



Louisville Metro Government

Minutes - Final

VAPStat Joint Meeting

Monday, October 10, 2022

3:00 p.m.

Old Jail Auditorium

This regular meeting of the **Louisville and Jefferson County Landbank Authority, Inc.** (hereinafter referred to as “**LBA**”) was held via video teleconference pursuant to KRS 61.826 due to the states of emergency declared by federal, state, and local Chief Executives due to the COVID-19 pandemic. The agenda and agenda items for this meeting were electronically provided to the Board Members and the public prior to the meeting.

BOARD OF DIRECTORS PRESENT:

William P. Schreck, Chairperson
Edward D. Muns, Treasurer
Reverend Jamesetta Ferguson

LOUISVILLE METRO GOVERNMENT STAFF PRESENT:

Office of Housing and Community Development (hereinafter referred to as “**OHCD**”)

Laura Grabowski, Director
Elaine Osorio, Real Estate Coordinator
Richard Ballard, Real Estate Coordinator
Christopher Robinson, Community Engagement Manager
Tia Bowman, Real Estate Program Supervisor

Jefferson County Attorney’s Office

Travis J. Fiechter, Assistant Jefferson County Attorney

GUESTS PRESENT:

Theresa Graham, Berkshire Hathaway	Sherod Evans
Katrina Scott	Mark P. Wooten
DeAndre Givens, Greenwood LLC	Mary Hall
Angel Smith, Rip N Run LLC	Michael Hicks

[Welcome and Introductions:](#)

Ms. Grabowski welcomed all the board members and guests and Mr. Robinson then announced that this regular meeting of the LBA is being conducted via video teleconferencing pursuant to KRS 61.826. He also advised that the Q&A Chat Box, at the bottom, left-hand corner of this WebEx event, will be monitored by a staff member who will respond to any questions or comments, as needed.

Call to Order:

The meeting was called to order at approximately 3:20 p.m. by Chairman Schreck.

Establish Quorum:

Roll call was taken and three (3) Board members were present establishing a quorum necessary to conduct business: Dr. Ferguson, Mr. Muns, and Mr. Schreck.

Approval of Minutes:

Motion: On motion by Mr. Muns, seconded by Dr. Ferguson, the minutes of the September 28, 2022 special meeting were unanimously approved.

VAP Successes:

Using a PowerPoint presentation, Mrs. Osorio presented a recent success at 2303 W. Madison Street. This property was purchased from the LBA in August 2019 under the Budget Rate program for \$500.00 by Kentucky Poverty Initiative, Inc., now known as NOIRBCC, Inc. The property is currently being listed for \$149,900.00.

LBA Properties On-Hold

As a follow-up to Racial Equity Review discussions, Ms. Grabowski stated that she wanted detailed to the Board why the LBA would hold any of its inventory from sale. Ms. Grabowski started by stating that the LBA is not a tool to acquire and dispose of properties quickly as it is important that we are intentional and transparent about these properties. Looking at the LBA inventory, there are a few reasons why properties are not made available for sale.

The reasons could consist of the following: *“Not Yet Available”* is when recently acquired properties are being prepared for sale and should be available within 3–6 months; *“Site Assembly Projects”* are parcels that are held to possibly combine with future acquisitions; *“Homeownership Opportunities”* are properties that are being reserved for specific Metro-funded, affordable homeownership projects close to Cedar Street Development; *“Property Issues”* involving encroachment or other legal issues may prohibit a property’s sale; *“Hold for Future Solicitation of Interest”* occurs when a property’s size or other characteristic is outside of the standard disposition policies; and *“Current or Future Louisville Metro Government (“LMG”) Use”* would occur when a property is recommended for transfer to LMG for a public purpose, such as a park.

Next, Ms. Grabowski presented a breakdown of the number of currently reserved LBA properties:

Reason for Reserve	Number of Properties
Not Yet Available	81
Site Assembly Project	17
Homeownership Opportunities	5
Property Issues	25
Hold for Future Solicitation of Interest	8
Current or Future LMG Use	19
Future Permanently Affordable Housing	26
Hold for Utility Companies	10
Leased/Interim Use	11

Dr. Ferguson asked if the reserved list given to the Board corresponds with the numbers presented and, if so, is there a way to key the list to match them up. Ms. Grabowski replied that the printed list of addresses does correspond with the light green space on the presentation’s pie chart and the status can absolutely be identified for the properties and an updated list supplied to the Board.

Ms. Grabowski then opened the floor for any questions from those in attendance. Mr. Givens asked if individuals could purchase a vacant lot for a lower price if they do not have financing to which Chairman Schreck asked if Mr. Givens plans to build on a vacant lot. Mr. Givens responded that he did intend to build, however, financing the construction may be an issue for him. Chairman Schreck recommended that Mr. Givens make an appointment with the OHCD staff to discuss which disposition program would suit his plans.

Ms. Hall then inquired if there are any properties being held so that specific individuals or businesses can purchase them, to which Chairman Schreck advised that he is not aware of that happening and would appreciate it if that type of information would be passed onto the Board.

Mr. Hicks then read a Q&A Chat Box suggestion submitted by Ms. Scott (a WebEx attendee) that involved identifying any reserved properties on a LOJIC map so that the public could be advised when a parcel is not available. Since the LOJIC database is separate from the LBA's property database, the OHCD staff will need to determine how those databases can be joined to supply that information to the public.

New Business:

i. Resolution 18, Series 2022, of the Louisville and Jefferson County Landbank Authority, Inc.

Using a PowerPoint presentation, Ms. Grabowski informed the Board of the history behind the Tax Delinquency Diversion Program ("TDDP") established in 2016 when a state statute was changed to allow local governments to designate project priority areas in their jurisdiction whose delinquent tax bills would be held from the Third Party Purchasers during the yearly tax delinquency sales. The LBA certified about 20% of the county as project priority areas which was followed up by the Metro Council designating those areas in 2017.

The important part is that the areas to be designated must meet certain conditions. The areas must have a significant number of blighted properties, conditions are favorable for redevelopment, and can be promoted as part of a campaign to retain existing residents and attract new residents to the area. This was proposed by the State to enable legislation or, in our case, the Metro Council to designate those priority areas. But, as part of the process, the LBA must certify those areas.

Due to that designation coming up at the end of the year, the OHCD staff is once again recommending that the Board certify these areas. The State law enacted decades ago requires taxing jurisdictions to offer delinquent tax bills for sale to Third Party Purchasers to ensure that the taxing jurisdictions had revenue coming in. Unfortunately, having Third Party Purchasers creates problems for both vacant properties and their owners. On the homeowner's side, you may have a tax bill for \$300 to \$500 dollars that could be offered for sale. A third party purchases the tax bill and then holds it, allowing fees, attorney fees, and interest to be added. In addition, the Third Party Purchaser has the power to bring a foreclosure action against the owner. On the vacant property side, a similar thing happens, except when the City has the resources to bring a foreclosure action on the vacant and abandoned property, the Third Party Purchaser has an interest in the property causing more encumbrance.

Next, Ms. Grabowski presented a list and map of 13 neighborhoods (in the West, South, and Newburg area) to be designated inside the project priority area and mainly unchanged from 2017. Ms. Grabowski went on to state that some progress has been made in the last 5 years with our foreclosure and vacant property work, but there is a lot more work to do. Therefore, this Resolution is before the Board today to ask for a certification of these priority areas.

Ms. Grabowski added that the TDDP still requires homeowners to pay their taxes, and if they can't pay them in full, a payment plan can be set up with the County Attorney's Office by the homeowner which will keep the property's tax bills from being purchased by multiple companies. Prior to 2017, tax bill sales were going down in the TDDP areas which might lead someone to argue that this is not needed.

With the redevelopment happening in the West End, the fear is these numbers will go back up if tax bills are able to be sold.

Next, Ms. Grabowski displayed through a graph the total number of property sales compared to the total number of property sales in the TDDP area that have occurred through the Jefferson County Circuit Court Master Commissioner's auctions. Based on the graph, the sales have not slowed down and have increased since 2017. Even with the moratorium during the COVID pandemic, there were still a lot of property sales that occurred through the Master Commissioner's auctions. Plus, we found that the Third Party Purchasers who purchased tax bills before the TDDP went into effect had a plan to purchase, hold, and accumulate all the allowed fees and interest that they could. So, we are still seeing foreclosures at the Master Commissioner's auctions initiated by the Third Party Purchasers. The second graph presented showed the number of properties sold at the Master Commissioner's Sales compared to the number of properties that were sold solely due to the sold tax bills. Since the Third Party Purchasers have 10 years to file the foreclosure suit, they can still sue for sold tax bills from 2012 and 2013. In 2022, over 600 properties were sold at the auction and about one-third (1/3) of those properties were bought by Third Party Purchasers. This number is expected to go up as investor interest in various neighborhoods grows.

Ms. Grabowski also shared a graph showing that the number of homeowners with delinquent tax bills inside the TDDP (in red) compared to outside the TDDP (in blue) are still higher. These areas have a lower median income and a harder time accessing capital. So, it's not surprising that occupied structures inside of the TDDP have more delinquent taxes than the other areas.

Chairman Schreck asked are the areas that are recommended the only ones that meet the State criteria within the County to which Ms. Grabowski responded that she believes so. She also added that it would be hard to make a case for any other areas. When the TDDP was initiated in 2017, we really wanted to go as big as we could. We can easily make a case for these areas since any other areas inside the County would probably not meet all the TDDP's requirements.

Chairman Schreck also questioned why the census tracts and their corresponding census blocks are listed in the Resolution's Exhibit to which Ms. Grabowski answered that when you look solely at a census tract an overlap may occur within different neighborhoods. Therefore, the census blocks were added to make the priority project area more distinct.

Mr. Muns asked will this change Metro's ability to go through procedures to take over future blighted and abandoned properties to which Ms. Grabowski answered that this process helps. Mr. Schreck added that it helps us because it keeps control of the tax delinquency within Metro Louisville.

Dr. Ferguson asked could this program be approved for a longer length of time to which Ms. Grabowski responded that the statute cuts it off at five (5) years, but it allows for another 5-year designation. So, there is not another way to extend it over the 5-year period (i.e., 10 to 15 years) without presenting another Resolution for the Board's certification. Chairman Schreck added that was established because the conditions could change within a designated TDDP area. Therefore, an area that did qualify could no longer meet the statute's requirements. Mr. Fiechter then commented that the corresponding census blocks could change within the five (5) year period as well.

Motion: On a motion by Dr. Ferguson, seconded by Mr. Muns, and unanimously passed, LBA Resolution 18, Series 2022, was approved. A copy of Resolution 18, Series 2022, is attached hereto and made a part hereof.

Announcements:

Mr. Schreck announced that the Mayor has appointed him to another commission, and since he is only allowed to serve on one, he plans to submit his resignation from the LBA's Board of Directors. Mr. Muns and Ms. Grabowski then expressed their appreciation for Chairman Schreck's service and added that he will be missed.

Adjourn:

As there were no more items of business to discuss, on a motion by Mr. Muns, seconded by Dr. Ferguson, and unanimously passed, this meeting of the LBA was adjourned at 4:08 p.m.

Closing Remarks:

Ms. Grabowski expressed her appreciation to everyone for their attendance and participation.

CHAIRPERSON
LOUISVILLE AND JEFFERSON COUNTY LANDBANK AUTHORITY, INC.

STAFF

DATE