

MEETING MINUTES OF THE COOK COUNTY LAND BANK AUTHORITY LAND TRANSACTIONS COMMITTEE

February 11, 2016

Land Transactions Committee of the Cook County Land Bank Authority met pursuant to notice on February 11, 2016 at 10:00 AM at the Cook County Building, 118 North Clark Street, 4th Floor, Chicago, Illinois.

I. Call to Order and Roll Call

Committee Chair Friedman called the meeting of the Land Transactions Committee to order.

Present: Directors Friedman, Helmer, Ostenburg, Planey, Ware (5)

Absent: Director Brawley, Gainer, Grisham, Jenkins, Porros (5)

Also Present: **Robert Rose** (*CCLBA Executive Director*)

Others Present: **Bob Benjamin** (*Cook County Treasurer's Office*), **Kojo Blackburn** (*HHS Capital*), **Natasha Cornog** (*Cook County Land Bank Authority*), **Roxanna Daniel** (*Taj Development*), **Dominic Diorio** (*Cook County Land Bank Authority*), **Ron Hill** (*Classic Remodelers*), **William C. Jones Jr.** (*WCJ Real Estate Consultants*), **Matt Kreis** (*Center for Community Progress*), **Paris Riley** (*Concerned Citizen*), **Hank Roberts** (*South Suburban CDC*), **Karen Roberts** (*2nd Time Around Veteran Housing.*), **Elisha Sanders** (*Cook County Land Bank Authority*), **Mustafaa Saleh** (*Cook County Land Bank Authority*), **Jerry Stanford** (*HHS Capital.*), **Chris Tritsis** (*Cubit Development Group*), **Micaella Vargas** (*Commissioner Bridget Gainer Office*), **Tadas Zukas** (*Capitalis LLC*),

II. Public Speakers

Committee Chair Friedman noted there was one (1) public speakers registered.

Karen Roberts (*2nd Time Around Veteran Housing.*)

III. Land Transactions Report

Director Rose report gave an update of CCLBA's Core Business Activities, NSI program, and Commercial Projects covering the period of December 1, 2015 through January 31, 2016.

Core Business Activities

CCLBA has 101 acquisitions in progress 72 properties have been acquired with an increase of 31 acquisitions within the last month. CCLBA has built up our inventory maintaining around 100 properties in the pipeline giving CCLBA enough activities to be impactful. The market has responded to what CCLBA is doing and understands the value of CCLBA. 16 Dispositions, 5 Demolitions and 3 rehabs. CCLBA does not have direct control over rehabs. CCLBA is tracking pretty well toward its goals that were laid out in the December, 2015 approved budget. CCLBA has gotten a pretty good system in place for acquiring properties. Sales are not moving as quickly, running into some issues regarding point of sales requirements on the local level and trying to streamline paperwork for perspective buyers. CCLBA closing specialist will be coming on board to help manage the paperwork around real estate contracts and point of sales. This will help with achieving sales goals. CCLBA demolitions are moving along well. CCLBA received funding from IHDA for Blight Reduction. CCLBA is working in four communities: Sunshine

Gospel Ministries in Wood Lawn and Greater Englewood CDC in Englewood are CCLBA's non-for-profit partners and City of Chicago Heights and Village Riverdale are the two Suburban partners. Blight Reduction Program allows CCLBA to strategically and selectively demolish one or two houses on a block to increase neighborhood value. The program requires some sort of re-greening/rehab. CCLBA is working with local groups to create side lot programs or community gardens. Through Round I funding of Blight Reductions, structural issues have been the determining factor for demolition. Properties that have been identified through demo court. IHDA will be announcing Round II of funding awards on February 19, 2016.

Core Business Outcomes

The amount of properties CCLBA buy/sale is great in terms of activity. Two methods have been established to measure the impact of CCLBA's participation: market value created and Tax Benefits. Market value created is a measure of what CCLBA acquired the property for and the amount the end user is able to sell the property for or what the property appraises for after rehab. The market value has a direct effect on taxes collected. CCLBA's participation will either stabilize the property values or increase the value.

Cumulative Core Business Activities

The chart represents and tracks CCLBA's inventory since the beginning of CCLBA through effective date. The primary way of engaging with CCLBA is through the website.

Ostenburg: Will there be a way to gage the impact of sales value of other homes in CCLBA's focus community areas? Director Rose: CCLBA may engage University of Chicago to perform an analysis study to also determine what happens to with the neighborhood.

Director Ware: Are the buyers investor for individuals or are the buyers individuals who will live in the property? How is the property transferred: Director Rose: the property ends up transferring to homeowner's eventually. Majority of the time the investor has identified the end user. Director Ware is requesting to get numbers into the MLS and use appraised values for comps.

Acquisition Breakdown

Acquisition pipeline breakdown details the different sources CCLBA has worked with to acquire properties. CCLBA currently has 101 properties in process and 8,004 prospects. Elisha Sanders, Acquisitions Specialist will be handling our Bank REO and Donations properties. Elisha has been receiving requests from individuals that have identified property and would like CCLBA's help in acquiring the property and properties that been offered for donation by owner with a prospective end buyer identified. Types of properties being donated are vacant land, two unit buildings, and multi-unit buildings (10 units or more). There are two offers pending on multi-units in our focus area one on 87th & Ashland and 67th & Racine. Elisha has approached several banks explaining how it would be advantageous to work with CCLBA to acquire some of the Bank REO's which will in turn reduce the banks holding cost. CCLBA currently has six (6) properties with Illinois Service Federal and one (1) vacant land with Urban Partnership Bank. Elisha will be seeking to work with more community banks.

Director Ware: Is CCLBA being bombarded with donations? Dominic Diorio, Acquisition Specialist, CCLBA will not take all donations. The requests are filtered through our investment

pool to seek out end users, CCLBA Acquisition Specialists research donated property to determine if it is located nearby schools or parks and if it might be something the community can use as an effective tool. Director Rose is establishing lines of communication with elected officials to keep them abreast of identified vacant land in various communities. CCLBA has a Memorandum of Understanding (MOU) with the City of Chicago. Bryan Esenberg and Lawrence Grisham are the point of contact for the City Planning and Development Department. CCLBA must notify the City of CCLBA's involvement.

City of Chicago Forfeiture Program - City of Chicago Building Department, Department of Law, and Planning and Development have joined together to create this forfeiture ordinance in the event a property owner does not have the financial resources to repair/bring property up to code and the building owner no longer wants ties to property. This process allows the property to be transferred to CCLBA as intermediary plan of action releasing the owner of financial liability. City of Chicago will handle the vetting process.

Deed in Lieu are properties deeded over to CCLBA as an alternative of forfeiture. CCLBA currently have three (3) industrial properties in Bellwood, five (5) in process with CIC, and one (1) located on Chicago Avenue and one (1) located on Grand Avenue in the Chicago, IL.

Blight Reduction Program – These funds are provided by IHDA. IHDA's process requires CCLBA to take title before demolition. In Englewood six (6) properties have been acquired, two (2) demolitions have been completed, four (4) in progress to be completed within 4-8 weeks. Chicago Heights four (4) properties acquired demolition to take place within 4-8 weeks, with six more prospects. Woodlawn 4 acquired demolition to take place within 4-8 weeks. Number of demolitions for Riverdale is yet to be determined.

NST/NSI – Enhanced First Look Program. Fannie Mae/Freddie Mac are the two largest contributors. Between April, 2015 – Jan, 2016 2,550 properties have been offered. Pricing is beginning to stabilize. Average property price is around \$40,000.00. CCLBA uses the focus communities to determine what to purchase. CCLBA does not bid pricing out. The properties listed on the website have a minimum offer and the research has been done to ensure these prices are the lowest prices for the neighborhood within the last two years.

Mustafaa Saleh, Asset Manager, has been very instrumental in working with vendors and inspecting the work and keeping track of the rehabs. Making sure vendors are accountable for the services provided to CCLBA. Mustafaa reported as of January 31, 2016 CCLBA had 48 rehabs in progress, stating that it usually takes 3 months to obtain permits, depending on the type of rehab whether it's cosmetic or total overhaul. If rehab is cosmetic and can be turned around in a short time, Mustafaa will re-inspect the property and release the deed restriction. The pipeline is increasing, between December, 2015 – January, 2016 three (3) properties have been completed. CCLBA is anticipating between 5-10 rehabs a month. Dominic added that Mustafaa's reports weigh heavily in regards to returning developer's as it speaks to time lines and the workmanship, and if the developers are meeting CCLBA standards. Reiterating the expectation

that CCLBA is looking to work with developers that will turn out a high quality and sustainable home.

Ostenburg: Is there a process used for water damage and mold? Director Rose: CCLBA provides a pre-inspection for remediation.

Ostenburg: How many homes will undergo deconstruction? Director Rose: The homes in Chicago Heights will fall under deconstruction. The limitation here is that the Sheriff's program does not work in the City of Chicago, only in Suburban Cook County. Deconstruction companies in the City of Chicago are very expensive.

Commercial Projects

Riverside Lawn Project - Riverside Lawn Town Hall meeting is scheduled for February 24, 2016. This project is located between the Villages of Riverside and Lyons near Des Plaines River the homes in this area floods every time it rains. CCLBA along with MWRD and Cook County Planning & Development have partner together to fund a voluntary buyout program for 46 homes in this area. 38 homebuyers have shown interest and 8 nonresponsive. An IGA has been negotiated and each partners attorneys are working together to finalize the IGA. CCLBA's Board approved the resolution back in December, 2015. MWRD Board approved the resolution in January. MWRD is requesting a second appraisal of homes. CCLBA hopes to start making offers to homebuyers by April. This program is a good example of how CCLBA can assist communities that do not have the capability to hold land and are having these conversations with other communities.

Bellwood MiniMoves is a 50,000 square foot building in Bellwood which is scheduled to close February, 2016. The City of Bellwood reached out to CCLBA, this building had been seating vacant for a while. CCLBA worked out a three way exchange with the building owner and the bank. An end user has been identified. The Village of Bellwood provided a resolution for a 6B tax incentive with Cook County Bureau of Economic Development. CCLBA has been instrumental in bring this building back on the tax role and the owner will be expanding their operation and providing an additional 25 jobs in this area.

CCLBA is in the process of working through the purchase sale agreements with the individual involved with the two Humboldt Park properties.

Scavenger Sale took place between December 28, 2015 and January 11, 2016. Kudos to CCLBA staff Alex Simmons, Planning Analyst, and Dominic Diorio, Acquisition Specialist for their efforts with the Cook County Scavenger Sales. This is a public auction, where CCLBA bided on 7,781 properties to redevelop entire blocks. This number may drop because individuals have the right to redeem their properties and for various other reasons. This is not a fast process. CCLBA is waiting on certificate numbers that is needed to send take notices to owners. This process will probably be completed by the end of March. Redemption period for commercial/industrial/unimproved land is six (6) months, residential is two (2) years. CCLBA has a lot of work to process before it can be determine what has be won, what can be taken to title, what is available for individuals/ developers/groups to bid on. This will be an on-going transparent process. CCLBA will not be kicking residents out of their homes. CCLBA will not

be taking occupied homes to deed. CCLBA will be judicious about what will be taking to deed. CCLBA is interested in vacant abandoned properties.

CCLBA will be providing a regional opportunity for the City of Chicago developers and organizations to imagine what can be done to redevelop communities. How groups can work collaboratively together to redevelop 100 homes. Figure out ways to efficiently use and pool resources.

IV. 2016 Land Transactions Committee Meeting Schedule

*All meeting of CCLBA Land Transactions Committee are schedule on the second Friday of each month, except those marked**

March 11, 2016	August 12, 2016
April 8, 2016	September 9, 2016
May 13, 2016	October 14, 2016
June 10, 2016	November 10, 2016*
July 8, 2016	December 9, 2016

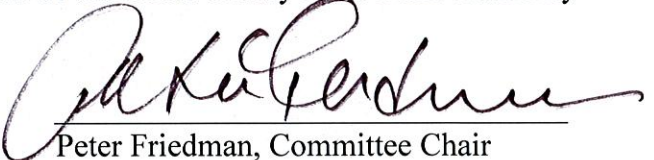
V. Report from Committee Chair (Peter Friedman)

Committee Chairman Friedman reminded everyone of Cook County Land Banks next Land Transactions Committee meeting, scheduled for March 11, 2016 at 10 am location Cook County Building. Informed meeting participants that all documents from the meeting are available on CCLBA website – www.CookCountyLandBank.org. **No action taken.**

VI. Adjournment

Director Ware, seconded by Director Helmer, moved to adjourn. **THE MOTION CARRIED AND THE MEETING WAS ADJOURNED.**

Respectfully submitted,
Board of Directors of the Cook County Land Bank Authority


Peter Friedman, Committee Chair

