

**ECONOMIC DEVELOPMENT COMMITTEE**  
**OF THE**  
**SUFFOLK COUNTY LEGISLATURE**  
**MINUTES**

A meeting of the Economic Development Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York on April 22, 2015.

**MEMBERS PRESENT:**

Leg. William J. Lindsay III, Chairperson  
Leg. Steven H. Stern, Vice Chair  
Leg. Kara Hahn  
Leg. Kevin J. McCaffrey  
Leg. Jay H. Schneiderman  
Presiding Officer DuWayne Gregory, 15th Legislative District

**ALSO IN ATTENDANCE:**

Leg. Kate M. Browning, 3rd Legislative District  
Leg. Robert Calarco, 7th Legislative District  
Leg. Thomas Cilmi, 10th Legislative District  
Leg. Robert Trotta, 13th Legislative District  
Leg. Leslie Kennedy, 12th Legislative District  
George M. Nolan, Counsel to the Legislature  
Sarah Simpson, Assistant Counsel/Legislature  
Tim Laube, Clerk/Legislature  
Laura Halloran, Budget Review Office  
Brian Sapp, Aide to Leg. Lindsay  
Deborah Harris, Aide to Leg. Stern  
Alyssa Turano, Aide to Leg. Hahn  
Jason Hann, Aide to Leg. Schneiderman  
Deborah Stern, Aide to Leg. Stern  
Greg Moran, Aide to Leg. Trotta  
Chris DeLuca, Aide to Leg. Cilmi  
Janet Horan, Aide to Leg. Browning  
Maura Sperry, Mayor/Mastic Village Beach  
Carolyn Fahey, Director/Economic Development  
Amy Keyes, Executive Director/Landbank and Deputy Director/Affordable Housing  
Sarah Lansdale, Director/Department of Planning  
Andre Bermudez, Community Development  
Janet Gremler, Department of Health Services  
Kelly Morris, Economic Development  
Robert Braun, County Attorney's Office  
Steven Cataldo  
and all other interested parties

**MINUTES TAKEN BY:**

Diana Flesher, Court Stenographer

## THE MEETING WAS CALLED TO ORDER AT 2:01 AM

### CHAIRPERSON LINDSAY:

Good afternoon. Welcome to the Committee on Economic Development. If we could all please rise for the Pledge of Allegiance led by Legislator Schneiderman.

### SALUTATION

### PUBLIC PORTION

Thank you. We can begin with the Public Portion. We have one comment card. If there's anyone else interested in speaking, you just need to fill out a yellow card with the Clerk. But at this time we have Steven Cataldo. Good afternoon, Mr. Cataldo.

### MR. CATALDO:

Thank you for giving me the opportunity to speak.

### MR. RICHBERG:

The mike's not on.

### MR. CATALDO:

Better? Thank you. I'm an architect. I've been an architect in Smithtown for approximately 35 years in private practice. Recently we had reason to file an application with the Suffolk County Department of Public Works relative to a new Dunkin Donuts we were installing in an existing shopping center. The -- ultimately what happened was we received comments back from DPW with an impact fee request of approximately \$23,000. When we got this, it was the first time this has ever happened to us. We've filed many applications in the past relative to County roads. We went to Legislator Trotta to see if this was somehow an error; turns out, yes, in fact, it was an error, that the real number was \$28,000.

This seems to fly in the face of what we're trying to do in Suffolk County, economic development in reverse. You're discouraging people from developing any lands on County roads. In fact, I've already had conversations with clients, with attorneys that I work with. People are going to actively seek not to develop properties on County roads because of this fee. It's enormous.

In addition to this impact fee, the applicant needs to put up a bond to cover the cost of improvements. He needs to pay for the improvements. He needs to make application fees and permit fees. And the \$28,000 or so is in addition to all these amounts that he has to spend. So if we're trying to develop or encourage economic activity in Suffolk County, this is having the exact opposite effect. And I would urge you to do something about it, to reverse it, reduce it, do something, but reduce the impact on the client. Ultimately the consumers of Suffolk County are going to pay another nickle for donuts or whatever it is they're having -- they're buying at that particular facility.

In this instance the little shopping center it's going into has been reduced in size. The store, or the space that Dunkin Donuts is occupying is a former bakery. It's a very similar use. So, I don't see how by switching from Prestano Bakery to Dunkin Donuts we're going to have that much of an impact. So I think that there ought to be something done about that.

In addition, when I went to Legislator Trotta, he was good enough to add my name to a list for an RFP for the Cupsogue Beach Pavilion. That's this (indicating). It's over 200 pages. It's an RFP, filled with excessive paper work. The project is \$3 million. I know they probably budgeted around 10% for the architectural fees. We could probably do it for 30 to 50,000. The requirements that are being placed on people who do business with Suffolk County are onerous. And if there's some way that you can reduce those requirements, you'd go a long way towards promoting economic activity

in Suffolk County.

**CHAIRPERSON LINDSAY:**

If you could be more specific, what's the requirements that you're saying are onerous?

**MR. CATALDO:**

There's a vast amount of paper work. There's just an enormous amount. I mean --

**CHAIRPERSON LINDSAY:**

But which parts specifically do you think aren't necessary?

**MR. CATALDO:**

I can't tell you specifically right now.

**CHAIRPERSON LINDSAY:**

Okay. I mean absent specific, you know, items, I think it would be difficult for us to make any changes without knowing where --

**MR. CATALDO:**

But you couldn't look at this? You couldn't look at this and say --

**CHAIRPERSON LINDSAY:**

I'm not an architect or an engineer. So for me to look at it and say this is onerous or this is too heavy-handed, I'm not qualified to do that. I mean, as the vendor, I think it'd be more effective for you if you could tell us, you know, these are the areas that aren't necessary, this is going a little bit too far. Absent of that, it would be hard for us to make recommendations to the Department of Public Works without knowing those specifics.

**MR. CATALDO:**

What about the County Architect?

**P.O. LINDSAY:**

He's probably the one that came up with the requirements (laughter). So You're asking him to fix an issue that he probably doesn't believe is an issue. I mean, we could -- we could -- we could ask him and see what -- what his response would be. But it would be much more helpful, I think, at least for me and maybe some of my Committee members to go back to them and say, you know, these, however many items, you know, look -- appear to be a little bit heavy-handed and a little bit going too far.

**MR. CATALDO:**

We can do. We'll look at it.

**CHAIRPERSON LINDSAY:**

Legislator Hahn; and then Legislator Trotta.

**LEG. HAHN:**

I just want to understand. So the 70 or the packet of 75 pages or so, maybe it's double-sided that you have in your hand, that was the RFP response application? What was that, that you were holding?

**MR. CATALDO:**

This is all the information that was given to us by DPW, I think, it was.

**LEG. HAHN:**

No. For which project, the Dunkin Donuts or the --

**MR. CATALDO:**

No, the Cupsogue.

**LEG. HAHN:**

The Cupsogue \$3 million pavilion that if there's an RFP to build -- is that what that is?

**MR. CATALDO:**

Or architectural services.

**LEG. HAHN:**

Architectural services, okay.

**MR. CATALDO:**

Architectural engineering.

**LEG. HAHN:**

Okay. We should -- you know, we should look at the packet. I mean, is that -- are you submitting that for the record? Or is that one you're keeping?

**MR. CATALDO:**

I can give it to you. It's no problem.

**LEG. HAHN:**

Yeah, I mean I think that we should take a look at what's there. A \$3 million project is a -- a large, you know, a large project. And we need -- we as a county and as a government, in order to be responsible, need to vet very thoroughly anyone who's applying for \$3 million in taxpayer funds. And so there is no doubt in my mind that things can be done more efficiently. We are looking towards digital submissions of many things that can help facilitate these kind of interactions and applications on all different levels at DPW. But I think that we have to be -- we do have to be very careful that if we're looking to lessen paperwork, we're not in some way lessening the vetting that has to happen on contracts of that size. So it's not something that can be done quickly and easily and it's not -- there will not be simple solutions, but, you know, you're bringing this to our attention and I think it would be everyone's intention around this horseshoe to take a look at this.

**MR. CATALDO:**

Okay.

**CHAIRPERSON LINDSAY:**

Legislator Trotta.

**LEG. TROTТА:**

Yeah, I just want to clarify something. The building -- this is getting back to the shopping center now. There's a three -- you said it was a three-unit shopping center that's going to be reduced to two and is actually going to have less square footage than what's existing now; is that correct?

**MR. CATALDO:**

That's right.

**LEG. TROTТА:**

Okay. So they're reducing the size of the shopping center; they're paying for every bit of improvement that's there.

**MR. CATALDO:**

That's correct.

**LEG. TROTТА:**

And now they're -- have you ever in your 30 years, 40 -- how long you been doing this?

**MR. CATALDO:**

Thirty-five years.

**LEG. TROTТА:**

Have you ever heard of this impact fee before?

**MR. CATALDO:**

It's never been applied to any of our projects, no.

**LEG. TROTТА:**

And you've done multiple projects on County roads and on Town roads?

**MR. CATALDO:**

We do them pretty consistently, yes.

**LEG. TROTТА:**

And you've never even heard of it before?

**MR. CATALDO:**

No.

**LEG. TROTТА:**

Has your client who owns a few Dunkin Donuts, did he ever hear of it?

**MR. CATALDO:**

No.

**LEG. TROTТА:**

So this is something new to you that just sort of popped up?

**MR. CATALDO:**

We were kind of outraged and so was he. It's an exorbitant fee. I mean, there are a wide variety of other fees that he pays, but this just seemed to be so onerous that it's actually going to act as a preventative thing. It's going to stop people from doing projects; certainly lesser amounts have stopped people.

**LEG. TROTТА:**

Okay, then -- I mean I know the answer because I helped -- I mean I hurt you in this because it was initially \$22,800. And I asked them for the calculation and they sent it back to me for \$28,000, which is --

**MR. CATALDO:**

Right.

**LEG. TROTТА:**

-- an indication of what's going on.

**MR. CATALDO:**

That's exactly what happened.

**LEG. TROTТА:**

Let's switch gears to Cupsogue now. You've done a lot of projects over your career?

**MR. CATALDO:**

Sure.

**LEG. TROTТА:**

Have you ever seen anything that large before; the request for proposal?

**MR. CATALDO:**

In terms of the number of sheets?

**LEG. TROTТА:**

The requirements and everything involved?

**MR. CATALDO:**

No.

**LEG. TROTТА:**

It was actually -- there's a part in there, I read the whole thing, about terrorism and --

**MR. CATALDO:**

There's all kinds of requirements. We've done projects in excess of \$10 million with -- I'd say about maybe less than 10% of that paperwork.

**LEG. TROTТА:**

Okay, so your history of 30 years an architect, you've never done any County work; is that right?

**MR. CATALDO:**

I don't recall any, no.

**LEG. TROTТА:**

Okay. So you would consider this -- this would definitely drive up the cost of any project you'd be doing?

**MR. CATALDO:**

Not only does it drive up the cost, but it prevents qualified firms from even entering the fray because the sheer magnitude of the paperwork causes you not to want to do it.

**LEG. TROTТА:**

Okay. Thank you.

**CHAIRPERSON LINDSAY:**

Yeah, if I could just do a couple follow-up questions to that, I've participated in a lot of RFPs in the private sector. And some are more onerous than others. But if you've never done one in the public sector, it's completely different than the private sector. And a lot of it is mandated, that there's different -- we can't build or do things the same way the private sector can just by some of the State and local laws that we have in place. So that's why I really -- the number of pages to me is, it is what it is. To really have a better understanding of what some of your issues might be about with it is to know which portions of it you have difficulty with.

The terrorism issue, I'm not sure if that's referring to terrorism insurance or what the requirement is, but it's -- you know, we -- when you do public work, I mean, filling out an RFP is part of the process.

**MR. CATALDO:**

What I'm really suggesting to you is that the County could save money by streamlining this process.

**CHAIRPERSON LINDSAY:**

But you gotta be specific on which pieces of the process. Because some of it we might not even -- it might be State law that mandates us to do certain things. I'm not certain absent of any of those details. So, you know, I'm very interested in trying to help you because I -- last thing I want to do is try to slow down economic development, but we just need more specifics to really better approach the problem, if even a problem exists. You know, that's my comment.

And in regards to the impact fee, it was based upon the number of vehicles that I see in the formula here -- Legislator Cilmi -- my question's to Legislator Cilmi, wasn't there some legislation in 2013 that changed that calculation? Maybe you can comment? Maybe --

**LEG. CILMI:**

Sure. So I had filed a bill at some point, it may have been 2013, I don't recall, to eliminate impact assessment fees all together. Because, frankly, I view them as extortion. You know, if somebody wants to build a Dunkin Donuts or a doctor's office or whatever it is they want to build, they're investing in the community, they're risking their own assets to do so, they're going to be paying taxes, which theoretically pay for the services that are, you know, that are going to be utilized by that property owner. So I thought we should eliminate impact assessment fees all together. That, frankly, didn't go anywhere, that bill. And one of the reasons was that there was theoretically a fiscal impact associated with it. The County was receiving X amount of money in impact assessment fees at that time. And eliminating the impact assessment fee all together would have reduced that amount of money.

So we sort of, for the time being at least, abandoned that idea. And instead tried to address one of the other concerns of the builder's industry. And we worked with LIBI at the time to figure out what some of those concerns were. And one of those concerns was that there was some ambiguity to how much of a fee would be charged in certain circumstances. And so what we -- what we did was we worked with the builders and with -- with Department of Public Works to sort of reallocate the formula for -- for impact assessment fees to eliminate that ambiguity; and at the same time it reduced fees along the way a little bit, but not appreciably, but it made -- it made some of the fees, particularly for the smaller projects, a little more transparent for builders so that they knew going in what they were going to have to pay and they weren't surprised by, you know -- we had a circumstance down in Islip where somebody had purchased a piece of property, gotten the permits from the County and the Town, etcetera, began a demolition and a building process, only to get hit with impact -- 20 or \$30,000 impact assessment fee after the fact, which they, frankly, couldn't afford to pay. And that was a problem. And ultimately the project was abandoned. It ended up in lawsuits and now fortunately there's another owner of the property and it looks much nicer, but the property laid there dilapidated for some time. So that's just a brief background of what happened back then.

**CHAIRPERSON LINDSAY:**

You know, without too much of the details, wouldn't it sound like your -- the impact of -- maybe the unintended consequences of that bill was that it increased what the impact fee turned out to be.

**LEG. CILMI:**

No, it didn't. And you'd have to ask somebody from the Department of Public Works.

**CHAIRPERSON LINDSAY:**

Okay. Just -- I mean, just on the surface if it came in 22,000 first and then they looked at it and they made it 28,000 because the --

**LEG. CILMI:**

I can't tell why -- I mean, they gave him a \$22,000 number recently. And then they came back with a \$28,000 number weeks later, if I understand this correctly.

**MR. CATALDO:**

We were going into the ITE manual, which is the manual used to determine trip generation. And we couldn't figure out how they came up with it. So when we ultimately asked them "how did you come up with it?", they said, "oh, gee, we made a mistake, it's really 28/8", I think, it was, something like along those lines.

**LEG. CILMI:**

Yeah, so I don't know what precipitated that mistake.

**CHAIRPERSON LINDSAY:**

And my concern is that it was -- they were looking at the old law. They looked at the new law and it actually increased the fee. And maybe that's something we need to revisit so --

**LEG. CILMI:**

Why would our department have looked at an old law? I mean, they helped write the new law.

**CHAIRPERSON LINDSAY:**

I don't know. I don't know.

**LEG. CILMI:**

You'd have to ask them, is my point. But the -- the old -- the old schematic -- or schedule of fees basically went -- like it was a very -- there was no pattern to it, if you will. It was sort of arbitrary. And the new design of the schedule made a very specific pattern to it, but also made it so that it was very transparent upfront, which is something that it hadn't been before. So you'd have to ask DPW why they all of a sudden decided to -- figured, you know, why they made a mistake. I don't know the answer to that, but I don't think it was a result of changing the law.

**CHAIRPERSON LINDSAY:**

I'll reach out to Commissioner Anderson to look into it for you, ask him for an opinion on it. But I'd also like him to look at what the fee would have been under the old legislation as opposed to the new legislation just to make sure that there's no unintended consequences in there maybe increasing this fee, which would essentially be adding insult to injury. And, you know, we'll -- we have your information. We can get back to you on it.

**MR. CATALDO:**

Well, in general with the assessment of these impact fees, people are going to be taking -- and by people I mean anybody willing to -- or wanting to develop land or buildings on County roads, I know I certainly will be advising people that you better budget a significant amount of money for this impact fee, because the way I understand it, we're going to have to pay that even if we don't make an improvement; as soon as this paperwork goes to DPW, they're going to assess an impact fee, even if we don't do a curb cut or improve it in any way.

**CHAIRPERSON LINDSAY:**

I mean, just from reading through this, it looks like the impact fee is through the increased traffic of having a drivethrough, which the old bakery probably didn't have a drivethrough, I'm assuming?

**MR. CATALDO:**

It did not have a drivethrough.

**CHAIRPERSON LINDSAY:**

So --

**MR. CATALDO:**

But it's not the difference between that which existed prior and that which is proposed. They're assessing the impact fee on the total regardless of what was there before. We've actually reduced

the size of the building --

**CHAIRPERSON LINDSAY:**

I don't think it has anything to do with the size of the building. The impact fee is purely -- from the way this reads -- is purely on the traffic that it will generate based on this -- you know, slight change in the use.

**LEG. CILMI:**

And it's based on a manual that's issued by New York State Department of Transportation, I believe.

If I may, Mr. Chair, to just interject one more thing, Legislator Trotta's reminding me, there's one piece of this discussion that we haven't touched on yet. There's -- there's something called pass-by credits that are -- that are often times considered in the industry when determining traffic flows. And I'm certainly not a traffic expert or an engineer, so I really can't speak that eloquently about it. However, the County doesn't recognize pass-by credits in terms of their assessment of the impacts associated with new businesses like this.

Basically what a pass-by credit -- where it's derived from is that, if somebody's going to a Dunkin Donuts, nine times out of ten they're not taking to the roads specifically to go to the Dunkin Donuts. They're already on the road; therefore, the traffic already existed. And they're passing by and they're going to stop at Dunkin Donuts and grab a donut or a cup of coffee or whatever and go on their way.

So there was no additional traffic, therefore, created by the Dunkin Donuts because those -- those vehicles were already on the road. We don't recognize -- the County doesn't recognize, to my recollection, pass-by credits when we're determining what the traffic flows are when -- with new developments.

**CHAIRPERSON LINDSAY:**

Did you look at that when you were rewriting the legislation?

**LEG. CILMI:**

Yeah, we did, but they wouldn't agree to it. They wouldn't agree to considering pass-by credits in the legislation.

**CHAIRPERSON LINDSAY:**

DPW wouldn't agree --

**LEG. CILMI:**

Right.

**CHAIRPERSON LINDSAY:**

-- to allow us to write a law that changes --

**LEG. CILMI:**

No, they wouldn't agree to -- they wouldn't agree to support it. So we -- you know, we at that time, got what we could get. And we stopped there. And, you know, I'd be perfectly happy to readdress the issue and -- but unless things have changed in the Department of Public Works, they're going to vehemently opposed doing that.

**CHAIRPERSON LINDSAY:**

Okay. I mean at this point I think a conversation needs to be had with Commissioner Anderson, unless, Legislator Trotta, you've already spoken to him about this issue or you haven't?

**LEG. TROTTA:**

I spoke to the guy, the traffic safety guy, Bill Hillman.

**CHAIRPERSON LINDSAY:**

Okay.

**LEG. TROTTA:**

And, you know, he basically -- he threw it back on the Legislature saying that we passed this bill. And he's right. But what was concerning to me is that how did they get the number? Because just based upon the numbers they give you, it's impossible to get \$22,800. No matter how you do the math, it doesn't come out. So that's why I asked him to explain it to me. And actually I'm not even sure they know that they made a mistake.

**CHAIRPERSON LINDSAY:**

It could -- you know, I don't want to speak for them. It could be just human error. I mean --

**LEG. TROTTA:**

It could be, yeah, because it's 23/8 and it's 28/8.

**CHAIRPERSON LINDSAY:**

Right. But it definitely begs the question to --

**LEG. TROTTA:**

And just on a sidenote, in speaking with the owner of the Dunkin Donuts, the most -- the busiest Dunkin Donuts on Long Island is on Route 110. And it takes 190 cars at its peak hour. And they're saying this one on Smithtown Boulevard will take 240 cars. So clearly, you know, it doesn't match. It's not right to begin with. And I think -- you know, I'll put something in to change this with the help of them to try to reduce it because, you know, we want people to be able to build new things.

**CHAIRPERSON LINDSAY:**

Absolutely.

**LEG. TROTTA:**

And we want tax revenue. We don't want to turn businesses off. So I can assure you that I will be putting something in to change this.

**CHAIRPERSON LINDSAY:**

Okay. Legislator Schneiderman?

**D.P.O. SCHNEIDERMAN:**

It's going to be a Dunkin Donuts, which, I guess, is considered a bakery; take-out bakery of some sort. Okay. And what's there currently?

**MR. CATALDO:**

There's three stores: Ralph's Ices, which is going to be demolished; Prestano Bakery, which is out of business; and then there's a nail salon.

**LEG. SCHNEIDERMAN:**

Okay. So -- and you're not being afforded any credit in terms of the impact fee for the removal of those impacts? It doesn't sound like the one impact of Dunkin Donuts necessarily would be any greater than those three stores that are not going to be there.

**MR. CATALDO:**

I would think that the impact -- or I should say the traffic generated by the existing three businesses as opposed to the two that are proposed would be similar.

**D.P.O. SCHNEIDERMAN:**

Would be similar. So do you know the County, when they did the calculation did not give you a grandfathered impact? Because typically if the store just changes hands, you don't assess a new impact fee. It's a onetime fee for life for that construction. If it's torn down and a new building is erected, it seems to me that you ought to get some kind of -- you know, if it's more intensive than the prior use, yes, you'd pay that differential. But you wouldn't start it from scratch. You'd have to recognize that there was some impact of the other business.

**MR. CATALDO:**

That sounds logical, but that's not --

**D.P.O. SCHNEIDERMAN:**

Does anybody know the answer to this? Was that factored into the --

**LEG. TROTТА:**

It probably wasn't the law back then so they probably never paid any fee. You know, the building's probably 40-years-old.

**D.P.O. SCHNEIDERMAN:**

Right, but then it would be grandfathered. But if it was a -- you know, if it was a vacant lot and for the first time they're building, whatever, a department store, there's a new impact and, you know, I --

**LEG. TROTТА:**

Well, the law says "issues highway work permits when a new development or redevelopment occurs adjacent to a county roadway." So I don't know what the --

**D.P.O. SCHNEIDERMAN:**

Well, it's redevelopment but do you get credit for the amount that you're eliminating? And they're eliminating three stores and creating two that may have a lesser impact, may have a greater impact on that road.

**LEG. TROTТА:**

It's funny because the next one says "additional --

**D.P.O. SCHNEIDERMAN:**

The question is about how they calculate it. It just seems like it would be fair if they, you know, would only charge the additional impact.

**LEG. TROTТА:**

That would make sense.

**D.P.O. SCHNEIDERMAN:**

Not a new impact, as if nothing was there.

**CHAIRPERSON LINDSAY:**

If we can start moving on because --

**LEG. TROTТА:**

Yeah, okay. I'm going to work on it.

**CHAIRPERSON LINDSAY:**

Kara, did you still have something you wanted to add?

**LEG. HAHN:**

I just wanted to find out when were you informed of these fees? So at what point -- you know, this letter seems to review quite a few different types of fees that come into play here. Does the Town -- I mean, this is -- obviously comes from the County, but you interacted, according to Legislator Trotta who's sitting next to me, you were interacting with the Town first; and then they forwarded the application onto the County as per the requirements. But, you know, how long did it take you to be informed of these fees especially the --

**MR. CATALDO:**

This letter dated the 18th of March is the first time that we knew of the impact fee. We've --

**LEG. HAHN:**

Right, but I don't know when you originally applied. So when did you --

**MR. CATALDO:**

The Town of Smithtown?

**LEG. HAHN:**

Yeah.

**MR. CATALDO:**

Probably about six months ago.

**LEG. HAHN:**

Okay.

**CHAIRPERSON LINDSAY:**

Thank you, Mr. Cataldo. We appreciate your comments. And as you can tell, you definitely got our attention on it so we'll make some inquiries with the Department of Public Works and we'll either get back to you or communicate with you through Legislator Trotta.

**MR. CATALDO:**

Thank you very much for the opportunity.

**CHAIRPERSON LINDSAY:**

You're welcome. We have one other speaker, Mayor Maura Sperry from Mastic Beach Village.

**MS. SPERRY:**

Hi.

**CHAIRPERSON LINDSAY:**

Good afternoon, Madam Mayor.

**MS. SPERRY:**

Good afternoon. So I first just wanted to actually introduce myself as the new Mayor of Mastic Beach Village. And I wanted to say that I'm looking forward to working with the County Executive, our County Legislator Browning, as well as the Legislative body to promote economic development in Mastic Beach Village.

And a large part of economic development for us is about sewers. As a low-lying wetlands community that over 2000 or more of our septic systems are zero to five feet from groundwater and our entire downtowns, we have two downtown roads, have no sewers at all and actually have no ability to put restaurants or bars because we don't have any type of sewerage, we're that close to the Bay, it's imperative that we are able to get sewers down into our area. I know that we're all working hard on getting them with the Calabro Airport project. And I'm just here to encourage us to

continue working together. And I look forward to working with you all on that.

I also just wanted to say thank you to Sarah Lansdale as well as to Jill Rosenkoff-Nichols (sic) for the work that she and Sarah have been doing working with us on the vacant and zombie homes. We have over 500 vacant homes in Mastic Beach out of 5500 homes. It's a huge problem for us. And it's a dual problem. It has to do with what happened after Sandy. We have hundreds of homes because of Sandy.

One of the issues that we have is New York Rising is not really doing any funding at all when raising homes to do anything with the existing septic systems. So most of these homes that are being elevated and being paid to be elevated are really not dealing with the fact that the septic systems are polluting our Bay, are causing nitrogen loading. And we look forward to working with you guys for some of the -- the new pilot programs to perhaps be doing some more pilot programs with us to get in some alternative septic systems in there so that when these homes are elevated, we're not just continuing to use the same antiquated systems -- and when I say antiquated, I mean some of these are six bricks in the ground. And they're raising these homes. We're doing a hundred to \$200,000 worth of money being spent with Rising to elevate these homes, but we are completing ignoring what's going on with these septic systems. So I'd like to see the County help us to make sure that we can try and really do things with these septic system because they are absolutely destroying our Bay. And as we know, this is what we're all about on Long Island.

And then I just want to mention that I will be MCing the Seatuck Environmental Centers Eco-Carnival, which I believe Legislator Cilmi will be there. (Laughter) He usually sings and plays guitar and he's awesome. So everyone should come see him do that. I will be the MC. It's this Saturday from, I believe, 10 to 6 PM and we would love to see you all down there. So thank you very much. Thank you for your time. I appreciate it.

**CHAIRPERSON LINDSAY:**

Any questions for the Mayor?

**LEG. BROWNING:**

We want Tom to sing.

**CHAIRPERSON LINDSAY:**

Well, congratulations, Madam Mayor. And we wish you the best of luck.

**MS. SPERRY:**

Thank you very much.

**CHAIRPERSON LINDSAY:**

That was the last of the cards that we have for the Public Portion. Anybody else that wishes to speak? Not seeing anyone, we'll close the Public Portion. And at this time we have the -- the Presiding Officer would like to make a presentation.

**PROCLAMATION**

**P.O. GREGORY:**

Thank you, Mr. Chair. Today is a very special day. We have Carolyn Fahey, who's retiring. She began her work at Suffolk County as a secretary in the County Executive's Office on January 21st, 1980. And on May 21st, 1984 she became a County Executive Assistant I; then on December 1st of 1986 -- I hope I'm not aging you -- these are just a -- there's a typo in the years but I gotta say some years.

**LEG. CILMI:**

She started when she was five.

**P.O. GREGORY:**

At some time she became an Intergovernmental Relations Analyst, and all these positions while in the County Executive's Office. And on February 9th, 1987 she transferred to the Health Department with the same title. On October 1st in 1990 she became a Grants Analyst for the Health Department.

And her final department was on October 25th, 1993 when she moved to the Department of Economic Development, which most of us know her in her work, in the outstanding work, as an Assistant Intergovernmental Relations Coordinator. And on March 21st, 2003 she became the Intergovernmental Relations Coordinator. And she's going to be retiring next month.

She has been an outstanding public servant, many decades. She certainly doesn't look old enough to retire, but she has started the countdown clock. She's ready to go. She promises she won't dance too much on her way out, but she's certainly looking forward to a new phase in her life. And we're going to miss her. And we wanted to present her a proclamation for all her efforts. So, Carolyn, will you please come up?

**APPLAUSE**

**MS. FAHEY:**

Thank you so much.

**PHOTO SHOOT**

**APPLAUSE**

**D.P.O. SCHNEIDERMAN:**

While we go back to our seats, Carolyn, I also wanted to say something, too, because I've -- I think I've been at this horseshoe the longest so I've worked with you over the last 12 years. It's been a great pleasure, whether it was at Gabreski Airport or downtown grants or grants to museums, the cultural centers, you've been really just a terrific person to work with, always the consummate professional. And, you know, we're going to miss you. We're going to miss your institutional knowledge and your professionalism. You've really done a great service for Suffolk County. And I thank you for all your years. And I just wish you the very best in your retirement.

**MS. FAHEY:**

Thank you, Jay. I just wanted to say I know there are a lot of people who have come to this podium, you know, and say there is a feeling of intimidation standing here.

**MR. RICHBERG:**

Your mike's not on.

**MS. FAHEY:**

I'm not on. I have never felt that way. I don't know if it's the, you know, the confidence in what I'm presenting, but I think it's more the dialogue that we've always had, whether it be on Empire Zone, there have been some contentious issues. And I'm sure Cameron Alden's ears are ringing right now because we've had our battles. But it's always come down to the professionalism of this body working with our department. So, I want to thank you for that, for the respect that you've shown me. Hopefully my professionalism was as respectful back. I will miss this part of my job. A lot of people think I'm crazy but this is one part of the job that I will miss.

Presiding Officer, thank you for the stroll down Memory Lane. I really do appreciate it. And when I sit here, I actually look around. And it was Tony Noto -- was our Presiding Officer at the time when I started. So it's -- as I sat here during some of your public hearings, while I've tried to pay

attention, I kind of reminisce with all the Presiding Officers. And each one has been better than the one prior. So, I wish you all well. And this is very sweet. Thank you so much.

### **APPLAUSE**

#### **CHAIRPERSON LINDSAY:**

You're welcome, Carolyn. You're definitely an asset that is going to be very difficult to replace. So, all the best to you in your retirement.

### **PRESENTATION**

At this time we'd like to move onto a presentation by the Executive Director of the Suffolk County Landbank in regards to the zombie homes. So if we can have Amy Keyes and Sarah Lansdale come forward. Good afternoon, ladies. Thank you for coming to Committee.

#### **MS. KEYES:**

Good afternoon. I'm Amy Keyes, the Executive Director of the Landbank and Deputy Commissioner for Economic Development and Planning. I'm going to -- I started as Executive Director at the beginning of this year. So, Sarah Lansdale, who is the President of the Landbank, is going to start the presentation with an overview of the history and some of the longer term projects. And then we'll switch gears to the Zombie House Initiative, which is something that I've been working on. That's something that we started at the beginning of this year.

#### **DIRECTOR LANSDALE:**

Thank you, Amy. So I'd like to acknowledge a number of Suffolk County Landbank Board members who are with us today: The Presiding Officer, as well as Legislator Cilmi; and then in the audience we have Kelly Morris; and the representative for the County Executive, Carolyn Fahey as well.

We're also supported by a number of staff members who work in addition to their day-to-day responsibilities, work on the Landbank. And we're joined today by Bob Braun the Suffolk County Law Department, Janet Gremler of Department of Health services, Andre Burmedez. And I'd be remiss, she's not present with us today but she is here with us in spirit and is a large contributor of the evolution of the Landbank, and that's Jill Rosen-Nikoloff Thompson.

So the presentation will focus on the fundamentals of what a Landbank is as well as our results. And then I'll turn it over to Amy to talk about some exciting initiatives that the Landbank is undertaking with respect to the zombie homes.

So this is just a brief overview of what a Landbank is. It's defined as a governmental entity or special-purpose non-profit corporation, which specializes in the acquisition of problem properties. New York State authorized the creation of land banks in 2011.

And while land banks are relatively new to New York State, they're not new around the country. There's land banks that have been in operation that we've looked to for guidance in other parts of the country as well.

This slide just presents an overview of land banking in New York. Article 16 of the New York State not-for-profit Corporation Law, is where the Landbank has -- derives its power. And here are the specific powers of a Landbank.

So we are one of several land banks that have been created in New York State. We're the only Landbank here on Long Island and the only Landbank that is focussed specifically on zombie properties as well as tax-delinquent, environmentally-challenged properties; as well as we're the only Landbank that has developed and entered into a Memorandum Of Understanding with a county with a local government to work with staff. The other land banks in New York State have hired their

own staff along the way.

So I really want to thank the Presiding Officer for bringing awareness about the possibility of using land banks as a tool. It was his leadership and legislation that urged the County to take a closer look at the potential of using land banks as a tool to facilitate the redevelopment and revitalization of communities and the provision of housing as well as the redevelopment of Brownfields.

So currently there are 116 tax delinquent Brownfields with tax liens currently held by the Treasurers. The taxes are made whole annually by the County to all other taxing jurisdictions. These properties specifically have a history of contamination or suspected contamination. They may or may not be vacant. And they've been withdrawn from consideration for placement on the Suffolk County auction because we, as a county, do not want to assume any liability -- any of the environmental liability and costs for the potential cleanup of these properties.

That's what's left us with this list of tax delinquent potentially environmentally challenged properties. And some of these properties have remained tax delinquent for 25-plus years. There is an average delinquency of about nine years on our list. And this list fluctuates from year to year, depending on whether or not -- whether the taxes have been paid. And we're in close coordination and constant communication with the Treasurer's Office to update those lists.

So this is a graphic. And, Andre, thank you for creating this graphic. I think it's actually very helpful in talking about the Landbank -- prior to the Landbank. It's the top slide, the top track, where a property with suspected contamination becomes tax delinquent. It's flagged for internal review at the County. Potentially after consultation with our partners at the Department of Health and Real Estate, a property can be listed as a do-not-take list. So currently we have 116 do-not-take properties. And then -- so the, you know, the properties not foreclosed by the County, the lien is not marketable, so no action occurs. You hit a stop sign.

So under the Landbank process -- so for the past several years the Landbank has been systematically developing policies and procedures attracting grant funds, which I'll go to in the next slides, to develop a process to utilize grant funding to perform our due diligence both at the County and at the Landbank to understand what the potential site characteristics are on the property with regards to environmental contamination. We call those phase I and phase II environmental site assessments.

And then -- so as we do the due diligence, then we can as a County, through our bylaws, transfer the property or the tax lien to the Landbank and then go through and follow the site disposition policies that have been adopted by the Land Bank to facilitate the redevelopment of that property.

So briefly I'll just review the 2013 and 2014 results to date. So we've spent a large portion of our time organizing ourselves and administratively garnering the support of town and local officials and community stakeholders. We, in our application to the State, to create the Landbank, we had resolutions of support from every town in Suffolk County. We also executed a Memorandum Of Understanding with Suffolk County for use of County staff and resources. So when County staff work on Landbank issues, we track our time and allocate that. We've also been able to establish a detailed inventory of tax delinquent Brownfields parcels and collaborated with the Suffolk County Treasurer's Office to notify tax delinquent parcel owners; so both the Treasurer's Office notified at the same time as the Suffolk County Land Bank Corporation notified. And that has resulted in the collection of more than \$2.5 million in back taxes.

We've also applied for and have been awarded assistance from the US Environmental Protection Agency as well as the New York State Office of the Attorney General to perform phase I and phase II environmental site assessments. So we've been awarded by the Attorney General \$675,000 to perform phase I and phase IIs; and from the EPA targeted site assessment funding. All told we've

been able to perform site assessment -- environmental site assessments on 24 properties.

And, again, I want to thank the guidance, the steady guidance of Janet Gremli for her assistance throughout the way and expertise on the environmental site assessments.

In 2014 we have -- we applied for and were designated as a tax exempt 501 (C) (3) non-profit. We expanded our mission to meet a critical regional need to focus on vacant bank foreclosed residential properties otherwise known as zombie properties. We then, using the funding that we received in the prior year, were able to perform 19 phase I environmental site assessments on parcels with a total -- with back taxes totalling 8.97 million. We've also been able to work with the Department of Health Services to begin the process of obtaining legal access to these tax-delinquent, environmentally-challenged properties to perform a phase II site assessments.

So a phase I is largely a paper search, looking at records and information available in data bases. A phase II is when you actually have to go on the property and do the soil and water -- groundwater investigations. We've also been in close coordination with the New York State Department of Environmental Conservation to identify sites and coordinate action.

In addition, and Amy will go into this in greater detail, we were awarded an additional \$1.94 million from the Attorney General's Office to acquire and rehabilitate and resell the zombie properties. Amy?

**MS. KEYES:**

So the -- that -- we applied for the grant that Sarah discussed from the Attorney General's Office at the end of last year. And everything was executed early this year. And that's been the bulk of our focus in 2015. And the -- when we applied for that grant, you can see this is some statistics that I think at this point probably all of you are familiar with, this actually came from the Newsday special investigative report on zombie houses. This is just what defines a zombie house. These are the types of houses that the Landbank is targeting with that \$1.94 million that we got from the Attorney General.

So this slide just speaks to in detail what I'm going -- I'm going to explain a little bit, which is that little under \$2 million that we received from the Attorney General's Office when we applied for, we identified three townships within the County as being the three towns with the highest impact of foreclosed properties, which was derived from the Empire Justice Report, which actually breaks out by zip code the number of foreclosed properties in a given zip code. And the towns that we identified were Babylon, Brookhaven and Islip. So for this initial pilot program, this sort of first crack at it, these 11 houses, those houses have to be in the Towns of Brookhaven, Islip and Babylon.

So our process, what we've been working on the first months, the first quarter of 2015 is the process of how we're going to identify these houses and how we're logistically going to get them, rehab them and resell them. I think this is it -- the next -- yeah, that's fine. So what we've been doing is -- there's a few different avenues we're pursuing in order to really get the biggest bang for our buck with these -- with this \$1.94 million; the first being when we applied for the grant at the end of last year, we coordinated with the three townships I mentioned to get from them preexisting lists of their most blighted vacant properties. All three towns provided us with lists. That list was over 200 houses initially. And then as Sarah mentioned to Jill Rosen-Nikoloff Thompson, her Real Estate Department has really been key in helping us, they performed title searches on all 200 of those houses to determine which of those were somewhere in the foreclosure process. Because obviously some of those houses are -- were still owned, they're not houses -- owned by a person, they're not houses that we can target. So from that list of 200, we -- 67 were somewhere in the foreclosure process.

So the Landbank is now -- has been over the last few months identifying the actual servicer or

lender on each of those houses, reaching out to them to try and find out where that house is in the process and whether or not it's something that the Landbank can acquire either through a donation or at a reduced cost. Obviously we're looking at the blighted houses. So we're looking at houses that are going to need some significant work. So we're -- we're developing those relationships and at this point have spoken with every major lender and a lot of sort of off the beaten path minor lenders at this point to develop those relationships to try and get the houses that the Towns have really identified as being their problem properties.

And then what we've also done is we applied for and became an eligible organization with the National Community Stabilization Trust. And that's a national organization that the Attorney General's Office works with, for instance, but they work across the country, specifically to remediate mortgages. And they work with about 11 different major lenders to get properties that the bank properly owns in the foreclosure process or the foreclosure process is at a place where the bank owns it. And the banks then, if you are an eligible organization, will offer you this house at a discounted price; so they let whatever the appraised value is, whatever the fair market value is, because you're eligible with NCST, you are offered this house at a discounted price and before it would go to the open market. So before real estate speculators would have a chance to even purchase it, it's offered to certain non-profit organizations that are eligible. And the Suffolk Landbank is one of those organizations.

So we've actually started getting houses matched that are in Brookhaven, Islip and Babylon and we've started going out and looking and getting offers and seeing, you know, what's out there, what inventory's out there. And the best case scenario is that these houses that we get through the Community Stabilization Trust will match with what the Towns have identified as their problem properties. And we actually had at the end of last week a house that we were matched through NCST that was on the Town of Brookhaven's list. So that's another avenue that we're seeking.

And then we're also -- we've become eligible to participate in the Wells Fargo Donation Program. And we're working on -- we're not yet accepted -- we're working on becoming eligible to participate in the Chase Donation Program. So those banks just through settlements, through, you know, through -- for a variety of factors are actually just donating some of their worst houses directly to non-profits. And then what we're -- we're hoping to leverage those donations to really make the most out of this -- this \$1.94 million.

And then in terms of the actual work, the rehab and the disposition of the houses, we are in contract with four of these -- these four different non-profit organizations that are all, you know, this is their bread and butter, they're on the ground floor of this type of work. They're partnering with us and they'll be actually conducting the rehab and assisting us with the resell.

So that's sort of an overview of where we're at. And then this is just sort of our next steps what we're focussing on in the immediate future. We're going -- in terms of the Brownfield, the environmental aspect, we're continuing our work on the environmental assessments of all the Landbank-eligible assets. We're trying to identify additional grant money so that we can do more phase I and phase IIs on the rest of the list. We actually, as Janet Gremler -- can't give her enough credit honestly, she -- they've finished the phase II work on the first three sites and we're going to get those reports back. So we might actually be ready to move potentially on our first Brownfield, which is exciting.

And then in terms of the Zombie House Program it's -- we're -- we're looking to just really get rolling with these 11 houses so that we can have a recurring stream of revenue so we can expand the program beyond those three townships and make it a countywide program.

**CHAIRPERSON LINDSAY:**

Thank you, Amy and Sarah. I know we're going to have a lot of questions, I'm sure, from my colleagues here. If I could just start with the Brownfields and then get into the zombie homes.

Sarah, on the -- from the list that -- the last list that I saw that had the list of locations, two things on that, if we can get an updated list just to see what homes -- or what the properties are on that list.

**DIRECTOR LANSDALE:**

Absolutely.

**CHAIRPERSON LINDSAY:**

Okay. And since the Landbank has been instituted, have you had property owners come forward and now all of a sudden pay the taxes so that they can avoid this whole process?

**DIRECTOR LANSDALE:**

Yes, we have. That's the -- the 2.5 million that we've received in -- that the Treasurer has received in back taxes.

**CHAIRPERSON LINDSAY:**

Do you have any indication as to what might be in the pipeline in terms of others that are -- similar properties that are coming around that are going to -- that are looking to do the same?

**DIRECTOR LANSDALE:**

So that list evolves every day. And we can certainly make that available as we get it to this Committee and to members of the Legislature.

**CHAIRPERSON LINDSAY:**

Great.

**MS. KEYES:**

There were -- just to the Chair's point, there were just yesterday two property owners that we reached out to in a new round of notice of violations have reached back out to us and are entering into payment plans with the Treasurer; one in Copiague, one in East Patchogue. So it's -- it really is -- as we increase our contact, our attempt to contact them as the Landbank, it does seem to be motivating.

**CHAIRPERSON LINDSAY:**

Sure. No, I know in the past the system has been game somewhat by some of these property owners knowing that we were not going to take the property. So they just stopped paying the taxes on it while they continue to operate businesses on these locations.

And, Sarah, my last question on the Brownfields, what is the timeline from the point where you get the phase II findings back to the point where you realize they're not going to pay the taxes, we're going to go in and then take over the property.

**DIRECTOR LANSDALE:**

We are working -- - we are working that out right now. And as we develop that mechanism and that timeline, we'd be happy to come back and report out. That's -- that's a work in progress right now.

**CHAIRPERSON LINDSAY:**

Okay. And then for Amy on the zombie homes, I just have two quick questions. What happens once we take over the home, rehabilitate it; do we then put it on the market and sell it?

**MS. KEYES:**

Yeah, we -- our -- we have to. We're -- the grant from the Attorney General, at least these 11 houses, requires us to sell it and have it be an owner-occupied house. So -- and it also requires -- we have certain eli -- affordability requirements so that we -- when we applied for the grant, we included in our scope of work. So we have to -- a certain number of houses have to be sold to folks

at -- at -- between 100 and 120% AMI -- a HUD AMI, a certain percentage has to be sold between 80 and 100% AMI and then a certain has to actually be sold at 80% of AMI.

**CHAIRPERSON LINDSAY:**

And what's the -- what's the threshold? Do we have a maximum amount that we would spend on rehabilitating a property as opposed to maybe demolishing the home?

**MS. KEYES:**

Well, it -- yeah.

**CHAIRPERSON LINDSAY:**

I mean if it's beyond -- if it's --

**MS. KEYES:**

Right.

**CHAIRPERSON LINDSAY:**

It's at a point where it would cost you more to fix it than it would to rebuild it completely.

**MS. KEYES:**

Each project, each house is going to have -- have its own specific project budget. We -- obviously we have this \$1.9 million. We've committed to doing 11 houses. So we're anticipating having certain homes that we get better -- that are in better shape than others that would require less rehab but maybe be a little bit more expensive, we're hoping those can be resold quicker so we have more money to reinvest back in the Landbank.

And then certainly one of the organizations that we're working for -- with, for instance, is Habitat for Humanity. It's sort of their specialty. They're extremely cost-efficient and their specialty is demolishing houses and rebuilding them inexpensively because of SWET equity, because they're able to get so many things donated. So that's definitely -- it's something that we're working out on an individual -- on a project-by-project basis especially I'm -- what I'm thinking is the houses that we're -- I'm anticipating us getting donated through Wells Fargo or Chase are -- based on our conversations with other land banks tend to be in the most -- tend to be the most in need of repair to where it really would be from a cost benefit analysis make more sense to demolish them, so.

**CHAIRPERSON LINDSAY:**

Right.

**MS. KEYES:**

It's definitely something that we're -- we're authorized to do through your contract and something that we're looking at.

**CHAIRPERSON LINDSAY:**

But the actual work that would be completed on the house, the -- you know, carpenters, painters, plumbers, what have you, electricians, we're not contracting with them. We're using these non-profits to do that work for us?

**MS. KEYES:**

That's right, but we oversee all aspects of the budget.

**CHAIRPERSON LINDSAY:**

Okay. If they're -- you know, they want to put half a million dollars into one of these homes, obviously that would set off some red flags.

**MS. KEYES:**

Right.

**CHAIRPERSON LINDSAY:**

Okay, and same question that I asked Sarah, what's the timeline from when one of these comes up as eligible on your radar screen, what's the timeline like, or what do you anticipate the timeline to be from that time you're notified that it qualifies and it would fit to the point we're actually going in and taking over the property?

**MS. KEYES:**

A couple different things. With the NCST properties specifically, which is probably where we're going to get the -- the -- the -- I don't want to say the bulk, but that's -- that's our -- that's where we're getting properties moving right now. We're still working with the lenders but that's just slower because it's just the nature of the beast with the banks. But one of the advantages -- so this grant has a life cycle of 2015, 2016. We have to buy and at least rehab all 11 properties by the end of next year. So any properties that -- which is part of the appeal of the National Community Stabilization Trust, because they have extremely, strict timelines, which can work for us through the support of our board because we -- part of their requirements -- they require, for instance, the bank to go to closing within 30 days of you accepting an offer. And they require the rehabilitation of the home to start within 60 days of closing.

So I'm anticipating things moving very quickly. It just depends upon that first us identifying a property that, okay, this is in a highly impacted area; this is a house that we think through collaboration with the non-profits, we think we can make -- work within our budget in terms of the rehab that is required. But we have to -- any houses that we get through NCST have to move quickly.

I'm just going to give you really quick -- because I think it's interesting, I think it'll answer your question, what their actual timeline is. So from the time the Landbank gets a notification from this Trust that there's a house within one of these three towns that a bank wants to offer to you, we have five days to get out there and inspect the house. And that's five days working with these non-profit, CDC, LHP, CHI and Habitat working with them to get an actual -- where we call -- the way it's defined in our contract with them is a cost and feasibility estimate, which is where these -- these four groups come back to us and say, okay, this house One Smith Street in Mastic, it -- you know, you could buy it -- we think that you could rehab it for \$20,000. So then once -- if that's -- that's something that's viable for us, at the end of that five-day inspection period, we tell the bank, okay, we want to get an offer. They give us the offer. We have 24 hours to accept or reject the offer. And they then have 48 hours to get -- we have then 48 hours to return them a signed purchase agreement.

And then from the time they receive our signed purchase agreement, they're compelled to close with us within 30 days. So the timeline is, like, six weeks from the time we get a house to the time we would have to have closed on it. Because that's -- at least the NCST houses. That's where I can give you a hard answer.

**CHAIRPERSON LINDSAY:**

What's the motivation or the carrot-and-stick for the bank to even enter into this engagement?

**MS. KEYES:**

Well, it saves them money because they -- they give -- the houses are sold to us as is.

**CHAIRPERSON LINDSAY:**

Okay.

**MS. KEYES:**

So they're -- like, I said, they're the houses that are not in great shape, they're houses that are blighted to begin with. And where -- where -- they can give it -- they can sell it to us "as is" before having to spend any -- any -- further investment in the property in terms of maintenance, you know, securing it, anything like that. So the -- you know, the advantage for them is money.

**CHAIRPERSON LINDSAY:**

Do they have any restrictions in terms of how long they could let it sit vacant in disrepair or it's totally arbitrary as long as they keep paying the taxes on the property?

**MS. KEYES:**

Well, I think that's a question -- that depends upon the governing municipality. I know certain townships are very aggressive with the houses that are vacant and unsecured. You know, that's not -- that's not a Landbank issue necessarily, but I know if it's a -- it's a -- if it's a vacant and unsecured house, usually the Town, you know, tries to move pretty quickly in securing it and then will place a lien on it.

**CHAIRPERSON LINDSAY:**

Okay. Because I think that's probably one of the biggest issues is that the banks are just sitting on these properties allowing them to further fall into more and more disrepair, so.

And my last question, and I'll pass it off to my fellow Legislators, if we have constituents that come into our offices as Legislators and point out particular properties, what's the procedure? Does it go through the Town first and then comes to the Landbank? Does it go directly to the Landbank?

**MS. KEYES:**

Well, what I would say is, if it's a house that's -- that's unsecured, that's vacant and they think there are people in there, something like that, that should go to the Towns to be secured. The Towns are who's responsible for actually boarding the houses up. But if it's to your point about once the house is boarded up -- I looked at a house, an NCST house in Mastic, actually, last night. The house was completely secured so the -- and the grass was trimmed so the Town would have no further interest or role in that house. But I entered the house, and I hadn't even gotten in the door, and it was on a very nice cul-de-sac, every other homeowner came out and said "what's going on with this house, can you move it?"

So where the Landbank really is playing -- I see us playing a role, at least, is where the houses are secured, but they're boarded up and they're just still blighted, especially if it's the only one on the block that looks like that, the house can sit like that, you know, for an indeterminant amount of time. Because then what -- it's the banks. I don't think it's the Towns that aren't moving in terms of securing the houses, so -- but to your question if a constituent came forward and had a property that they found to be very blighted, as long as it was a secured property, absolutely you could -- you could give it to us because it saves us the step of going -- getting it from the Town.

**CHAIRPERSON LINDSAY:**

Okay.

**MS. KEYES:**

Right now that's how we're getting, you know, the constituent-driven, blighted properties.

**CHAIRPERSON LINDSAY:**

Okay. Legislator Stern I know had some questions as well.

**LEG. STERN:**

All right, thank you, Mr. Chairman. And, welcome, thank you for your presentation. I have a couple questions. On the -- the County Department of Health then begins the process of obtaining -- the

phase II process, take me through the phase II process. Who's involved, who makes application, how long does that process take before authorization is granted to then enter upon the premises to be able to do the analysis?

**MS. GREMLI:**

For us to do the phase II, there's already contractors that have been chosen by the Landbank previously. That happened in 2014; that those phase II reports, several contractors have been given different sites to do phase IIs on. Those reports come to my attention and they're reviewed by the Department of Health. We then comment on them and send out a notice to the properties in question stating that we need access based on the phase I -- well, the phase I, I'm sorry, phase I report that there's an issue -- there's a potential issue of an environmental contaminant possibly for area of concern. Does that answer your question?

**LEG. STERN:**

That application is made to who? Who grants the authority to then conduct the phase II investigation?

**MS. GREMLI:**

The phase II is done by the Commissioner of Health. We get a warrant. And the warrant allows us access to -- gain access to the site. We work with the Suffolk County Sheriff's Department with those warrants. We access the site. And then ourselves, the Health Department and representatives for the Health Department, which are private consultants, or contractors, enter the site and they actually collect the evidence or material we need to make an assessment of the environmental concerns on the site.

**LEG. STERN:**

In essence a County agency or Commissioner is granting permission for essentially ourselves to conduct the phase II analysis.

**MS. GREMLI:**

Yes, it's for the Landbank. We do this in the Health Department. It's called a warrant of access. And if we try to access the property because of environmental concerns and are refused, we use this form of a warrant to -- through the Commissioner's authority to access those sites.

**LEG. STERN:**

And the grant that you were able to obtain through the Attorney General's Office, that is a grant that is for that finite -- that same finite period of time until the end of 2016, does the money match the time period?

**DIRECTOR LANSDALE:**

There are two grants. The end -- yes. There are specific timeframes. The first grant, I believe, the completion is the end of this year. And that's for the 675,000 for the phase I and II environmental site assessments. And then the second round funding that we received is specifically related to zombie properties, ends in 2016.

**LEG. STERN:**

Has there been, and might be premature, but has there been any discussion, then, of an extension or the opportunity to go back for additional grant funding depending on the success?

**DIRECTOR LANSDALE:**

Yes. The Attorney -- so this funding has -- from the Attorney General's Office is specifically just for land banks. And it was a result of the settlement, the global settlement with -- between the Attorney General and the banking industry. So there -- yes, we are certainly interested as future rounds of funding become available in applying and accessing those funds.

**LEG. STERN:**

How -- in determining which properties that you're going to be targeting, you had spoken about a particular point in the process. And then there was a list of those that are, you know, perhaps the most egregious cases. What's the relationship between the two and how does that match up? Is it -- is the priority those that are the most difficult properties and then you hope that it matches up with the right point in the process? What's the relationship between the two?

**MS. KEYES:**

So the list came from the three different Towns. And I can tell you the genesis. In Brookhaven they have a vacant property's list. So that's completely constituent-complaint driven. And they released their entire list. It's over -- it was over 500 houses. They just gave us their actual -- most recent complete up-to-date list.

The Town of Islip list was derived from their board up/clean up resolution. So any houses that -- which -- are also complaint driven but then it rises to a level where after attempts to reach the property owner, they're not securing their own houses.

And then the Town of Babylon list was complaint driven as well.

So there's no -- there's no differentiation in those lists when we get them -- you know, when we -- we get these couple of hundred houses from Brookhaven, we -- I can't tell from looking at it, you know, if this house in Bellport is really a lot worse than this house in Sound Beach. Because it's -- it's not as though there's any further criteria. It's just a -- the Town received a complaint. They compiled a list and they gave us the list.

But what we -- so we've treated -- anything that's on the list from the Town because it's constituent-complaint driven, we -- that's what we're treating with the highest priority. Because if it rose to a level where somebody living in the neighborhood contacted their municipality because it was a problem, that's what we want to focus on. That's the Land Bank's mission. And it's also the grant -- the grant's focus is on these problem-blighted properties.

So once we did the title search and we identified where they are in the process, we then sort of prioritized based on where they were in the foreclosure because it's just -- it is easier and it -- I just want a disclaimer, though, none of it is easy when you're dealing with the lenders, it's not easy even if it is a truly bank-owned house, a house that's been foreclosed upon, it still is not a simple ask at all. Nine times out of ten we know at the Landbank what our experience is, we know about more houses that are -- that they're identified as the servicer on than they do.

But that being said, once we identified where the houses were within the foreclosure process, the ones that were on the Town list that were then identified to be truly bank-owned, those become the highest priority because those are the ones that in theory we should be able to get most easily. We're not not pursuing the ones that are elsewhere in the foreclosure process, but obviously there's due process, etcetera. So those houses are much more difficult to get. And the homeowner obviously is still in the process there.

So I think that answers your question a little bit.

**LEG. STERN:**

A little bit. No, it's good. The -- you had used the term "donate" during the presentation, that it's possible for the banks that control these properties or others to donate these properties to the Landbank. We also talked about the difference in fair market value and perhaps there's a reduction in fair market value. But then you had also said that there are situations where it's in the bank's best interest to donate or transfer these properties to the Landbank because we have the opportunity to purchase them, and then the banks don't have the carrying charge responsibility going forward. So there's purchasing it so that the banks don't have the ongoing obligation; then

there's a difference between fair market value and a reduction as to some type of percentage; and then there are situations where they can donate. And I take that, if we're going to be receiving it as a donation, that the Landbank wouldn't have to pay anything.

**MS. KEYES:**

Right.

**LEG. STERN:**

So where with those three options and varying degree between them all, where do we stand with these particular properties and what do you foresee going forward? For the most part, does the Landbank acquire these properties because we purchased them? Do we acquire these properties because we're getting them for less than fair market value? And if so, what kind of reduction in percentage can we anticipate? Or are we receiving them through donation and not contributing anything?

**MS. KEYES:**

So I'm not sure where they're going to come from. We're pursuing all those tracks right now, but right now -- right now the most viable seems to be getting them at a discounted rate through the National Community Stabilization Trust. The reason I say that seems the most viable right now is -- and it may be a little preemptive because, as I said, we applied to become an organization that can receive donations through Chase, but that's still in progress.

But we have been, like with Wells Fargo where we can get donations and now Chase which we will likely be able to receive donations, we've been advised ahead of time our inventory in Suffolk is very low, the houses that we're actually trying to donate. Because obviously it's just a -- it's a more -- compared to the rest of the country, it's a more viable real estate market for them.

So right now might -- because -- we, you know, as I said, we really spent the first quarter establishing our procedures and processes and how is this going to work, working with these non-profit organizations, there's a lot of nuts and bolts that we've had to work out, especially because it's a brand new process because we are a non-profit corporation, we've had to really set up a lot of things on our own. But from what we've been able to -- from what I've been able to see, we've been getting matches on a pretty consistent basis just over the last three weeks from the Community stabilization Trust of houses at a discounted rate, at about -- they've ranged from -- we've gotten a 10% discount to a 20% discount off of the fair market value. So to me right now from where I'm sitting, that seems to be the most viable place.

**LEG. STERN:**

In your research, and there are plenty of other jurisdictions that are going through the process, the 10%, the 20% reduction, does that seem to be the sweet spot --

**MS. KEYES:**

Standard.

**LEG. STERN:**

That's the standard throughout.

**MS. KEYES:**

Yeah, it seems to have gotten -- CDC, for instance, of Long Island, they've been participating in NCST. And they previously -- they're not -- they're not eligible anymore. They have to reapply for eligibility. But the last time they were participating they were only receiving a 1% discount. So it seems to have gotten a little bit better. So -- and it does seem to be consistent with we -- you know, one of the land banks we spoke to was in Illinois. That seems -- 10% is about what's he gotten. So it does seem to be standard.

**LEG. STERN:**

And the -- you have listed the not-for-profits that have been chosen to participate in the program. Can you explain to me the role of those not-for-profits? I can certainly see Habitat For Humanity and a fix-up, that's what they do. As to the others, what role do they play and where's the incentive for them to be involved in this process? If I understood correctly, ultimately after the rehabilitation, it's up to Suffolk County, then, to put the properties out to the marketplace, correct? Or do they handle that process?

**MS. KEYES:**

The way that the contracts are with all four of them -- all four of them are playing the same role. They have identical contracts. They're all responsible for the rehabilitation. They all have existing relationships with subcontractors because they all worked with Suffolk County, for instance, and not just the Landbank in the Neighborhood Stabilization Program. That's where Jill really came in and was able to help us in terms of informing our process and our documents. They -- because they already have the experience working with the industry in terms of rehabbing the houses, it made sense when we were devising our program, when we were applying for the grant with the Attorney General to include non-profits as fulfilling that role instead of the Landbank, again, having to build that -- those relationships and those processes from the ground up. At least because this grant has a particularly aggressive timeline, these 11 houses have to be done within the next year-and-a-half.

So their role is actually managing the on-site rehabilitation, the actual work at each of the houses. And then they are responsible for the marketing and resell of the houses. Although the way it's written in the contract and the way we participate it working is the Landbank playing a very active role in terms of the disposition.

**LEG. STERN:**

So I see the value in having those not-for-profit organizations doing what they do so well and having the background experience. And we certainly benefit from that. What is on the flip side? The organizations that are participating, what is the value to them?

**MS. KEYES:**

They get a 15% developer fee.

**LEG. STERN:**

Okay. Okay. Those organizations that have been selected, are they to be the only four that have the opportunity to participate for some finite period of time? How does that work?

**MS. KEYES:**

We put out Request For Qualifications. These are the -- all four of these groups, these are all four that responded. The board -- the Landbank board chose to contract with all four of them so they're all eligible to receive work through this grant. And we can expand it. We can go back out at the beginning of next year. This is at least for this year; for this calendar year.

**LEG. STERN:**

Okay. And last question. The -- obviously as you go throughout the process, there's going to be constant analysis and evaluation. Is -- would I be correct in saying that because of the length of time of the grant, that come the end of 2016, that's going to be the time that you're going to take -- that everybody's going to take a hard look to see where we're at at that point. And I get -- if that's true, come that time, I'm wondering how you think you would define success of the program. At the end of the day, what does success look like to you?

**MS. KEYES:**

Definitely at the end of the grant we will -- we'll do a hard analysis of how successful the program was. To me success is if we're able to acquire rehab and resell a portion of them before the end of 2016. To me -- based on discussing these types of programs with the non-profits, with other land

banks, what -- what I'm trying to avoid and what would -- I would define as a failure is if we're able to buy and rehab houses and then we can't resell them. We can't get -- you know, at an affordable level, a first-time home buyer, that's one of our other preferences into the home; get it back on the tax rolls.

If we can do that successfully with this first batch, this 11 houses by the end of next year, it will have been a great success, especially because through the virtue of reselling them, we will have gained revenue that is reinvested into the Landbank. By the end of next year, I'd like to be able to come back here and say we did the 11 houses and we've resold five of them and we have, you know, another -- we have half a million dollars in the bank and now we're going out -- we're just continuing to do this. We've now got, you know, five other houses in the hopper. By the end of next -- that would be success for this program to be recurring by then.

**LEG. STERN:**

Thank you. Thank you, Mr. Chair.

**CHAIRPERSON LINDSAY:**

Legislator McCaffrey.

**LEG. McCAFFREY:**

Thank you. Thank you for coming. Couple questions about the foreclosure process. One of the things that I understand about the zombie homes and being in the Town of Babylon, I'm well aware of the ones we have, and especially on the Sandy-related houses, too. One of the biggest problems seems to be not so much the availability of buyers out there, but more so the foreclosure process itself, which can go on for several years at a time. And what I'm being told is -- from real estate agents and lawyers and everybody else is not the availability of buyers, it's the timeframe it takes to get through this foreclosure process and the regulations that are in this State. They tell me there are no shortage of buyers once these -- we have cleared title to these homes or once -- the bank want -- doesn't want to own them and just say, "hey, I think this is a good investment, I'm going to hold onto it and not not take care of." Is that your sense as well that the bigger problem is the foreclosure process?

**MS. KEYES:**

What I would say is the houses that the Landbank specifically is targeting tend to be houses that, as I mentioned, have reached a state of serious blight and have been -- are at this point a real problem in the neighborhood. So I can't speak to whether or not there's a problem of buyers. I'm not in the real estate market. All I -- I think that the houses that we're targeting are houses that would sit, that wouldn't move because that's how kind of they get to us. But I -- and I would definitely agree that the foreclosure process is a Mastic problem. That's evidenced by -- even just my limited experience with it, which has been dealing with these town lists, which we completed the title search on, you have properties that have been listed, for instance, on the Brookhaven list for, you know, a couple of years and they're still only within the lispensens stage of the foreclosure process. So the Landbank can't intervene at that point even because it's stuck there. And that's something that the Attorney General -- this grant program being one facet of his overall legislative package is looking at, but that's not something that the Landbank is specifically addressing it with this program, but I would definitely agree that's what we found.

**LEG. McCAFFREY:**

And these -- this grant is specific to just these zombie homes. It has nothing to do would the real mission of the Landbank which I see to be the Brownfield properties, which is --

**MS. KEYES:**

Well, the board expanded their mission at the end of last year to included specifically vacant-blighted properties. So the grant program definitely is seeking to fulfill part of the Land Bank's mission. I just want to make sure that's clear. But, yes, the two million or the \$1.94 million

from the Attorney General is specifically to deal with residential foreclosed blighted properties, zombie properties.

**LEG. McCAFFREY:**

Okay. That led to another question. Is there -- is there a possibility that we're going to be using funds outside of this grant money which were previously specific to Brownfield properties for the zombie homes?

**MS. KEYES:**

No.

**LEG. McCAFFREY:**

Okay. Okay, that's all I have. Thank you.

**CHAIRPERSON LINDSAY:**

Presiding Officer.

**P.O. GREGORY:**

Thank you, Mr. Chair. And thank you, Amy. I just want to say thank you for all that you and Janet and Jill and Sarah and Andre and everybody, Robert and Kelly, everybody has done to get the Landbank off the ground and running and I think a smashing success so far. We're treading on new ground, new waters. So we had to take some time, particularly with the administrative warrants, but we're certainly moving, we're getting tax dollars in the door. We're revitalizing. We're in the process potentially of revitalizing -- remediating properties and, you know, addressing the zombie home issue as we move forward with that process as well. So it's a great benefit to the community. And I just wanted to thank you publicly for all that you guys are doing. Thank you.

**CHAIRPERSON LINDSAY:**

Legislator Browning.

**LEG. BROWNING:**

Yeah, I'm talking to my Aid Janet back here because she -- she's the one in my office that handles every single problem home that comes into my district. And I have to tell you, I'm a little disappointed at the 11. Because I could probably triple that or quadruple that in my district alone. However, I know that there's limited resources. I'm just curious, how many properties do you currently have in the Landbank; Brownfield properties and zombie properties that you've actually listed in your Landbank?

**MS. KEYES:**

None. We haven't taken title to any properties yet.

**LEG. BROWNING:**

Okay. So have you mapped out where they are? I mean, do you have a map of where these properties are that you're targeting?

**MS. KEYES:**

The Brownsfields you're talking about specifically or --

**LEG. BROWNING:**

Brownfields, zombie properties, the homes.

**MS. KEYES:**

Yes, I have that in the list which -- I don't have it with me, but I can certainly get it to you, absolutely.

**LEG. BROWNING:**

Okay, that would be interesting to see because I -- I think I can probably already figure out what that map looks like. But it would be curious to see if it's any different than what I'm assuming. So, again, there's -- I see our Mayor is here from Mastic Beach Village. And we have a lot of zombie properties in the Mastic Beach area, many of them through -- because of Sandy that are very close to the wetlands. And are you -- I know that we have worked with Sarah Lansdale on many of these properties to purchase them. There was a Federal program to purchase a lot of these properties, demolish them, restore the land. But are you -- if you come across a foreclosed home and it's in an environmentally sensitive area and you say *it doesn't make sense to rebuild here like in Mastic Beach Village*, are you -- what would you do with that?

**MS. KEYES:**

Right now we're -- we're evaluating each house that we come across that seems like something that the Landbank can potentially acquire on a case-by-case basis. And we're working very closely with whatever the municipality is in that area to see if it's a priority for them to see if they have other plans for that property or other -- you know, overarching revitalization plans. It's definitely something, for instance, that Sarah and I have talked a lot about is whether or not -- and we haven't gotten any of these houses yet so they're -- honestly we're still working it out. But whether or not it makes sense, for instance, to acquire houses that are within a flood plain or a flood area, do you -- does it make more sense to demolish it; does it make more sense for a different entity to take ownership of it?

We're definitely -- right now the -- how we're working that is dealing with each property on a case-by-case basis, coordinating very closely with other -- other organizations, other municipalities that are in that area, what their plans are. So we don't want to -- because like you said, and I'm disappointed with the 11; I'm disappointed with 1.9, trust me, the list that we have are hundreds and hundreds of houses. And we're the only countywide organization set up to do this. And I'm hopeful that not only are we going to become a recurring program because we're able to sell these houses, but also that we are able to get additional funding down the line.

But to your point, we're -- we don't -- we want to with this initial pot of money to really make sure we're leveraging it, to make sure that we're having the biggest impact that we can. So we want -- I guess the answer would just be that we would -- we're looking very carefully at where we are going to acquire these houses so that we're not acting irresponsibly. And environmental issues are certainly a big part of that.

**LEG. BROWNING:**

And you are going to be working with the Villages also?

**MS. KEYES:**

Absolutely, yeah.

**LEG. BROWNING:**

Okay.

**CHAIRPERSON LINDSAY:**

Kate, can I just interject there? Because -- you know, just to go back to a question I had asked, your perspective homes come from the Towns or the Villages. You're not out looking for homes.

**MS. KEYES:**

No, we don't -- we don't need to. We're just --

**CHAIRPERSON LINDSAY:**

Right.

**MS. KEYES:**

We are reaching out to the municipalities to get the list, what are your priorities.

**CHAIRPERSON LINDSAY:**

Right. So, Kate, to your point, it might be, I think, better if you got the information from the Town and Villages and then made sure that it was -- it was on their list at the same time.

**LEG. BROWNING:**

Oh, no, we -- in fact probably a lot of those lists come from me, my office.

**CHAIRPERSON LINDSAY:**

I'm sure.

**LEG. BROWNING:**

We send them. You know, we take a lot of those calls and we funnel a lot of those calls to the Village and the Town. So I'm very much aware of the many ones in my district.

**CHAIRPERSON LINDSAY:**

We've had a couple, though, that where -- the appearances --

**LEG. BROWNING:**

I wish we only had a couple. (Laughter)

**CHAIRPERSON LINDSAY:**

As an example, where the appearance is that it's a zombie home, but because it's boarded up and the house is in a little bit of disrepair, but they're paying the taxes, they're cutting the lawn, they're doing the minimal amount that they have to in order to maintain.

**LEG. BROWNING:**

Oh, please. We do our homework on that. We definitely know by the time Janet sitting back here, I call her the Town of Brookhaven. By the time we're done with that property, we know exactly what's going on with it, you know, whether it belongs to an LLC, whether it's a foreclosure, Janet reaches out to the banks. I mean, she does everything with the Attorney General's Office. We've been working them -- with them last year to try and get these banks to move a little better than what they have been and be a bit more responsible which has kind of helped create some of this legislation that he's doing.

**CHAIRPERSON LINDSAY:**

Okay. I'm sorry, I didn't mean to --

**LEG. BROWNING:**

No, it's okay. Because -- and another thing is is, um, you know, I have seen over the years that a lot of these foreclosures, the biggest problem with them is that someone comes -- you know, you have a young couple and they see a foreclosure and they want to buy it, but, you know, they have to get a mortgage and the bank won't wait for that. And so the problem is is that some guy comes along with cash and says he's ready to buy it and they'll sell it. And that's where we get our problem rentals and I know you're familiar with that. So are you experiencing any of that right now or --

**MS. KEYES:**

Well, that's sort of part of why the -- purchasing properties through the NCST process is why NCST is a great organization and what they do is important because they offer these houses, at exactly to your point, to participating non-profit organizations in that area. And they do it across the country specifically to keep these properties from the hands of speculators, from the hands of somebody who would come in with cash and then not act responsibly with the property after the fact. So I think

there's where the Landbank really has an opportunity to help with that issue.

**LEG. BROWNING:**

Okay. And there is one of the non-profits, I'm not going to mention them, I don't have a lot of faith in them, and I hate to say that, I'm sure you might be able to guess which one it is, but are all of them doing homeownership or is there any of them considered --

**MS. KEYES:**

All doing homeownership. We can't do rentals with this.

**LEG. BROWNING:**

All homeownership, okay, glad to hear that. And I'm just curious is Sarah still here? No. Oh, she had to leave. Okay. We used to have the Neighborhood Stabilization Program. And I was wondering what -- what's the difference between the Landbank, what you guys are doing now and the Neighborhood Stabilization Program?

**MS. KEYES:**

Well, the mission of the two programs is very, very similar. And a lot of our program elements were adopted directly from what Jill did with Neighborhood Stabilization. The biggest difference would just be that we're operating as a Landbank, a separate non-profit agency and not as the County and it's just a different pot of money. And some of the restrictions that apply with NCST don't apply because there's no Federal dollars involved. But the mission of the work is very similar.

**LEG. BROWNING:**

And is -- because the last I heard the Neighborhood Stabilization Program was -- kind of died.

**MS. KEYES:**

Right.

**LEG. BROWNING:**

And the intent was the Neighborhood Stabilization Program was, we were getting the funds. And it was to take the homes, rehabilitate them, resell them and the money was going to come back and roll back to buy more, but that money dried up. So I'm wondering how you're going to be able to resolve that problem. I mean, we see a mistake and the problem that occurred, how are we going to make sure that that doesn't happen with this program?

**MS. KEYES:**

Well, I'm hoping to leverage donations because we are a non-profit. I'm hoping that we can really get some of the homes donated where that's part -- part of the strategy overall, but we're -- you know, I'm definitely sensitive to that. I don't want this to end up being a one-off. I really -- I really do -- we're focussing on the resell. We're focussing on being able to move the houses. I know that that -- from what I understand, not being directly involved, that that may have been an issue in terms of actually reselling the houses after the rehab work was done in a quick -- in an efficient way. So that's something that we're definitely focused on, that disposition.

**LEG. BROWNING:**

Okay. Well, hopefully you get a good turnaround on the 11. Because, like I said, I probably have quadruple that many that I could send you just in my district alone. Thank you.

**CHAIRPERSON LINDSAY:**

Okay. Just have Legislator Trotta; and then Legislator Kara Hahn, if they could move this along here.

**LEG. TROTТА:**

Just quick, once you take these -- possession of these, take them off the tax rolls, correct?

**MS. KEYES:**

Yes.

**LEG. TROTTA:**

So is the County going to be responsible for the taxes to the school district, to the Town and all that?

**MS. KEYES:**

No, they're not -- the County's not taking title. The Landbank is taking title. We're separate non-profit agents.

**LEG. TROTTA:**

So you don't have to pay. So now the other residents will have to pay the taxes.

**MS. KEYES:**

Well, there -- there are properties that -- you're talking about for the time period it takes to rehab them?

**LEG. TROTTA:**

Yeah.

**MS. KEYES:**

Yes.

**LEG. TROTTA:**

So now we're going to buy 11 houses, take them off the tax rolls and maybe or maybe not sell them? The banks always pay the taxes. Is there some way we can take the ones -- concentrate on the ones that aren't paying taxes?

**MS. KEYES:**

Well, the ones that aren't paying taxes, the County -- what makes this unique the County has a process to take them and auction them through the County process.

**LEG. TROTTA:**

Can we -- so they're auctioning them?

**MS. KEYES:**

Right. Not through the Landbank; through the County.

**LEG. TROTTA:**

I know, but they're -- that's my point. They're auctioning them.

**MR. BRAUN:**

Those that aren't Brownfields and that would otherwise fit into the County's usual tax lien foreclosure and tax deed process will continue to be in that. So if there were any bank-owned properties, even if they were on the list of the National Community Stabilization Trust, and the bank stopped paying taxes, eventually within three years the County would own those properties and it would then put them on the County's auction. So these are properties where the banks have deemed it in their best interest to continue to pay the taxes so that the County doesn't have to pay them.

But once the Landbank takes title to them, yes, they come the tax rolls temporarily, but not just the County tax rolls, they come off everybody's tax rolls. When the County owns a property, it's exempt for three years. And then starting in the fourth year, the County has to make whole the school district and the town and the village and the fire district and the street lighting district and the

library district and everybody else other than itself. So these houses presumably will be resold much faster than that. Before -- well before three years that they would be off all those tax rolls anyway.

**LEG. TROTTA:**

Yeah, I'm not questioning that. I'm questioning we're taking houses that are currently on the tax rolls, that ultimately will be sold by banks. And it's only 11 houses. It's not like --

**MR. BRAUN:**

To start.

**LEG. TROTTA:**

-- it's going to make a dent. It's more symbolic than anything. And I just question whether or not all the time being put into this with our County employees is worth it.

**MS. KEYES:**

Well, it's just worth noting that the \$2 million, because we are the only Landbank in Suffolk and on Long Island, and this grant program was specifically exclusive to land banks, that if it didn't come to us, this is \$2 million that would not be in Suffolk, that would not be going to address these blighted houses. And you're right in that they will be temporarily, you know, for -- we're talking months, not years, off of the tax rolls. These are houses that, as I said, they're having an impact on the neighborhood. They're houses that perhaps the banks could sell, but it's not as though all foreclosed houses -- there are houses that sit, that are blighted, that have an impact on neighborhoods -- a negative impact on neighborhoods, a negative impact on neighboring property values. And that's where the Land Bank's able to make a difference. That's the mission of the grant and it's a grant that, as I said -- no other organization in Suffolk would have been eligible to receive. We did accept the money. Our board accepted the money. And now we're carrying out the work.

**LEG. TROTTA:**

When did the Landbank start?

**MS. KEYES:**

2013.

**LEG. TROTTA:**

2013?

**MS. KEYES:**

Yes.

**LEG. TROTTA:**

And how many properties have you sold, gone through the process --

**MS. KEYES:**

None. There's a -- we are following the legal processes required in terms of the environmental site assessments. We can't -- we can't act until we've done our due diligence. So those processes are just being carried out appropriately.

**CHAIRPERSON LINDSAY:**

But since that's begun in 2011 --

**MS. KEYES:**

'13.

**CHAIRPERSON LINDSAY:**

'13, sorry, you've collected two-and-a-half million in back taxes that you wouldn't have collected because there was no incentive for those property owners to pay those back taxes.

**MS. KEYES:**

That's right.

**CHAIRPERSON LINDSAY:**

And the \$2 million roughly in grant that we have from the State, to me I view it as seed money that if the process is done correctly, you should be able to buy and sell and keep reloading that fund, even increase that fund where you can expand it to more properties. So, I'm not sure what the Legislator's contention was there since he walked out. Legislator Hahn, I know you had a question.

**LEG. HAHN:**

So my question at this point, how it exactly applies, but we had the Mayor who mentioned the water quality from the septic and the cesspools. And we have -- we have been talking about homes that we do actually acquire through tax default. And in the past I've brought up, and it never made to legislation yet, maybe it still will, but I just hope that we also consider -- and, again, if there's going to be a sewer in this area, I don't know -- I don't know the actual map of the sewer district. But in some cases where we have land that's near -- whether it's the Forge River or bays or waterways where the septic are sitting in low-lying areas, we may want to consider, when we have property that the County owns or takes through this Landbank or whatever it is, you know, either doing cluster systems or something on these properties that we have -- there may be a way to work in the new advanced alternative wastewater systems into a neighborhood to help -- to help with the nitrogen issue and the issue of the septic. And it's just something to keep in mind as we pass these properties, either take them due to tax default or pass them through a Landbank and renovate. You know, there may be a way to throw in there other help for that issue.

**MS. KEYES:**

Yeah, absolutely. That's -- I'm not sure in terms of -- that's just -- that's definitely something that we can keep in mind as we're -- we're moving forward with this and acquiring properties. I'm, you know, always kind of keeping in mind that, as everybody has mentioned today, it is a very limited pot of money. We're limited in what we can do, but that is definitely something that, you know, perhaps as this does become a recurring program, we can certainly look to partner with the County specifically on -- you know, the County has this -- this program, this trial program, that might be something that really does make a lot of sense.

**LEG. HAHN:**

And it might --

**MS. KEYES:**

It's really valuable to have Sarah as one -- you know, as the President --

**LEG. HAHN:**

It may be a way to work in 477 grant funds, too, if we think about cluster systems in areas that, you know, that the sewer may not it -- quite make it to, but where we might be having many of these properties that we either take -- and this might not be directly you and the Landbank but just as this issue has come up, that we can really make a difference because we happen to own the property, it might -- at a time it might be able to become a place where community systems can be installed and then it's there.

**MS. KEYES:**

Absolutely.

**CHAIRPERSON LINDSAY:**

Okay. Thank you all for -- I'm sorry, Legislator Browning has one quick question.

**LEG. BROWNING:**

Yeah, one quick question. I'm sorry but thank you for giving me the opportunity to be able to participate because this is important to me. When we talked, I know we talked about the County tax lien properties that go up for auction. And I put in legislation a number of years ago that if it's an improved structure, it has to go for homeownership; that we can't just sell it on the auction, it has to be homeownership.

Because of that legislation admittedly, they're not selling. So we know why they sold in the past was speculators turning them into problem rentals. So have -- can you look at the opportunity to possibly take into the Landbank those properties that -- you know, if they're going up on the auction more than one time, I think some of them have probably been two or three times, check with Jill, but why wouldn't we want to take them and put them in the Landbank and do the right thing and turn them into first homeowner-type programs.

**MS. KEYES:**

That is something definitely we'll -- I will follow up with Jill on.

**LEG. BROWNING:**

Thank you.

**CHAIRPERSON LINDSAY:**

Okay. Thank you for your presentation and we appreciate you answering all those questions and look forward to the future development, the Landbank and hopefully to future success as well. So, thank you.

**INTRODUCTORY RESOLUTIONS**

Moving through the agenda here, we don't have any Tabled Resolutions. So we'll move onto the **Introductory Resolutions. So we have Resolution 1262, Approving and adopting a Citizen Participation Plan in connection with the receipt of Community Development Block Grant Disaster Recovery funds. (Co. Exec.)** Maybe we can get somebody from the Administration to come up and just briefly explain what this is.

**MS. SANTERAMO:**

This isn't -- participation plan as part of our sub-recipient agreement with New York State. This is for us to be eligible to receive CDBGDR funds that we are working on drawing down at this moment in time. This is part of the Federal regulation. It requires us to have this as part of our contract.

**CHAIRPERSON LINDSAY:**

Okay. Does anybody have any questions for the Administration? I'll make a motion to approve.

**LEG. McCAFFREY:**

Second.

**CHAIRPERSON LINDSAY:**

Second by Legislator McCaffrey. All those in favor? Opposed? Abstentions? The motion carries.  
**(VOTE: 6-0-0-0. PRESIDING OFFICER GREGORY INCLUDED IN VOTE)**

We have no procedural motion so at this point we are adjourned. Thank you.

**THE MEETING CONCLUDED AT 3:46 PM  
{ } DENOTES SPELLED PHONETICALLY**