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## Community and Economic Development in North Carolina and Beyond Blog: Land Banks in Action: Cuyahoga County, Ohio

By CED Program Interns & Students

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A previous post by Tyler Mulligan explained how North Carolina local

governments can utilize land banks to address vacant, abandoned, and tax foreclosed properties in their community. Additionally, case studies of land banks in Genesee County, Michigan and Fulton County, Georgia highlighted some unique programs and strategies being used to address vacant property in other areas of the country. This final post in the land banking series explores the land bank model used in Cuyahoga County, Ohio, home to the City of Cleveland.

### ***Case Study 3: Cuyahoga Land Bank – Cuyahoga County, OH***

The Cuyahoga Land Bank was formed in 2009 to address the rising number of foreclosed properties in the City of Cleveland and surrounding Cuyahoga County suburbs. In 1995, fewer than 4,000 foreclosures were recorded in Cuyahoga County; however, by 2009 that number had grown to over 14,000 a year. Though this increase in foreclosed properties is closely linked to the Great Recession and associated foreclosure crisis, Cleveland and Cuyahoga County have also seen long-term population loss undermine local real estate markets, as available supply has continued to outpace local demand. As a result of this weak demand, prices fall and owners abandon property to foreclosure, leaving the county with an increasingly large inventory of vacant structures and few prospects for redevelopment.

In response to these dynamics, in 2008 state lawmakers authorized the creation of the Cuyahoga County Land Reutilization Corporation, referred to as the Cuyahoga Land Bank. The land bank is a non-profit community improvement corporation focused on strategic acquisition and productive reuse of abandoned property in order to reduce blight, increase property values, support community goals and improve quality of life. Powers specifically granted to the organization include:

- “Purchase, receive, transfer, hold, manage and lease real property
- Engage in code enforcement and nuisance abatement (including demolition)
- Acquire or manage unimproved (vacant) underutilized property and forfeited lands
- Purchase delinquent property tax lien certificates
- Contract with governments and other entities (e.g., private property owners)
- Issue bonds, apply for grants, make loans, and borrow money”

Like Michigan and Georgia, state land banking law in Ohio was closely linked to the reform of the tax foreclosure process prior to authorization of local land banks. Among other things, a streamlined tax foreclosure process can expedite the acquisition process giving land banks a better chance of acquiring property before it has deteriorated to the point that demolition is required.

A unique element of the Cuyahoga Land Bank model is the proactive creation of acquisition agreements with national mortgage lenders for real estate owned property. In summer of 2010, the Cuyahoga Land Bank established groundbreaking partnerships with Fannie Mae and HUD to acquire low-value foreclosed properties in Cuyahoga County for a nominal fee, often between \$1 and \$100. Fannie Mae also agreed to contribute \$3,500 toward the costs of demolition for



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each foreclosed property transferred to the land bank. The following summer, similar agreements were secured with Wells Fargo and Bank of America. The banks agreed to donate low value properties to the land bank and to contribute between \$3,500 and \$7,500 toward demolition costs for each property donated. In addition to property transfers from lenders, the land bank also acquires a significant number of properties through the reformed and expedited tax foreclosure process.

In 2013, lender contributions for demolition comprised only 11% of Cuyahoga Land Bank revenues. Instead, a major funding source for the organization is the county "Land Reutilization Fund" (established by the 2008 state land bank legislation), which directs interest and penalties from delinquent property taxes to fund the land bank. This fund represents a reliable annual funding source of almost \$7 million and is supplemented by an additional \$2 million raised from sales of land bank properties to qualified buyers or developers. The Cuyahoga Land Bank has also generated funds from the successful sale of a \$9 million tax-exempt bond in December 2010, as well as the receipt of grant awards from the Federal Neighborhood Stabilization Program and Ohio's portion of the National Mortgage Settlement agreement.

Like Genesee County, the Cuyahoga Land Bank utilizes a number of programs to mitigate the negative impacts of vacant property, including, demolition and vacant lot reuse, sale of rehabilitated property and strategic assembly of land for economic development and greenspace projects. One of the unique programs offered by the land bank is the "Deed-in-Escrow" program, which allows the land bank to retain the deed to a property until the potential owner has completed a satisfactory rehabilitation. This program gives small-scale rehabbers or homeowners with limited rehabilitation experience access to affordable land-bank properties, while also ensuring that properties are reutilized in a way that aligns with the goals of the land bank. The land bank also recently launched the Homefront Veterans Home Ownership Program, which provides discounts and covers closing costs for veterans purchasing land bank properties.

The diversity of programmatic initiatives offered by the Cuyahoga Land Bank ensure that the organization can consider a wide range of redevelopment options and select the most appropriate redevelopment strategy based on the unique characteristics of a property. Such flexibility allows land banks to evolve in response to rapidly changing conditions in local real estate markets and local communities. The reliable funding sources and broad scope of powers granted to the Cuyahoga Land Bank have also contributed to early successes, building confidence in the organization's capacity to maintain strong partnerships and to sustain the scale of investment needed to reduce abandoned property in Cuyahoga County. As of December 2013, the Cuyahoga Land Bank was receiving an average of 80-100 properties each month, had demolished over 2,000 structures and facilitated the rehabilitation of over 750 homes.

For regions with shrinking populations, dealing with vacant property is one piece of a much larger puzzle – the spatial, social and financial restructuring of communities with built environments that dwarf current populations. Elements of the Cuyahoga Land Bank model will be useful for communities struggling with similar demographic shifts, but should also be considered by any community seeking to address abandoned property. Vacant property reduces the value of nearby parcels, can inhibit development, drains municipal resources and increases public safety risks, undermining neighborhood stability and community revitalization efforts. With appropriate structure, partnerships and resources, land banks offer local governments a flexible tool to mitigate the impacts of abandoned property in local communities.

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