



Metro Development Center
444 S. Fifth Street
Louisville, KY 40202

Louisville Metro Government

Minutes - Final

Special Meeting of the Louisville and Jefferson County Landbank Authority, Inc.

Thursday, August 17, 2017, 3:30 pm.

1st Floor Conference Room

The special meeting of the Louisville and Jefferson County Landbank Authority, Inc. was held in the 1st Floor Conference Room, of the Metro Development Center, on 444 South Fifth Street, 3:30 p.m., on the above date. The agenda and agenda items were electronically provided to the board members prior to the meeting.

BOARDS OF DIRECTORS PRESENT:

Louisville and Jefferson County Landbank Authority, Inc. (hereinafter referred to as “**LBA**”)

William P. Schreck, Chairperson
Ishmon Burks, Vice President
Franklin Jones, Treasurer

LOUISVILLE METRO GOVERNMENT STAFF PRESENT:

Develop Louisville and Vacant & Public Property Administration (hereinafter referred to as “**VPPA**”)

Laura Grabowski, VPPA Director
Carrie Fry, VPPA Real Estate Program Coordinator
Linette Huelsman, VPPA Real Estate Coordinator
Connie Sutton, VPPA Administrative Coordinator
Joshua Watkins, VPPA Real Estate Coordinator
Claire Yates, VPPA Real Estate Paralegal
Latondra Yates, VPPA Property & Leasing Supervisor
Jeana Dunlap, Director of the Office of Redevelopment Strategies

Jefferson County Attorney’s Office

Stephanie Malone, LBA Legal Counsel

GUESTS:

Christie J. McCravy, Alpha Kappa Alpha Sorority, Inc. and The Hortense B. Perry Foundation
Numerous members of Alpha Kappa Alpha Sorority, Inc.
Mohammad Nouri, Concepts21, PLLC

Welcome, Introductions, and Announcements:

Ms. Grabowski welcomed all of the Board Members and guests to the meeting.

THE LOUISVILLE AND JEFFERSON COUNTY LANDBANK AUTHORITY, INC.

Call to Order:

The meeting was called to order at approximately 3:35 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: Mr. Burks; Mr. Jones, and Mr. Schreck.

Approval of Minutes:

Motion: On motion of Mr. Jones, seconded by Mr. Burks, the minutes of the July 13, 2017 special meeting were unanimously approved.

Vacant and Abandoned Property Statistics:

Using a PowerPoint presentation, Ms. Grabowski presented the LouieStat KPI Report for August 17, 2017.

Ms. Grabowski then advised the Board that the VPPA would like to present a success story at each meeting relating to a prior LBA sale. Ms. Huelsman presented this month's success story involving 1339 South Floyd Street. This property was purchased by Iron Liege, LLC in January, 2016 for \$20,500. Iron Liege's estimated renovation budget was \$121,130. However, they actually spent \$195,000 to convert the duplex into a single family residence and add a 2-car detached garage. Their investment led to the sale of the property to an owner occupant in June, 2017 for \$265,000. After hearing this story, the Board acknowledged that they are looking forward to hearing more of these success stories.

New Business:

i. LBA Resolution 26, Series 2017

Using a PowerPoint presentation, Mr. Watkins provided an overview of the proposed transfer of eight (8) parcels of real property located at 1725 West Saint Catherine Street, 1029 Dixie Highway, 1033 Dixie Highway, 1035 Dixie Highway, 1037 Dixie Highway, 1041 Dixie Highway, 1043 Dixie Highway, and 1049 Dixie Highway which are the subject matter of the Resolution. Mr. Watkins also explained that these properties were under an Option to Purchase Agreement with the Alpha Kappa Alpha Sorority, Inc. which expired as of May 2, 2017. That agreement required payment of an option consideration amount of \$550.00 which was paid.

Ms. McCravy then explained the history and present community activities of Alpha Kappa Alpha Sorority, Inc. and The Hortense B. Perry Foundation, Inc. which are the basis of its intent behind the purchase of the subject properties. She also provided information to the Board relating to the preliminary development plans of their main headquarters and community facility on the subject properties. Ms. McCravy then advised the Board of the initial financing raised for the development and that further financing can only be achieved if ownership of these properties is in the name of the foundation. Future upkeep of the land and the proposed development will be built into their fundraising campaign and operation budget according to Ms. McCravy. The properties are already insured as that was a condition under the former Option to Purchase Agreement to which Mr. Watkins confirmed.

In response to Mr. Jones' question, Mr. Nouri added that the development plans have already been presented to the Land Development and Transportation committee with no major changes. A final hearing before the Planning Commission will take place in September, and Mr. Nouri has learned that the development plan will be recommended for approval. Ms. McCravy also stated that the appropriate zoning change requests have been submitted and are moving forward.

Motion: On a motion of Mr. Jones, seconded by Mr. Burks, LBA Resolution 26, Series 2017, was unanimously approved. A copy of said Resolution 26, Series 2017, is attached hereto and made a part hereof.

ii. Proposed Modifications to the Landbank Authority's Real Estate Pricing Policy

Using a PowerPoint presentation, Ms. Grabowski explained the current state and existing policy challenges of the disposition programs and its three (3) purchase options as outlined below:

Current State of Disposition Programs

1. Vacant lots are available to adjacent property owners for \$1.00 or \$125.00 (depending on size)
2. A vacant lot for all other purposes can range in cost from \$250.00-\$1,000.00, provided the purchaser has a plan and funds for redevelopment.
3. Buildings are offered via a Request for Proposals process and are scored based on a standard set of criteria, including sales price, rehab budget, and end use. Buildings offered for sale have not been referred for demolition by a building inspector.

Existing Policy Challenges

- Potential purchasers who are mowing lots on their block, but are not next door, meaning they don't qualify for a side yard.
- Potential purchasers who have a plan and a budget for a longer-term project and need flexibility in their project timeline.
- Potential purchasers who are interested in the structures that have been referred for demolition, either to rehab or demolish themselves.

Next, Ms. Grabowski presented the following proposed modifications to the disposition program and LBA's Minimum Pricing Policy relating to vacant land and residential and/or commercial buildings:

Adjacent Side Yards - Side yard program would be modified to eliminate dual-pricing. All lots less than 5,000 square feet to be sold for **\$1.00** and a deed of consolidation will no longer be required. Use will be restricted to a side yard.

Basic Policy for Agricultural/New Construction Projects - Standard vacant lot purchase program will move from three-tiered pricing to two-tiered pricing. Lots less than 5,000 square feet to be sold for **\$500.00** and lots over 5,000 square feet to be sold for **\$1,000.00**.

Market Rate Policy for Agricultural/New Construction Projects - An option would be added for purchasers in need of flexible terms for budget and timeline. Lots up to 5,000 square feet would be sold at **\$.80/square foot or assessed value of land according to PVA, whichever is greater**. Any lots over 5,000 square feet will be sold at **assessed value according to PVA or appraised value, whichever is greater**.

Vacant Lots on the Block - An option would be added for purchasers who own property on same block to purchase a lot up to 5,000 square feet for **\$500.00** without a plan for redevelopment. Buyer must agree to pay property taxes and maintain the lot free of any code violations for three (3) years before the deed's sale restrictions will be lifted.

Request for Proposals - The current RFP process for houses that haven't been referred for demolition will remain the same since it has been generating sales.

Demolition Candidates (Phase 1) - An option would be added for potential purchasers to bid **\$1.00** on houses that have been referred for demolition. During the first 30-day phase, proposals would be entertained only from potential purchasers wishing to rehabilitate the structure.

Demolition Candidates (Phase 2) - After the first 30-day phase, proposals would be entertained from potential purchasers wishing to rehabilitate and from those wishing to demolish the properties themselves for the minimum asking price of **\$1.00**. Any demolition candidate not chosen after Phase 2 will continue as a Metro-sponsored demolition.

Ms. Grabowski then advised that these recommended modifications were formed based upon research done by the VPPA Real Estate Team as to what other land banks are currently doing and various discussions with other Metro Government departments. Ms. Grabowski also pointed out that these new programs are needed because of the increases we are seeing in our foreclosure acquisitions.

Mr. Jones asked if the VPPA staff feels these new programs will increase the public's interest in LBA's properties, to which Mr. Watkins replied that he sees a need for these programs when it comes to vacant land. There have been recent comments that an application to purchase a vacant lot on a neighborhood block would have been submitted, but the constraint that the applicant must own an adjacent property was getting in the way. These interested parties were maintaining the lots and could actually own them, if the Board allows. Ms. Huelsman also added that this option is similar to the Mow-to-Own programs other landbanks are doing, with the exception that a deed will be executed transferring ownership of the property to the applicant.

Mr. Schreck inquired as to whether or not the contractors who have voiced an interest in the buildings referred for demolition will actually want to keep the property and maintain it once they have collected the reusable materials from the demolition. Ms. Huelsman replied that no initial input from the contractors has been given as of yet. However, if the vacant land is not wanted by the applicant after the demolition is complete, the applicant will be advised that the land can be donated back to LBA for resale.

Mr. Watkins also added that once the proposed disposition programs are underway, the VPPA staff will be tracking the public's interest in them to see what is working and what is not. Then, a thorough review will be done to see what changes can be made to improve each program and their respective processes.

Mr. Jones then questioned if there has been any public outreach in the past as to eligible side yard lots, to which Mr. Watkins replied that VPPA did send out outreach letters in the past to increase sales in the Portland neighborhood. Unfortunately, that outreach led to no sales as the property owned by the applicants was not in compliance with Metro's property maintenance code. Another outreach was done in Russell after our database application, Opportunity Space, was available. However, only a few applicants responded. Mr. Schreck added that more education is needed as the public may fear that their property taxes will greatly increase if they purchase an adjacent lot and consolidated it with their existing property. Mr. Watkins then stated that the VPPA staff involved in the demolition process has recently begun notifying neighbors of the possibility to purchase an adjacent LBA-owned lot once the building is demolished.

Upon the suggestion of Legal Counsel, a resolution ("Resolution 27, Series 2017") will be drafted and presented for the Board's official approval at the next scheduled meeting.

Announcements:

There were no new announcements to be heard by this board.

Adjourn:

As there were no more items of business to discuss, on a motion by Mr. Burks, seconded by Mr. Jones, and unanimously passed, the meeting of the Louisville and Jefferson County Landbank Authority, Inc. was adjourned at 4:28 p.m.

Closing Remarks:

Ms. Grabowski expressed her appreciation to everyone for their attendance and participation, and added that the next VAPStat Joint Meeting is scheduled for 3:00 p.m., on September 11, 2017, at the Old Jail Building Auditorium.

CHAIRPERSON
LOUISVILLE AND JEFFERSON COUNTY LANDBANK AUTHORITY, INC.

STAFF

DATE