Minutes

Housing Committee
Monday, January 14, 2013
6:45 p.m.
Police Training Room, 4th Floor
Municipal Building, Jamestown, New York

MEMBERS PRESENT: Chairman Paul Whitford, Maria Jones, Steve Szwejbka

MEMBERS ABSENT:

OTHERS PRESENT: Peter Lombardi, Greg Rabb

Chairman Whitford called the meeting to order.

The minutes from the August 20, 2012 meeting were approved.

Remarks from Community Members

No one appeared to speak.

Landbanking Discussion

Chairman Whitford introduced Peter Lombardi, Executive Director of the Jamestown Renaissance Corporation.

Mr. Lombardi: Just a second of background here – the Chautauqua County Landbank was one of the five landbanks created last year in New York State along with Erie County, Onondaga County, Schenectady County and the City of Newburg. Like I was talking about a few seconds ago, the business plan that was submitted with the application for the landbank called for a "starting small approach." Basically, starting with a half a dozen properties in the first year taken from the tax foreclosure auction and doing a variety of things with those properties based on the condition of the properties to sort of test the concept with the goal of expanding in later years as the idea matures and as the funding matures for it; so in 2013 we've got three parcels with structures that are being transferred from the Chautauqua County to the landbank within the City of Jamestown and then there are three in the north county – two in the City of Dunkirk and one in the Village of Fredonia. So it's starting off at six parcels with structures – three of them here in the City of Jamestown and the three that are being transferred – 132 Water St., 111 Hazzard and 35 Tower – I guess they reflect the types of properties that are being often sort of left over in the County tax auction. 132 Water Street is a property that was in the tax auction in 2011 – nobody bought it so it just rattles in the County's property inventory – just sits there until the next auction comes along if it doesn't burn down or collapse in the meantime. So this was left over after the 2012 auction in May or June and so

this seemed like a natural to transfer to the landbank with the goal of demolishing it. In terms of funding for demolition, because this is going to be one of the more important roles of the landbank and the funding – we'll have to see how this works – but this 132 Water Street we'll demolish this with part of the seed money that the County has given to the landbank. There was a $200,000 County Housing Trust Fund and $150,000 of that was given to the landbank as seed money so part of that seed funding will be used to demolish this property, but I think the landbank is interested in partnering with the City of Jamestown so that there are CDBG funding so whether it's half and half or something that's sort of a landbank/city partnership to demonstrate tearing down a building from the landbank inventory. Over time, the goal is to each year receive some properties or have some properties transferred to the landbank that are valuable enough to create a revenue stream so that as those properties are sold by the landbank, the landbank takes that in and uses that revenue to demolish properties. So because demolitions are expensive in New York State, we'll have to start out with a limited number of demolitions and sort of see how much revenue can be generated by selling properties that are in better condition and if the revenue isn't sufficient enough, finding other sources. We're looking into some philanthropic sources as potential sources for targeted demolition funding. There's also sort of some questions we have for New York State to gauge their interest in providing resources to landbanks specifically for strategic demolition and other activities because the landbank law that was passed by the State didn't have any money attached to it. It allowed local governments to create landbanks but good luck developing the landbanks on their own so we would like to see New York State provide some resources to help move this model along by providing some demolition funding or other resources. In the meantime, there will be limited demolition as we test the revenue generating potential of other activities.

The two other properties here – 111 Hazzard and 35 Tower are two properties that are in reasonable enough condition that we think we can find developers who can redevelop them, make them excellent condition inhabited properties that add to the tax base and there will be an RFP process is in development right now that should be released soon and the goal will be to sell the property to developers who's goals are in line with the community's goals. The number one priority is the property becoming an owner/occupied structure whether it's the developer fixing it up and then selling it to someone who is going to occupy it and own it, or in some cases there might be individuals who approach the landbank who want to fix it up and occupy it themselves. The important thing here with the landbank and how this is different from the way things have worked is that there is discretion here. The landbank can evaluate the proposals based on how they align with the priorities for the community and if owner/occupancy is a priority, then it will rank those proposals higher than proposals that would seem to develop it for rental property. That will be the goal with 111 Hazzard Street – that's a duplex – so ideally refurbishing it and putting it in the hands of someone who wants to occupy one unit and rent the other unit, and then 35 Tower is a single family unit. These two – Hazzard and Tower are strategic in that the Hazzard Street property is at the corner of Hazzard and Newland near the corner of Hazzard and Newland – it's on the block that's designated as strategic by the Neighborhood Revitalization Plan as an area that is relatively stable, but it's in a transitional zone so it's important to concentrate on shoring up properties in that area. The Tower Street property is strategic because it's next to the playground at the corner of Willard and Tower so

it's right across from the playground and most of its neighboring properties are owner/occupied properties. Shoring up that property is beneficial.

Mr. Whitford: That's probably the better part of Tower – there's so many areas that are…that end and the far end there are some decent properties, but in between it's really rough. With this demolition…the cost of the demolitions – they're less than what the Department of Development…

Mr. Lombardi: Probably not. Probably be about the same rate as Dept. of Development is. It depends on the structure. I was at a meeting recently with Bill Jones and Bob Kenyon. We met with representatives from Buffalo Reuse and they talked about…there was discussion about the possibility of having Buffalo Reuse salvage materials from homes that are about to be demolished in order to reduce the quantity of material that goes to the landfill so that would reduce the landfill costs.

Mr. Whitford: That was part of the discussion when I went to that program and maybe we were depending on the structure itself because some of them…obviously there's going to be very minimal reuse and some of them there's a considerable amount.

Mr. Lombardi: Establishing that relationship and then utilizing it in the future, that could be a way of reducing demolition costs.

Mr. Whitford: They come in and assess it – correct?

Mr. Lombardi: Yes they come in and assess it. The assessment of 132 Water Street – the demolition candidate here – is that there isn't a lot to salvage there. It's been vacant for a long time. I didn't mention it, but it's important to say that that is sort of a strategic property because that section of Water Street where there's sort of a bend near Allen, the City has invested a lot in the street there – that was repaved.

Mr. Whitford: They have in the last three years, I think, three to five years.

Mr. Lombardi: Yes. New curbs, new sidewalks, you have occupied businesses…

Mr. Whitford: You have Helping Hands, St. Susan's, you have ElectroPlating there…and the other one that's attached to that – there's another business. He owns both of them I think – him and his wife. They took some business over from Period Brass.

Mr. Rabb: Is Buffalo Reuse interested given we wouldn't have the amount of houses they would have up there?

Mr. Lombardi: I think the relationship that we could establish with them right now isn't so much the deconstruction of homes, which is sort of I guess what they're most well known

for, but it would be salvaging materials from homes and then having the homes demolished by regular means.

Mr. Rabb: But they're interested in working with us then?

Mr. Lombardi: Bill Jones gave representatives from Buffalo Reuse a tour of the City to give them a flavor for the housing stock and they were impressed and I think they thought there's business to be done here.

Mr. Whitford: Depending on the structure, there's quite a few things that they look at – not just the lumber – it's the plumbing, electrical.

Mr. Lombardi: …yes – that's right – interior woodwork. They can salvage a lot and…

Mr. Whitford: …and a lot of the old homes have that interior woodwork that they're looking for.

Mr. Lombardi: …so yes – they were impressed by the nature of the housing stock; so I think that's something since this is sort of…we're starting off at an experimental level here so I think we can try to gauge the potential to use Buffalo Reuse for homes like this, but I think for demolitions in general to bring down the landfill cost by reducing the amount of material that goes to landfill. Again, these three properties represent sort of part of the landbank business model, demolish one or two homes the first couple of years because that's expensive and then sell other homes in better condition to be redeveloped and use the revenue from those sales to help underwrite the cost of demolition. The three properties in the north county, the two in Dunkirk and the one in Fredonia are in better condition than the two in Jamestown that would be rehabbed so those are potentially strong revenue generators for the landbank.

Mr. Rabb: Is there potential for the one at 132 Water Street to be sold to an adjacent or nearby property owner, or that's the one we're just going to have to hang on to?

Mr. Lombardi: That's what the landbank would want to do and there is potential. There are owner/occupied structures around there so the landbank would own the vacant lots once the building is demolished. At the bottom of this handout here, the discussion of vacant lots, there are five vacant lots that are being transferred from the County to the landbank and these are vacant lots that either are the site of properties that were recently demolished or vacant lots that have been again, sort of rattling around the County's property inventory for awhile now. No one's interested in buying them in part I guess because a lot of the neighbors around there don't know how the auction process works – not many people know how the tax foreclosure auction works and also there's a little over $300 state mandated transfer fee that you have to pay even if you just purchase the lot for $1.00 – you have to pay this transfer fee and that sort of deters some people. There have already been discussions with people near these vacant lots here who are interested. Each of these vacant lots has owner/occupied properties near them so the landbank will pay the transfer fee as an incentive for surrounding

property owners to take on these properties and it would become tax paying properties again – you know, not a lot – they're vacant lots but at least they're back in private hands and if they augment privately owned properties around them that can add value to a house that is able to add a side yard or add parking off street…

Mr. Rabb: Is there a process for determining how much the lots would be sold for, or is that going to part of the negotiation with the property owner?

Mr. Lombardi: If there's more than one property owner who wants to buy it, then it might be sort of the highest bidder, but there isn't a demand. These were still in the inventory because people aren't buying them.

Mr. Whitford: Yes – I see where they're at – I don't think everyone's fighting to get them.

Mr. Rabb: I understand that, I'm just looking forward to the point where we can make revenue by selling more valuable properties. I suspect that these aren't those.

Mr. Lombardi: No – these aren't those. The strategy here is to demonstrate the landbank as a mechanism for getting these lots out of the county's inventory and into the hands of private property owners who, if they had it as a side yard, or as off street parking, it could add some value to their properties.

Mr. Whitford: It's really kind of in concert with your neighborhood revitalization plan. This is exactly what you're trying to do.

Mr. Lombardi: And in this part of the city where many of these vacant lots are – that is a key strategy where you don't have a lot of reinvestment going on and an increasing number of vacant lots. A good long term strategy is to sort of….

Mr. Whitford: …and with all the parking problems in the City, some of these lots are going to end up relieving some of the congestion with the parking, maybe even help each other out as far as that goes. I know we do it up on Pearl.

Mr. Lombardi: Like 24 Richmond Place, that's a tiny, little square of a parcel behind Rite-Aid on North Main Street and Love School – the corner of Richmond Place and Valley Street. You sort of have to get lost to find your way down there, but that's so small, it can't be built on. It would be against Code to actually construct a house or something, but there are several properties across the street that are owned by their occupants and they expressed an interest…one of them expressed an interest in having the lot if they didn't have to pay the County $300 or go to Mayville on Saturday and waive a paddle or something like that. I think this is a way to sort of getting these into private hands. So again, a starting off small approach, testing the model and I think we're already hooked into sort of a consortium of the other landbanks in New York State to share tips and strategies so that as these other communities in

New York State get to work on landbanking we can learn from each other and hopefully work with the State to find more resources.

Mr. Whitford: Eventually, will they get into – I'm talking about a year down the line – is actually development for businesses and economic development through landbanking?

Mr. Lombardi: Yes. I think to do…economic development…

Mr. Whitford: …based on what their revenue stream is, I would imagine it would be.

Mr. Lombardi: That's right. When you have landbanks in Ohio and Michigan that have hundreds of properties…

Mr. Whitford: They have a few million dollars that's flowing through.

Mr. Lombardi: That's correct and they're not necessarily developers but they can be used to help assemble property and help to…

Mr. Whitford: …bring developers in…well that's what you're doing here too.

Mr. Lombardi: That's right.

Mr. Whitford: …developers that transpose these properties into…it's not focused at all on developing a new rental property.

Mr. Lombardi: That's right.

Mr. Whitford: …which some people are really going to be concerned about. Like this duplex – you're talking about owner/occupied and then renters. Ideally, that's what you're…

Mr. Lombardi: That's right. If you have a situation like that, that helps insure the success of your property owner.

Mr. Whitford: Do you have extra copies?

Mr. Lombardi: Yes I do.

Mr. Whitford: Maybe sometime next month, your group could come in and do a presentation – maybe even later on in the Spring where you've really actually moved on some of these properties and I think it'd be appropriate if we had a resolution supporting landbanking in the County.

There being no further business, the meeting was adjourned.

James N. Olson
Director of Financial Services/City Clerk