

Minutes from Project Selection Committee Meeting 4/17/17 @ UED Office, Utica City Hall

Present: Tolga Morawski, Mark Domenico, Brian Thomas, Christine Brown (called in), Heidi Sourwine and Cabryn Gurdo. Rob Malone was called during the meeting.

Brian stated that we need to work on our acquisition and disposition policies.

Tolga asked Chris if she is working on it. They've done 19 of 30 required policies.

Mark mentioned Albany County LB's 12 page property purchase application. He'd like to know what format would we like to make a determination. Need to homogenize the structure and application to get us all the info we need to vet projects. We need to look at environmental, structural, photos, the size of the lot (acreage), ongoing maintenance, insurance, how many linear feet of sidewalk we need to maintain. The first order of business should be to concentrate on these issues now.

Heidi noted that Albany County LB has a community board.

Tolga said the scope of work in places like Albany, Newburgh, etc., takes place after LB takes ownership but before the property is sold.

Mark asked about when someone wants to purchase a property. Our LB will not accept everything, will pick and choose.

Tolga sees the process to decide on projects from agenda. Engineering report would be pre-emptive to avoid unforeseen structural problems.

Mark asked that for the selection process, without standardization, how can we evaluate? We need to redirect the format.

Heidi brought up Buffalo's (BENLIC's) rubric that is done by the LB.

Mark asked if it would be reasonable to have a rubric as part of the process.

Tolga wants to target proposals and individual properties. He'd like more of a narrative for the project.

Mark asked why it might be more cumbersome to have a concentrated area.

Christine said she had emailed Syracuse LB about their property acquisition guidelines, trash removal and how hard it is to maintain/repair.

Mark stated that the end goal is to dispose and make contributing properties. Our LB has the ability to secure and hold, make an investment or a direct sale to someone else and invest that

capital. When does that strategy determine an end user? How much weight does that have? When to make the decision? When does the property have a market value? When does that happen?

Tolga discussed the Rochester LB's ROI/CRI. How do we fill or anticipate gap funding?

Mark asked if we were estimating that a lot of people will be interested in purchasing properties from us. Minimum purchase, action by Urban Renewal, rehab agreement in a certain time frame. We will hold the title until that work is done. They'll have to show that it has been brought into compliance. Quitclaim deed. We want to start a revenue stream via 5/50% payments.

Tolga said that part of the OAG settlement is that there are different pots of \$ in some cases. Need to monitor rent, etc. for up to 20 years.

Christine asked if this was like NYC rent control.

Tolga said that Rome doesn't want to do the "broken tooth" approach. They don't want to make improvements that increase rent rates and price out lower income tenants and gentrify. URA-type model, covenant. Due to requirements from government funding, vet all through the process.

Mark asked what the mechanism is for rent rolls.

Tolga said that the AMI of local income @ the time the unit is originally rented. We can do well if owner does the work themselves, like in-kind donations.

Mark asked about the Buffalo scoring matrix. Was it sent out with the rubric? How many properties can we do? How do we rank them?

Brian said he thinks there should be an intake form prior to making a decision to take on a property.

Tolga said that he and Heidi are working on a questionnaire to send out to other LBs. How does each LB approach properties? Aggressive vs. Non-Aggressive? Herkimer County limits liabilities- for example 208 Loomis St Little Falls.

Mark asked about the chain of title. Based on tax foreclosure in the FGUs?

Tolga is looking at rehabs. In Chataqua they have a ratio of property rehabs to demos. (Was it 1:5?)

Mark asked if all tax liabilities get wiped out for the LB.

Tolga said that in Albany there is minimal investment with commitment agreement. They put up banners on their properties.

Mark said that regarding banners, Rome Real Property gets proposals. 85% of inventory gone. 25% of purchase price is a non-refundable down payment.

Christine wants to keep people on a tight turnaround schedule.

Mark suggested that it be between 6 months to a year. We can't evaluate certain things until walls are open. In the application process, have the buyer tell us how long they think it will take for them to do the rehab. The buyer may request an extension that's brought before the Board for approval. Have control on the front end of the application. Those terms are in the contract.

Mark asked about property selection. There are 6 FGUs with a pot of \$. Equitable split of \$1.6 million is about \$274k each. Do we split this 274k into 200k (aggressive) and 74k (non-aggressive)?

Christine asked if we are concerned at the outset on 1st dollar basis? Broader equity? Properties that are potentially income producing- make investment a little unequal at first.

Mark suggested that for the perception of equitable treatment, we need a framework of liability properties, sensibility of allocation per FGU. Property acquisition, triage, stabilization.

Mark said that there is the potential for real property process to generate revenue. Absorb into LB but upside on generating purchase agreements.

Mark said that the LB \$ in theory will continue to accumulate. For example, the LB is one entity. If Herkimer County funds LB disproportionately than Utica, is that still going to mean equal allocation of funds?

Tolga wants to keep it flexible. The LB trumps the FGU. We have a pot of \$ set aside for revolving fund to deal with commercial properties that are too big for the FGU to take on. Extra revenue goes back into pot.

Christine asked if multiple pots are going to help LB with seeking additional funds as our groups will be cooperating instead of competing.

Tolga used the example of a Herkimer property. Neighbor wants to buy the property, but the back taxes are too high. He said that the neighbor told him that he would pay 30k for the house.

Tolga said that the AG's office wants \$ out the door already. Wants items in portfolio to build application to EPA.

Christine wants a sense of why they are pushing us to take the \$.

Tolga said that due to stipulations from the bank settlement, within 2 years, if not allocated, the \$ returns to the banks. We need to utilize the money as quickly as possible.

Tolga said that we need to put properties that are ready to come over to us on top and our project areas on the bottom.

Tolga said that Herkimer County wants a decision by tomorrow as their tax auction is coming up. He proposed a short board meeting just to vote on Herkimer and Montgomery County properties. He also mentioned a balance at revenue again. 2 revenue-producing properties to 1 less desirable property.

Mark asked if it was possible to get scoring criteria onto a form.

Tolga wants to know the philosophy of Mark and Brian. What factor, what is best way to go about? Herkimer has 13 properties. For Montgomery County we have more time.

Brian asked if environmentalists have been done on commercial properties.

Mark said that 30k is an estimate for an environmental on a commercial property.

Tolga said that we have 3 demos per FGU on our application. He suggested that we do one safety risk demo at first, then stagger them over time.

Mark asked what the risk was of taking on properties and delaying projects on them. If it becomes an LB property, we have to mow the lawn, etc. If LB isn't set up to maintain properties now, they will not look good. He doesn't want to assume liability on it. The property will be in the same condition if we hold it or it stays on limbo list.

Christine likes the idea of a 2 year look ahead, especially for residential properties.

Mark would rather let the property look unkept while owned by the county instead of the LB owning it in that condition. Doesn't want LB to get a bad reputation from it.

Christine asked what was the upside of holding residential properties that we aren't in a position to tear down.

Tolga said that we are required to do 2 demos per year per FGU. He doesn't want to take on Herkimer County's worst properties. The FGUs are unable to deal with the properties on their own. We are building a community reputation. We need to find the balance point where dollars are invested. For example, Flint, MI has it set up that 1,000 hours of volunteer time spent mowing lawns, etc. equals 10k in funding.

Heidi asked about the budget application. Four projects plus 20k towards them?

Tolga mentioned a fast track process.

Mark: getting back to the application. Is there something to fill out to go to the Board? Score it, vet it, present it to the Board. We need a form developed now.

Brian suggested we look at the acquisition policy to create a form.

Tolga mentioned the Syracuse LB policy.

Mark asked Heidi about a computer program. Heidi suggested Property Plus.

Tolga said that we are required to have inventory software. Some LBs have developed their own. Property Plus costs 15k per year.

Mark wants to establish a data management structure now. Acquisition policy, application (for people to give to LB for the LB to consider taking on a property) and software.

Christine said she'd send acquisition and disposition policies to us via email.

Tolga wants to know what he can bring back to Herkimer and Montgomery Counties.

(Tolga called Rob Malone in Herkimer and put him on speaker phone so we could ask him questions.)

Mark asked about 3 year tax limbo list.

Rob said the properties are withdrawn from the foreclosure process which stops the accrual of additional taxes because the county reimburses the municipality. The taxes that have already accrued, stay. They can get the judge to withhold judgement until the LB makes a decision (retain jurisdiction).

Christine asked how long they can hold?

Mark asked that once in limbo, it still has an assessed value but isn't accruing taxes?

Rob said that the county can extinguish liens if they want to. They can leave existing liens or freeze future taxes.

Mark asked how a property goes into limbo status.

Rob said administratively in 11.38 of real property tax law. Always run by the legislature. The extinguishment of taxes -> legislature. Withdrawal from foreclosure process is administrative.

Tolga asked if the LB would be hit with years of property taxes if we acquire it.

Rob said the properties are sold subject to current taxes. He think the LB would be different and doesn't think they would look to collect taxes.

Tolga said that in Dolgeville, the legislature began then stopped resolution.

Rob said that what the county can do for the LB, it will do.

(I think this is where we ended the call with Rob.)

Mark asked if a municipality will expect instant code compliance towards delinquent properties once they are in possession of county? Who's to say they won't do that to the LB?

Tolga said that would be part of the application.

Mark wants a financial incentive to keep properties (small FGUs).

Mark suggested 3 short term objectives.

1) Database (Excel, Axis, etc.).

2) Application form

-what info to gather from application requests?

-need to figure out

3) Acquisition/disposition forms from Syracuse

Christine said she could word it lightly and send to John Sidd. She wants to have all policies and procedures approved at the next board meeting. We need a budget at the next board meeting to write policies.

Tolga wants to move forward- revolving fund. He spoke with Joe Caruso. Can't do grants- how to structure? Need to take to attorney to see how to do this before getting mired down.

Mark asked about gap financing and ownership.

Tolga said the LB can't give loans or grants. Barter? How to structure a barter system in a way that is okay under the law.

Brian wants more details.

Mark said it wouldn't be a grant or a loan, but a gap loan. Barter FGUs given to LB and LB gives FGU \$ that may go towards another project. No control over property- not part of inventory. Need to establish process. Potential loss of \$ that will never be used on a project. Carrying

costs. Doesn't want \$ going out with this kind of risk. Can talk about it in next Board meeting. He needs to understand this more.

Christine asked what Tolga should tell Montgomery and Herkimer Counties.

Tolga said that in Montgomery County we can pick a certain number of properties and the county will give them to us.

Brian asked about publicizing the application to the FGUs. Asking for application.

Mark said the FGU needs to develop infrastructure to do this to get the benefit of the LB.

Tolga thinks that FGUs will send us properties that are minimally beneficial to LB.

Heidi asked about making \$ for the LB vs. community revitalization.

Mark asked for an assessment form. The FGU gives us properties to consider then leave it to LB to do all the work. We need an LB employee to sweeten up deal after committee narrows down our choices. Property evaluation form- clearly outline liabilities.

Brian mentioned the NYSLBA website. Many LBs require a Phase 2 be done before. This is done at the donator's expense.

Tolga said to do best due diligence we can do. Doesn't want to leave things on table if we set the bar too high.

Mark asked what we can produce in time for the next meeting. Who will go out and do reconnaissance for this? Tolga said he's working on a job description and has a person in mind.

Mark asked if Syracuse has a property manager.

Brian asked if Syracuse takes everything.

Tolga brought up the Palatine Bridge demo. The county gave to village. The village has until the end of May to demo. He can email letters and resolution to Mark and Brian. He wants a recommendation from the committee to move forward to propose to the Board.

Mark asked if the committee is the recommending body to the board.

Brian asked what is spelled out in acquisition policy. For Palatine Bridge demo, the LB has to have the title prior to demo. Short schedule.

Mark said we need to get the application process down. We have to be sure that we own it before we demo it. Where do we get contracts for maintenance?

Christine said to check with Sam. The Property Selection Committee will be very busy and maintenance will make even more work.

Mark asked about demo contracting, bidding, procedure services?

Tolga wants to build a vetted contractor's list. What committee would be interested in doing what?

Tolga asked about the possibility of a board meeting in the next week. Another committee meeting in 2 weeks?

Mark said the committee could meet before or after the board meeting.