



514 W. Liberty Street
Louisville, KY 40202

Louisville Metro Government

Minutes - Final

VAPStat Joint Meeting

Monday, August 8, 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**") were electronically provided to the Board Members prior to the meeting.

BOARD OF DIRECTORS PRESENT:

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

LOUISVILLE METRO GOVERNMENT STAFF PRESENT:

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

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

Jefferson County Attorney's Office

Travis J. Fiechter, Assistant Jefferson County Attorney (Attended virtually)
Anne Scholtz, Assistant Jefferson County Attorney

GUESTS PRESENT:

Dominic Anthony
Charles Berkley

The meeting was initially delayed to correct technical difficulties experienced by two (2) Board members attempting to virtually join the meeting using the Cisco WebEx application.

Welcome and Introductions:

Ms. Grabowski welcomed all the board members and guests and announced that this regular meeting is being conducted via video teleconferencing pursuant to KRS 61.826 and that the meeting would start with the reading of the Chair's statement and then a recent success.

Call to Order:

The meeting was called to order by Chairman Schreck at approximately 3:34 p.m.

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 June 28, 2022 Special meeting were unanimously approved.

New Business:

i. Resolution 17, Series 2022, of the Louisville and Jefferson County Landbank Authority, Inc.

Using a PowerPoint presentation, Ms. Grabowski informed the Board that over the past 18 to 20 months OHCD has been reviewing the LBA's policies and disposition programs with its first presentation in Fall 2020. At that time, the Board passed a resolution authorizing a Racial Equity Review of all of its policies relating to its disposition programs. OHCD has since presented the results of its review and recommendations to the Board at two (2) later meetings, the most recent in May 2022. The May 2022 recommendations were then used to form the basis of the dispositions programs being presented at this meeting. As many people are aware, OHCD staff have had our disposition programs shut down since then.

Ms. Grabowski then presented an overview of the revisions to the LBA's disposition programs. These revisions include the creation of a program dedicated solely to supporting homeownership; revising scoring criteria in multiple programs to favor neighborhood residents and homeownership; replacing first-come, first-served application processes with scoring criteria; revising applicant eligibility to allow long-term renters the opportunity to purchase vacant lots on their block; and revising program names and goals with more accurate descriptions. Ms. Grabowski added that there is a list of requirements that the applicants must meet for each program, but all of them are not new.

Ms. Grabowski then discussed the four (4) vacant lot disposition programs, three (3) vacant structure disposition programs, and one disposition program that is for vacant properties in general. These program are not new, but have been given different names to explain their desired results. (See "Attachment A" for more details.)

The "My New Side Yard" program is the former "Adjacent Side Yard" program. The eligible parcels are vacant lots up to 4,000 square feet with no existing structure and an applicant's intended use should be a larger yard, fenced-in area, play space, or a personal garden.

Chairman Schreck asked for clarification about the eligible applicants. Ms. Grabowski replied that any adjacent church, business entity, non-profit organization, and non-owner occupants would qualify to apply under this program which will be clearly stated in its next write-up. Chairman Schreck also inquired if corner lots could be excluded from the program and be held for more development projects to which Ms. Grabowski stated we could modify the program to exclude such a lot.

The "Lot On My Block" program is similar to the former "Cut It Keep It" program, but changes have been made which led to the name change. The program's goal is to create opportunities for nearby owner-occupants to increase property ownership and build wealth by acquiring a vacant lot on their block that isn't necessarily next door to their own property. Eligible parcels will be any vacant lot up to 5,000 square feet with no existing structure. Any buyer may still build on the property if they return to the Board to request permission. If construction is completed within three (3) years of the date of purchase, the program's deed restrictions may be released.

The one item that is different about this program is “long-term renters” are recommended to participate if they have lived in their rental units for five (5) years. In our Western neighborhoods, a lot of people are long-term renters, and we want to see homeownership rates increase. It’s hoped that this program will allow our buyers to build wealth.

Mr. Schreck asked if the items listed for the program’s intended end use are the only options to which Ms. Grabowski replied that the items listed may not be the only end uses, but are based on prior applications. If an applicant submitted an application with a different end use, the OHCD team would take a look at it, but these are generally the intended uses seen in the past.

Dr. Ferguson then asked if applicants who plan to build on the lot need to submit construction plans to which Ms. Grabowski replied no. but there is no prohibition against it. Ms. Grabowski added that the intentions of Lot On My Block is to build the wealth of families that live on that block. If the applicant decides in three (3) years to build on the property, then that’s great. The OHCD team does request that, if a buyer plans to sell the property within three (3) years, that they return to the Board ask for a release of the deed restrictions. Ms. Grabowski also stated that one of the reasons this program was revised was to gear one of our program towards owner-occupants and/or long-term renters. Especially, since the Cut It Keep It program saw quite a few approved investors not build on the lot within the three (3) year time frame as was stated as the end use.

The “Build Back Our Blocks” disposition program (formerly known as the “Budget Rate” and “Flex Rate Policy for New Construction Projects”) is the new construction recommendation geared towards homeownership opportunities. This program has two (2) cost variations, the “Ready Rate” and the “Opportunity Rate” for applicants who need site control to raise funding through a capital campaign or need the property for financing. If the applicant needs to submit under the Opportunity Rate, there is a higher price point and a longer timeframe for the property to be constructed. Eligible parcels are vacant lots up to 10,000 square feet and the eligible applicants are individuals and organizations with the capacity to construct new residential or commercial buildings. Ms. Grabowski stated that one of the major changes in this program is the attempt to move away from first-come, first-served applications. Therefore, applications can be submitted in a 14-day window and will then be scored.

Mr. Anthony then asked, “How do you know if applicants are a minority or not?”, to which Ms. Grabowski responded that there is a demographic section within the LBA’s applications that is not mandatory to complete. However, OHCD does request that an applicant complete this section to assist in the tracking. Chairman Schreck asked if there is a legal reason why the demographic section of the application cannot be mandatory, to which Ms. Grabowski responded that up until October 2021 demographic information was not being collected on the applications. However, research can be done to see if that information can be a required field for each application. Mr. Robinson added, without having exact numbers, he believed that 85% - 90% of the applicants have supplied their demographic information.

The “Grow In Your Neighborhood” program, in comparison, is not much different than OHCD’s current Agricultural Projects program. OHCD has heard from community members and gardeners alike as to some possible changes that could be made. Hence, our UK/Jefferson County Extension Office partners have been asked to assist staff in its recommendations. Until further information is received, any other changes to this program will be tabled for now.

The “Homeowners First” program is designed for any property acquired by LBA whose structure’s condition is not move-in ready, but the structure is also not a demolition candidate. When the OHCD team looked across the country, it found that multiple landbanks are selling directly to owner-occupants. Although that has never been prohibited by the LBA, owner-occupant sales do not happen very often. Therefore, the first 30 days of the launch of a new property assigned to Homeowners First will be for eligible applicants with intentions to be an owner-occupant. If after 30 days, there are no viable applications, then the program will open to developers who would like to purchase, rehab, and sell to an owner occupant. Ms. Grabowski stated that the number of properties assigned to this program will be small based on the inspections of the LBA’s current inventory of

structures. Hopefully, the foreclosure process will take in more structures that can be assigned to this program. In addition, the OHCD team is working on a funding source that could be used in conjunction with this program for owner-occupants or small developers.

Mr. Berkley then asked could the intended end use for this program be rent to own, to which Ms. Grabowski responded that the program is really designed toward the sale of real property. When viewing an application submitted under this program, the OHCD team will take into consideration how the applicant plans to market the property (i.e., planning to sell) as there are other programs available for property rentals.

The “Save Our Structures” program will not have any major changes since these properties are recognized as possible demolition candidates that need extensive rehab work. Over the past five (5) years, the city has saved over a half million dollars in demolition costs due to the sales done through this program. The one change to be implemented deals with the first come, first served application process and the winning applicant will be based on a revised Scoring Criteria previously used under the Request for Proposals program. Once again, the program’s goal is to improve neighborhoods by reducing blighted properties and creating opportunities for new residential and commercial construction. Thus, allowing Metro Government to save possible demolition funds.

Lastly, the “Community Impact Solicitations” program (formerly known as a “Solicitation of Interest”) is more popular than the rest of our programs as it’s for a corner lot, larger parcels, or multiple parcels in proximity. The OHCD staff inspects these properties and conclude that something more beneficial to the community should be developed on these parcels. The applications will then be scored based on the property(ies) involved in each solicitation. This may be our most flexible program as the Board has previously approved submissions where the projects included a film production studio and veterans rental housing.

Mr. Anthony then asked if there is an opportunity to view the properties to be able to create development plans to which Ms. Grabowski stated that it’s understood that applicants need to time to prepare, plan, and hire an architect. Therefore, eProperty Plus, a different type of software application, was recently implemented by OHCD to allow applicants the opportunity to view online all of the LBA’s properties currently available for sale and those involved in this program will definitely be featured on it. The Landbank Authority Property Portal can be found at www.Louisvilleky.gov/vacant, but it has been taken down until the new disposition programs and their application processes are implemented. When relaunched, this website and software application will contain everything about the LBA’s programs and available properties.

Next, Ms. Grabowski presented the six (6) sets of Scoring Criteria to be used within the various disposition programs mentioned earlier. The criteria sets are Landbank Program Education, Neighborhood Residency, Community Value, Project Completion Timeframe, Construction Budget, and Energy-Efficiency and Sustainability. (See Attachment A for more details).

Chairman Schreck asked if the energy-efficiency portion of the scoring criteria includes appliances to which Ms. Grabowski responded that, if it’s not listed, it can certainly be added. The sustainability features include triple pane windows, solar panels, energy-efficient water systems, ceiling fans, extra insulation, cool or metal roofs, high-efficiency HVAC, and smart thermostats. The OHCD staff does have some minimum thresholds we would like to see met. The meeting was shortly delayed for audio and technical difficulties. Chairman Schreck asked if we could include any examples of items that would be considered energy efficient.

A member of the audience asked what the minimum threshold of points were to which Ms. Grabowski stated for Build Back Our Blocks it is 57 points (115 total points x 50%) and for Homeowners First and Save Our Structures it is 65 points (130 total points x 50%). Ms. Grabowski stated the OHCD team plans to launch a class similar to the Lunch and Learns that staff hosted during the COVID pandemic to educate the public more about the Scoring Criteria.

In conclusion, Ms. Grabowski requested that the Board approve Resolution 17, Series 2022 which will implement the new and revised LBA disposition programs and advised that the next steps will be to finalize the electronic application revisions within eProperty Plus, continue education sessions throughout the community to discuss the programs, and hopefully re-launch the LBA's disposition programs by September 1, 2022.

Mr. Muns then asked if the requirement that applications not be submitted if the applicant has more than one (1) unfinished project going on is the staff's recommendation. Ms. Grabowski answered that it is the staff's intentions to make that a requirement as that has been the practice in the past, but has never been written into policy. This requirement will allow the OHCD staff to ensure each organization's approved, development plans are in line with our goals.

Mr. Muns then asked if this new policy prevents several organizations from purchasing and building on multiple sites at once to which Ms. Grabowski advised that OHCD staff understand there are developers who want to develop more than one neighboring parcel at the same time. But, in that scenario, any developer wanting to purchase up to four (4) parcels at one time may need to be considered as a preferred developer. If that scenario arises, the OHCD staff will need to review and discuss the preferred developer pilot that is currently underway with REBOUND, Inc.

Mr. Muns then re-iterated that the intention of this proposed requirement is to prohibit anyone from purchasing properties for more than two (2) development projects if their first project has not been completed to which Ms. Grabowski concurred. Mr. Muns then stated that it's important to state the correct language in the policies to prevent the OHCD staff from having to come back to the board to present an exception. Mr. Muns also asked is there anything that prevents the OHCD staff to decide how parcels are presented to the public to which Ms. Grabowski stated there is nothing in writing that prevents the staff from selecting certain parcels based on where they are located.

Chairman Schreck then asked if these program changes have been published for the public's viewing to which Ms. Grabowski replied that the recent community meetings highlighted in the VAP Success have provided opportunities for the public to ask questions. Although these changes had not yet been approved, the OHCD staff did have an idea of where we were headed. Ms. Osorio then informed the Board that interested parties have been advised to view the May 24, 2022 meeting for more information and each participant has been given our contact information to follow up if they had any questions or concerns. Ms. Grabowski then mentioned that staff has spoken with a few of our partners, as well as previous applicants who have been approved and denied to get their input.

Chairman Schreck asked would there be an issue if the board requested the tabling of Resolution 17, Series 2022 until next month so that more community engagement can be done through all of OHCD's communication channels to which Ms. Grabowski stated there would be no harm in that. Mr. Muns asked if tabling the resolution would halt property sales to which Ms. Grabowski responded it will as the programs have been stopped since June 2022 so the OHCD staff could focus on what the recommendations would look like. Dr. Ferguson then asked if there is any history of a high intake of applications in August to which Ms. Grabowski stated that she is unsure if August is a higher disposition month as that would typically depend on what type of acquisitions are coming in from the foreclosures. Dr. Ferguson then asked if it's possible to approve the disposition programs that have not changed and delayed the programs with changes until next month to which Ms. Grabowski responded that for transparency purposes and community members to better understand the policies the best decision would be to launch all the programs at once. Dr. Ferguson then stated that she agreed with Chairman Schreck that more community input would allow for greater transparency.

Motion: On a motion by Dr. Ferguson, seconded by Mr. Muns, and unanimously passed, LBA Resolution 17, Series 2022, was tabled until the next regularly scheduled meeting on September 12, 2022. A copy of Resolution 17, Series 2022, is attached hereto and made a part hereof.

Announcements:

Ms. Grabowski announced that on Thursday, August 11, 2022, the Mayor will host a press conference at the Mayors Gallery to celebrate all the work being done relating to vacant and abandoned properties during his administration and Dr. Ferguson will be speaking at that event.

Adjourn:

As there were no more items of business to discuss, on a motion by Mr. Muns, seconded by Dr. Ferguson, and unanimously tabled, this meeting of the LBA was adjourned at 4:52 p.m.

Closing Remarks:

Ms. Grabowski expressed her appreciation to everyone for their attendance and participation. She also reminded the board that the next meeting of the LBA will be conducted on September 12, 2022, at 3:00 p.m., at the Old Jail Building Auditorium.

CHAIRPERSON
LOUISVILLE AND JEFFERSON COUNTY LANDBANK AUTHORITY, INC.

STAFF

DATE