon, Mr. Bacon reported that he is getting calls regarding them. In his opinion, they are not worth anything and would only serve as easy to flip and put money in the Land Bank’s account. A private developer who owns neighboring properties is interested in what the Land Bank will do. After a brief discussion, the general consensus was to leave this property alone; because of the poor condition of the buildings, the mixed usage there, and the fact that some tenants live there now.
- Ms. Hillier reported that Parcel #10 is a title nightmare and should be avoided.
- Mr. Fuller noted that 55 Franklin Street is his second choice. A short discussion ensued regarding this property and others that he had marked as possibilities.

The Board decided to move forward with the 112 Franklin Street, Dansville property and see what transpires at the Ways and Means Committee meeting. Chairman Pangrazio will present the proposal; Ms. Hillier will bring along the resolution used for the Leicester property. Chairman Pangrazio noted that the Leicester property transaction will show that the Land Bank has been active, which should help with the

request regarding 112 Franklin Street.

Mr. Bacon outlined the process to be taken regarding 112 Franklin Street, if the Ways and Means Committee approves the request.

- Issue an RFP and hire a contractor.
- The Land Bank pays for the re-do or the contractor works via a forward contract, by which he will purchase the property and then renovate.
 - Ms. Hillier added that many investors in Dansville are also contractors. She predicted that there would be interest in the property on a forward contract basis.
 - Mr. Fuller recommended that crediting or publicizing the role of the Livingston County Land Bank Corporation in the property's rehabilitation be part of the contract language. Mr. Paoletta suggested a sign in front of the property as it is being renovated.

Referring to the bank-owned foreclosure properties on the list, Chairman Pangrazio recommended that the Land Bank approach those banks within the next month or two, to see if they will work with the Land Bank on the disposition of those properties. He noted that village properties should be especially targeted. Other Board members agreed.

- Ms. Hillier advised the Board to be mindful of title pitfalls with such properties.
- Mr. Fuller suggested that the Land Bank might eventually act as the conduit between banks and potential buyers of foreclosed properties. Chairman Pangrazio and Ms. Hiller voiced their agreement.

Agenda Item

Letter to Supervisors, Mayors, CEOs, and Assessors – Update

Mr. Paoletta reported that there have only been two responses. The letter was sent out on May 31st.

- A correction came from the Town of Groveland Code Enforcement Officer regarding two properties on the list.
- The Supervisor of the Town of Ossian classified properties as A or B, but they have been vacant for some time, and he has no knowledge of the interiors. One – on Shay Road – is owned by the bank, and appears to be under renovation; it is not a possibility. The other two properties, both on Rt. 436, are possibilities.
- Chairman Pangrazio suggested sending a reminder memo out to supervisors and mayors, asking them to share the information with their assessors and code enforcement officers.

Ms. Hillier reported that the presentation she gave to code enforcement officers in June went really well. She noted that she encountered and dispelled many misperceptions about what the Land Bank is and what it does.

Mr. Paoletta stated that the Village of Mt. Morris has put together what amounts to a blight removal task force. He will attend that group's meeting next Wednesday and hopes to explain what the Land Bank can do for them in general; as well as to ascertain what they have accomplished already, what properties they have identified, and which of those properties might qualify for Land Bank action.

Agenda Item

Website Development Update

All documents that were ready for publication have been put up on the County's website. Mr. Paoletta reminded the Board that, at some point, the Livingston County Land Bank Corporation would have its own web address.

Chairman Pangrazio and Mr. Coyle recommended contacting Seth Graham for separate website development. Chairman Pangrazio stated that he would have Mr. Graham contact the Planning Department.

Agenda Item	2018 Work Plan Priorities/2017-18 Accomplishments
--------------------	--

Mr. Paoletta stated that there are no updates to report.

Mr. Paoletta reported that the preparation for the RFA has accelerated since the news that the RFA is available.

Chairman Pangrazio indicated that he would thank Kerri White from the Office of the Attorney General for her help, and noted that it is important for Mr. Paoletta to attend the conference call on August 9th. Mr. Paoletta confirmed that he will be part of that call.

Agenda Item	NYLBA Update/Other Organizational Activities/General Discussion/Next Steps
--------------------	---

A previously distributed map of the Land Banks in New York State was noted. Chairman Pangrazio asked that it be put up on the Land Bank webpage.

Mr. Fuller reported that the not-for-profit, tax-exempt acquisition law has passed both the New York State Assembly and Senate, but has not been given to the Governor for signature yet.

Agenda Item	Next Meeting and Adjournment
--------------------	-------------------------------------

Chairman Pangrazio announced that the next meeting will be on August 30, 2018, at 1:30 p.m., in Room 303B.

Mr. Bacon moved to adjourn the meeting. Mr. Fuller seconded the motion.

The meeting adjourned at 2:28 p.m.

Recorded by Linda Shanks, Senior Typist, Planning Department