Executive Director Report

February 27, 2014

Brian C White
Executive Director,
Cook County Land Bank Authority
Overview

• Report is intended to inform board and interested parties of our progress in moving the Cook County Land Bank Authority forward.

• Report considers the context (starting point), strategic considerations, and proposed responses.

• Report includes a proposed plan for the next 90 days, by the end of which, our main operating systems should be in place and the CCLBA should be executing.
Background

- CCLBA was formed to put vacant, abandoned, and foreclosed property back into productive use.

- CCLBA is intended to align with local plans and stakeholder interests’, where possible.

- CCLBA is designed to improve the process whereby property is put back into productive use.
The Potential Impact

- Negative impact on the value of properties within 500’ of a property that is:
  - A property that is within 1000’ of a property slated for demolition (blighted) will be valued 11.5% less than a similar property that does not have a blighted property nearby.

| Vacant | Tax Delinquent | Foreclosed | Impact  \\
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>X</td>
<td></td>
<td></td>
<td>↓  2.1%</td>
</tr>
<tr>
<td>X</td>
<td>X</td>
<td></td>
<td>↓  2.1%</td>
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<tr>
<td>X</td>
<td>X</td>
<td>X</td>
<td>↓  2.7%</td>
</tr>
<tr>
<td>X</td>
<td>X</td>
<td>X</td>
<td>↓  3.9%</td>
</tr>
<tr>
<td>X</td>
<td>X</td>
<td>X</td>
<td>↓  6.1%</td>
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<tr>
<td>X</td>
<td>X</td>
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<td>↓  6.1%</td>
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<td>X</td>
<td>X</td>
<td>X</td>
<td>↓  9.4%</td>
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Based on research completed by the Cleveland Federal Reserve and shared by Center for Community Progress at meeting of South Suburban Land Bank Development Authority, 2/24/2014.
Immediate Questions?

• Who will CCLBA work with?
• Where can CCLBA be most effective?
• What are the kinds of properties CCLBA will target?
• When will we start acquiring properties?
• Why will we choose to acquire or not?
• How will the CCLBA operate?
The Response:

• CCLBA will help a responsible end user execute an appropriate strategy to restore property to productive use.

• CCLBA will accept properties we are confident we can convey to an appropriate end user for within an appropriate time frame.

• CCLBA will execute partnership agreements to convey & transition properties for new uses.

• CCLBA will help generate demand with outreach & engagement.
The Response

- CCLBA will work with partners who have identified properties that meet basic criteria and whose repositioning serves a larger strategic purpose for the public good, the CCLBA, and the partner.

- CCLBA will begin to acquire when it has the capacity to accept, hold and convey property responsibly.

- CCLBA will be run by a professional staff working according to established program plans and goals and operating under established partnership plans.
Acquisition Strategy

- Acquire properties to generate social impact and revenue for CCLBA (ready to convey).

- Acquire properties that are blighted or nonconforming and demolish to boost adjacent values (ready to demolish).

- Acquire properties and hold with conduit or conveyance agreements for future development.
Acquisition Sources

- Owner donations
- Bank REO
- Municipalities
- Purchase
- Tax Sales

PROPERTIES
Acquisition Considerations

• Safety hazard abatement (proximity to schools, police/fire safety calls).
• Proximity to occupied structures.
• TOD and/or jobs benefits.
• Requests from external parties.
• Visibility/symbolism.
• Carrying costs/operational costs.
• Disposition opportunity.
Developing the Strategy

Consideration for starting fast
• Visible victories
• Intervene to help communities in distress
• Ready opportunities to generate revenue

Considerations for starting slowly
• Developing internal capacity: Staffing, board capacity, data evaluation, legal guidance, agreements
• Creating formal operating plan to guide work
• Avoid accepting/inheriting “problems”
• Time to engage external stakeholders around plans
• Time to develop ancillary programs: job training, deconstruction
Key Objectives

• Improve capacity to operate efficiently and effectively.

• Identify strategic opportunities.

• Engage in transactions.

• Develop our data analytics.

• Begin to act on larger priorities.
30-60-90 Day Plan

30 DAYS

60 DAYS

90 DAYS

90+ DAYS
1. Improve CCLBA Capacity

- **30 DAYS**
  - Create staffing plan and post jobs
  - Begin contacting stakeholder groups
  - Restart board committees
  - Align financial plan, program plan, and operations

- **60 DAYS**
  - Staff policies, procedures, and work plans
  - Update communication tools for outreach
  - Fundraising

- **90 DAYS**
  - RFP for external capacity-building grants
  - Document lessons learned

- **90+ DAYS**
  - Evaluate and update all of the above as necessary
2. Identify Strategic Opportunities

30 DAYS
- Engage municipal officials: Chicago, county, other local
- 1x1s with non-profit and for profit organizations
- Outreach to key groups

60 DAYS
- Align with community & stakeholder plans
- Continue outreach to identify additional partners
- Update communications

90 DAYS
- RFP to non-profit and for-profit developers

90+ DAYS
- Continue outreach & 1x1s
3. Engage in Strategic Transactions

<table>
<thead>
<tr>
<th>30 DAYS</th>
<th>60 DAYS</th>
<th>90 DAYS</th>
<th>90+ DAYS</th>
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<tbody>
<tr>
<td>Develop triage &amp; evaluation process</td>
<td>Create standard partnership agreements for conveyance</td>
<td>Ramp up volume</td>
<td>Evaluate and update</td>
</tr>
<tr>
<td>Identify sources: REO, municipal, developer, investor, tax sales, other</td>
<td>Create standard process flows</td>
<td>Look at larger &amp; more complex transactions</td>
<td></td>
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<tr>
<td></td>
<td>Standard agreements for vendors</td>
<td></td>
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</tbody>
</table>

30 DAYS
Identify sources: REO, municipal, developer, investor, tax sales, other

60 DAYS
Create standard partnership agreements for conveyance
Create standard process flows
Standard agreements for vendors

90 DAYS
Ramp up volume
Look at larger & more complex transactions

90+ DAYS
Evaluate and update
4. Develop Data Tools

- **30 DAYS**
  - Identify key data for evaluating properties and conducting various analyses
  - Evaluate database solutions for property tracking and analytics

- **60 DAYS**
  - Scope project for property tracking tool & other data tools
  - Engage data providers to develop sharing arrangements

- **90 DAYS**
  - MOU for build/delivery of data & analytics tool
  - Hire database manager

- **90+ Days**
  - Bulk up data sharing agreements
5. Act on Larger Priorities

- **30 DAYS**
  - Organize & activate committees
  - Identify and catalog best practices/models

- **60 DAYS**
  - Outreach for ideas on how to leverage CCLBA for larger priorities
  - Incorporate priorities into standard contracts, operations, and plans

- **90 DAYS**
  - Initiate strategic assembly of larger or more complex parcels, where appropriate
  - RFP for additional partner opportunities

- **90+ DAYS**
  - Evaluate and update
## Proposed Projections

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase to convey (move-in ready)</td>
<td>23</td>
<td>10</td>
<td>33</td>
</tr>
<tr>
<td>Donations for demolition</td>
<td>61</td>
<td>161</td>
<td>222</td>
</tr>
<tr>
<td>Donations to convey (move-in ready)</td>
<td>10</td>
<td>30</td>
<td>40</td>
</tr>
<tr>
<td>Donations to convey (rehab required)</td>
<td>13</td>
<td>14</td>
<td>27</td>
</tr>
<tr>
<td>TOTAL</td>
<td>107</td>
<td>201</td>
<td>308</td>
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Based on budgeted costs and assumptions concerning cost to acquire, rehab, and maintain properties – all of which is subject to change as we begin to engage in transactions.
## Staffing (Projected)

<table>
<thead>
<tr>
<th>Position</th>
<th>Year 1</th>
<th>Year 2</th>
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<tbody>
<tr>
<td>Executive Director</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>SR. Manager for Acquisitions</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Asset Manager (2 in YR 2)</td>
<td></td>
<td>x</td>
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<tr>
<td>Acquisition Specialist (2 in YR 2)</td>
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<td>x</td>
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<tr>
<td>Rehab/Demolition Specialist</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Resource Development Mgr. (contract)</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Database Administrator</td>
<td>x</td>
<td>x</td>
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<tr>
<td>Administrative Assistant</td>
<td>x</td>
<td>x</td>
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<tr>
<td>General Counsel (contract)</td>
<td></td>
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<tr>
<td>Operations Manager/CFO (contract in Yr 1)</td>
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Budget (Draft)

<table>
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<tr>
<th>EXPENSE</th>
<th>Year 1</th>
<th>Year 2</th>
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<tbody>
<tr>
<td>Personnel</td>
<td>$501,238.76</td>
<td>$1,191,531.73</td>
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<td>Overhead</td>
<td>177800.00</td>
<td>101700</td>
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<tr>
<td>Program Expense</td>
<td>270000.00</td>
<td>179000</td>
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<tr>
<td>Contract Services</td>
<td>754000.00</td>
<td>339500</td>
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<tr>
<td>Capital Costs</td>
<td>2605405.00</td>
<td>4422535</td>
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<table>
<thead>
<tr>
<th>REVENUE</th>
<th></th>
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<tbody>
<tr>
<td>Grants (AG, CCT, Cook)</td>
<td>3,776,693.06</td>
<td>2,921,731.73</td>
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<tr>
<td>Property Revenue (fees, sales)</td>
<td>1,011,000.00</td>
<td>4,542,249.30</td>
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<tr>
<td><strong>NET</strong></td>
<td>485,249.30</td>
<td>1,229,714.30</td>
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By the end of the first 120 days, the Cook County Land Bank Authority will have increased its capacity and begun to engage in strategic acquisitions of properties for which an intended use has been identified.

The Cook County Land Bank Authority will work with established partners and in pursuit of clearly identified goals, which will primarily be derived from community and other plans.

The Cook County Land Bank will engage in ongoing outreach to identify opportunities and partners for ongoing strategic repositioning of properties.
Progress to Date - Month 1

- Initiated process to begin posting for new hires via Cook County.
- Initiated outreach to City of Chicago, SSMMA, and SSLBDA.
- Initiated basic property triage process, with outreach to lenders and development of internal evaluation system.
- Established draft operating plan for first 90 days.
Questions & Discussion