



# Land Reutilization Public Educational Series

## Land Reutilization Law And Misconceptions of Land Banking

# Governing Law

- Ohio Revised Code Chapter 5722
- City of Sandusky Codified Ordinance 143.03

# What is a Land Reutilization Program?

- An ordinance enacted pursuant to Section 5722.02 of the Revised Code for the purposes of adopting and implementing the procedures set forth in Sections 5722.02 to 5722.15 of the Ohio Revised Code to:
  - Facilitate the effective reutilization of nonproductive land within the City.
  - Foster either the return of the nonproductive land to tax revenue status or the devotion to public use.

# What is Nonproductive Land?

- A parcel of delinquent land in which delinquent tax foreclosure and/or forfeiture proceedings have been instituted as defined by ORC 5722.01(F).
  - Requires a foreclosure action that is initiated by the County Prosecutor's Office as the legal representative for the County Treasurer (Plaintiff) in an attempt to collect delinquent real estate taxes.

# What is Nonproductive Land?

- Vacant land
  - Buildable or unbuildable vacant lots with no improvements.
    - Never improved
    - Formerly housed a structure or building that was demolished
- Unoccupied buildings or structures
  - The City has instituted proceedings for removal or demolition because of their insecure, unsafe or structurally defective condition.
  - The City determines the acquisition to be necessary for the implementation of an effective land reutilization program.

# What is a Land Bank?

- A slang term used to refer to vacant, abandoned, and tax-delinquent properties that have been acquired by the City through the implementation of the Land Reutilization Program and that are currently being held by the City until they can be converted to tax producing status.

# What is a Land Bank?

- The duties of a land bank generally include acquiring title to tax-delinquent properties, securing, maintaining, and disposing of those properties to responsible developers or homeowners to ensure the properties are returned to tax producing status and put back to productive use instead of remaining tax delinquent and vacant or abandoned.

# How is Property Acquired?

- Foreclosure
- Forfeiture
- Gift of Deed in Lieu of Foreclosure

# How is Property Acquired?

## ■ Foreclosure

- County institutes proceedings for nonpayment of delinquent real estate taxes, notifies City of proceedings, City selects property
- Advertised separately, minimum bid without appraisal, amount of taxes, assessments, interest, penalties, charges, and costs that will be payable at the time the deed is transferred to the purchaser
- 2 sheriff's sales, no minimum bid, City deemed the winning bidder for no consideration other than the cost of recording the deed.

# How is Property Acquired?

## ■ Forfeiture

- County has concluded delinquent real estate foreclosure proceedings in which property has been to at least 2 sheriff's sales with no bidders, no sale.
- County asks City to acquire property, if accepted, title transfers to City via court order, if not accepted, property is forfeited to the State of Ohio to be held in trust until offered for sale by the County at an Auditor's sale.

# How is Property Acquired?

- Gift of Deed in Lieu of Foreclosure
  - Property is in the process of delinquent real estate foreclosure by the County or has delinquent real estate taxes that qualifies for foreclosure by the County.
  - Must have consent of the County Auditor
  - Property owner agrees to deed the property to the City in lieu of foreclosure in which delinquent taxes, assessments, penalties and interest will be extinguished
  - Property must be free of all liens and encumbrances other than delinquent real estate taxes and assessments that would prevent obtaining clear title

# What Would Prevent the City from Accepting a Gift of Deed?

- Mortgage
- Tax Lien
- Civil Judgment
- Deceased Owner / Probate Estate

# How is Property Sold?

- Competitive Bidding
- Fair Market Value

# Land Bank Property Acquired

- 16 Parcels Acquired
  - 13 vacant lots
    - 7 buildable
      - 5 Gift of Deed
      - 2 purchased with NSP grant funds/structure demolished
    - 6 unbuildable
  - 3 parcels with structures
    - 2 Residential
      - Forfeiture
    - 1 Commercial
      - Forfeiture

# Property Sold

- 4 Parcels Sold
  - 2 Boathouse Lots
    - Acquired by Gift of Deed / No Delinquent Taxes
    - Sold by RFP Process
    - Best and Highest Bidder (\$14,000)
  - 1 Vacant Lot
    - Acquired by Gift of Deed / No Delinquent Taxes
    - Nonprofit / Habitat for Humanity
    - Fair Market Value (\$3,000)
  - 1 Commercial Structure
    - Acquired by Forfeiture
    - Commercially Marketed
    - Fair Market Value/ Proposals (\$150,000)

# Misconceptions

- Property can be purchased from the Land Bank for \$1.
  - No. Pursuant to Ohio Revised Code Section 5722.07, property cannot be sold for less than fair market value unless competitively bid.

# Misconceptions

- The City has acquired every parcel approved by City Commission for acquisition.
  - No. Before any money is expended on acquisition costs, permission is received from City Commission to acquire. Once a preliminary research is performed or a title search is obtained, there may be an encumbrance or lien on the property that prevents the City from obtaining a clear title.

# Misconceptions

- I pay my real estate taxes. Why should someone else not be held accountable to pay their delinquent real estate taxes?
  - Nonproductive, vacant and abandoned property
    - Most property will have to be foreclosed upon because the owners have abandoned the property
      - Owners cannot be located
      - Foreclosure / Bank walk-aways
      - Deceased, no probate estate, unable to locate heirs
      - Mortgages and/or other liens
    - Gift of Deed in Lieu of Foreclosure
      - Delinquent taxes and assessments are greater than the market value of the property
      - Cheaper than the cost of foreclosure
      - Vacant and abandoned property costs tax payers
        - Governmental maintenance of property
        - Lowers surrounding property values

# Misconceptions

- Questions from the audience