

**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 6, 2016.

**MEMBERS PRESENT:**

Legislator William J. Lindsay III, Chairperson  
Legislator Steven H. Stern, Vice Chair (excused absence)  
Legislator Kara Hahn  
Legislator Kevin McCaffrey (excused absence)  
Legislator Robert Trotta  
Legislator DuWayne Gregory, Presiding Officer

**ALSO IN ATTENDANCE:**

Presiding Officer DuWayne Gregory, District No. 15  
George M. Nolan, Counsel to the Legislature  
Amy Ellis, Chief Deputy Clerk/Legislature  
Laura Halloran, Budget Review Office  
Stephen Disador, Aide to Legislator Lindsay  
Zachary Baum, Aide to Legislator Hahn  
Greg Atherton, Aide to Legislator McCaffrey  
Regina Zara, Economic Development  
Lisa Keyes, Suffolk County Landbank  
Sarah Lansdale, Department of Planning, SC Landbank  
Andre Bermudez, SC Landbank  
Robert Braun, Deputy Bureau Chief/County Attorney's Office  
Rick Brand, Newsday  
Michael Pitcher, Communications Director/PO's Office  
And all other interested parties

**MINUTES TAKEN BY:**

Diana Flesher, Court Stenographer

**MINUTES TRANSCRIBED BY:**

Kim Castiglione, Legislative Secretary

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**THE MEETING WAS CALLED TO ORDER AT 2:03 PM**

**CHAIRPERSON LINDSAY:**

If we could all please rise for the Pledge of Allegiance led by Legislator Trotta.

**SALUTATION**

Thank you and welcome to the Economic Development Committee meeting. We have a somewhat light agenda this afternoon. Madam Clerk, do we have any public portion comment cards?

**MS. ELLIS:**

No, we do not.

**CHAIRPERSON LINDSAY:**

We do not. If anyone in the audience would like to speak we have the public portion. You can speak for three minutes. Not seeing anyone, I will close the public portion.

And for the record, Madam Clerk, I would like to note the excused absences for Legislator McCaffrey and Legislator Stern. Thank you.

**PRESENTATIONS**

We'll go right into presentations. Miss Keyes, if you wouldn't mind coming forward along with Sarah and Andre. Good afternoon. Thanks for coming in this afternoon.

**MS. KEYES:**

Thanks for having us.

**CHAIRMAN LINDSAY:**

Always a pleasure.

**MS. KEYES:**

So we prepared a brief PowerPoint that we'll take you through. We don't want to tie you up too long, but did want to inform you of some exciting things that are going on. I want to thank the Presiding Officer for joining us. He's one of our board members, very supportive of the Landbank, as the whole Legislature has been.

So we're going to go right into it. So the first thing, just wanted to thank the Legislature for your support the last year with some important pieces of legislation that have really helped the Landbank. Some kind of our big news items. So we've got two missions; our Brownfields Program and our Zombie House Program. Got a lot of really exciting things going on in both arenas. Our first RFP was out and we've got responses already back that we're presently viewing. Zombie houses, we have completed construction on several of our homes. We're in the process of selling and we've got a couple of other homes in progress. We're going to get into detail on those houses.

Just some history on the Landbank, our structure. This is our third year. The Legislature formed Suffolk's Landbank in 2013, two years after the New York State Landbank Act was adopted. This is just a -- this is all -- this is nothing really new, but just we like to provide this information, and everybody will get hard copies of the PowerPoint when we're done.

So, again, we've got two missions. Our zombie houses and our Brownfields Program. These are just some stats, sort of just a look at us by the numbers. The number of parcels that were initially eligible for the Landbank was 133, what that looks like in terms of outstanding tax liens. So some

more history in Landbank in terms of statistics.

**LEG. TROTТА:**

Can we have the thing now?

**MS. KEYES:**

The PowerPoint?

**LEG. TROTТА:**

Yes.

**MS. KEYES:**

Sure. So this just outlines what the existing process had been before the Landbank was formed in terms of how to dispose of tax delinquent Brownfield properties in the County. You can see the red stop sign there. We're not being subtle. There really was no action. Hang on one second. I can stop.

**CHAIRPERSON LINDSAY:**

It's like an eye exam. I think you just failed, Legislator Trotta.

**MS. KEYES:**

Sarah's got a timer going on me. This is killing my time. So we're on page five in the packet, slide nine. So the point of this slide is really just to demonstrate what the process had been before the Landbank was formed in terms of how the County was attempting to dispose of tax delinquent properties where there is environmental contamination suspected. Essentially it ended up with the County being stuck with the properties. That's how we got to 133 properties that were initially identified as being eligible for the Landbank.

So now with the Landbank's formation, a process has been hammered out. It's taken a while. It's taken a lot of effort, a considerable amount of resources to hammer out what the process would look like, but we're there. As I mentioned, we're excited, we've got responses back on our first RFP, so we're starting to see this process really effectuate. Okay. Sorry. So you can see it's just an important data point on this slide at the very bottom. An unintended consequence of the formation of Landbank, something that nobody really anticipated happening, but it's been a positive windfall for the County, is that when the Landbank was formed through our partnership, specifically with the Department of Health, we started due diligence items on the properties. The first one being obviously trying to get in touch with the current owners, trying to -- notifying them that the Landbank existed, that we were conducting phase I site assessments, and specifically after that trying to get site access by way of a warrant process with the Commissioner of Health.

So through just those tools, just that contact basically from the Department of Health specifically letting them know that the Landbank existed, sort of scared some people straight, quite a number of people straight, and has resulted in the County collecting five million dollars in back taxes. Taxes that, you know, we have reason to believe would not have ever really been collected. People saw that the County now had a tool by way of the Landbank to take their property if they didn't clean it up and pay their back taxes, so we've had people to the tune of five million dollars pay back either in full, or we have folks that are still in payment plans. So that's a really positive benefit that the Landbank has brought to the County that was not something that we ever anticipated, but has been something we're really proud of.

**CHAIRPERSON LINDSAY:**

Amy, those funds go back to the General Fund?

**MS. KEYES:**

Absolutely.

**CHAIRPERSON LINDSAY:**

Thank you.

**MS. KEYES:**

So this is just -- this slide is a really -- this is page or slide number 11 in the packet. This is a really -- I love this slide. So I love this image. I think it's a really --

**LEG. TROTТА:**

I have a question.

**MS. KEYES:**

Yeah, go ahead.

**LEG. TROTТА:**

The five million dollars, that's for school taxes and everything? That's not just for the County.

**MS. KEYES:**

No, that's just the County's portion.

**CHAIRPERSON LINDSAY:**

Back up there for a moment. When they go into delinquency on the taxes, we have to pay the school taxes, so now we're being reimbursed for what we paid.

**LEG. TROTТА:**

Do we still check if they're polluted?

**MS. KEYES:**

Absolutely, yeah. It doesn't let them off the hook for the contamination, no, not at all. We're not actively trying to take their property at that point.

**CHAIRPERSON LINDSAY:**

I think what's happened, too, over time, over the years people have gamed the system. They knew they had a polluted site, they knew there was nothing the County would do, so they would just not pay their property taxes and continue to go on. So I think what you're seeing now, having this hammer, so to speak, is forcing them to make good on their obligations in paying those taxes.

**MS. KEYES:**

Absolutely. This just outlines exactly what the process will look like and is, you know, coming to fruition at this point when the Landbank is actually ready to take properties into the Landbank for sale of the tax liens.

This is just outlining some of the due diligence that the Landbank has been doing in terms of finding out exactly what contamination exists at a given property. You can see it takes us all the way from where the County identifies the property as being something the County does not want to take so that it doesn't become responsible for the clean-up and remediation of the property, down to the phase II, the phase II environmental site assessment that's done at the property, which gives us, you know, the clearest idea we're going to get without expending serious capital in terms of the contamination on a property.

**CHAIRPERSON LINDSAY:**

Amy, I had a quick question if I can stop you there.

**MS. KEYES:**

Sure.

**CHAIRPERSON LINDSAY:**

Have we gotten to the point where we've taken any of these properties and put them up to auction yet?

**MS. KEYES:**

No. So our process -- no, but that's not necessarily how we are planning on proceeding. So the Landbank, what we have done, we've reached a similar point in the process. What we've done is we've identified eight properties, eight targeted properties that we either had done a phase II on or the EPA or the DEC had done due diligence, so we knew -- had a really solid idea of the contamination on those eight properties and we put out an RFP for the liens on the property. And we've gotten back proposals on all eight properties. Now we're reviewing them, which is a process in and of itself, and then the next step is for us to identify a proposal which our board will then sign-off on and we would then come to the Legislature with the proposal and with a specific property which we want the lien transferred to the Landbank.

**CHAIRPERSON LINDSAY:**

That's how we would -- procedurally we would go one by one in those properties?

**MS. KEYES:**

Yes.

**CHAIRPERSON LINDSAY:**

And what would that look like in terms of timeline, how long would that take?

**MS. KEYES:**

Well, we're hopeful that and are anticipating coming to the Legislature before the end of the spring with our first potential transfer to the Landbank.

**CHAIRPERSON LINDSAY:**

Okay. And what about the other seven?

**MS. KEYES:**

The response -- so to give you an idea of how long it will take, right. The responses came back March 25th. We're planning on bringing a resolution to you, laying a resolution on May 10th, for adoption at the June 1st meeting.

**CHAIRPERSON LINDSAY:**

Okay. What about the other seven properties; how long do you think it would take?

**MS. KEYES:**

Well, this could be -- I mean, if we have viable proposals for all eight properties, it could be for all eight. We could be coming to you asking for all eight properties to come.

**CHAIRPERSON LINDSAY:**

Okay. So you put out an RFP for all eight properties. So far you've gotten a response on one.

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**MS. KEYES:**

We've gotten responses on all eight properties.

**CHAIRPERSON LINDSAY:**

Oh, you have. Okay. Multiple responses or just one?

**MS. KEYES:**

Multiple on some. There are a couple of properties that we only received one response on.

**CHAIRPERSON LINDSAY:**

Collectively between those eight properties, how much are we talking about in terms of tax liens?

**MS. KEYES:**

I have that. So it's costing the County 500 -- total outstanding liens, because the average age of the delinquency on these properties is 20 years. So in total it's \$11.5 million owed on all eight properties, and it's a recurring burden to the County of \$571,000 a year.

**CHAIRPERSON LINDSAY:**

Okay. And now, without obviously going into specifics because of the RFP process and where you are, are some of those proposals for making us whole, are some of them only making us partially whole? What have you seen so far?

**MS. KEYES:**

If you could answer that.

**CHAIRMAN LINDSAY:**

If you can't answer that I understand.

**DIRECTOR LANSDALE:**

We're checking with Counsel right now.

**CHAIRPERSON LINDSAY:**

Okay.

**MS. KEYES:**

So I wouldn't be able to disclose at this point how much we would be able to collect in back taxes, but we would be able to, at the very least, know that we would be collecting the taxes going forward on each of them.

**CHAIRPERSON LINDSAY:**

Right. And in some of these properties they could be in such a state that we would be happy for someone just to take over the ongoing responsibility of cleaning them up and paying the taxes on them, so I can understand it can vary, but as that information becomes -- you're able to release that, if you could let us know, that would be helpful.

**MS. KEYES:**

Yes. And we did have appraisals done on all eight properties, so we have a basis, you know, we will have -- we're trying to get as much information for the Legislature as possible.

**CHAIRPERSON LINDSAY:**

Okay. And it's follow the normal process of what we would usually go through in terms of doing an appraisal on a property and selling the property, with the only caveat, of course, is that there's the pollution side of it which is going to affect the market value.

**MS. KEYES:**

Right. Exactly.

**CHAIRPERSON LINDSAY:**

Okay. Then once they purchase the property they have an obligation then to clean it up?

**MS. KEYES:**

Yeah. We're anticipating -- so the back end of our process after we've sold the lien and the foreclosure occurs and the developer or the individual or the entity is in possession of the title, before that happens, the Landbank will enter into a development agreement essentially with each developer outlining exactly what's expected of them, milestones they have to hit and absolutely including the expectations for the remediation of each property.

**CHAIRPERSON LINDSAY:**

And just generally speaking, have you -- how would you classify the interest in these properties? Has it been a lot of interest?

**MS. KEYES:**

Oh yeah, yeah. We're very excited at the responses we've gotten.

**CHAIRPERSON LINDSAY:**

Great. I'm sorry. Continue.

**MS. KEYES:**

Just some media coverage on the -- in terms of the excitement. We had a -- we knew we were -- we anticipated a response on the RFP, but it really was even more than we anticipated, so we're very happy with how our first RFP went. So that's the -- those are the key points on the Brownfield side. I don't know if there's any other questions on that component of the Landbank before I switch gears to the zombie stuff. Okay.

So this is just a little, this is, again, history on the other mission of the Landbank dealing with blighted, foreclosed residential properties. We've got at this point six houses in progress. You can see they're scattered throughout the Towns of Islip, Babylon and Brookhaven. That's what our -- the scope of our grant with the Attorney General was limited to, but as we're now very close to selling our first two homes we won't be limited to those townships as we move forward. The proceeds of the sales of the houses are able to be invested anywhere in the County at that point.

So I'm just going to run through very quickly where we are with our first six houses. You can see 6 Lawrence Drive in Sound Beach is done. That's being marketed for resale; 4 Sinclair Street in Mastic. This is very close to being sold. That's also completed and being marketed for resale. Twenty School Street, again, that's completed. We're just working on selling it. And these all were completed within the last six to eight weeks, so we're on track in terms of our projected timeline when we set out on the zombie house end of it.

**CHAIRPERSON LINDSAY:**

Legislator Trotta.

**LEG. TROTТА:**

Now, these houses were owned by the banks?

**MS. KEYES:**

Yes, they were bank owned.

**LEG. TROTТА:**

So the bank owns these houses.

**MS. KEYES:**

Well, we own them now, but right, we bought them from different lenders.

**LEG. TROTТА:**

So we're basically flipping houses.

**MS. KEYES:**

I mean in a manner of speaking, yeah. They're blighted, zombie houses that --

**LEG. TROTТА:**

But the bank was paying the taxes.

**MS. KEYES:**

Yes. These were not tax delinquent. If they were, the County would have taken them at a certain point.

**LEG. TROTТА:**

So I'm trying to figure out why we're spending money.

**CHAIRPERSON LINDSAY:**

Because the banks were leaving them boarded up and not doing anything with them. The Attorney General gave us a grant to buy and fix them up and flip them.

**LEG. TROTТА:**

So we're --

**CHAIRMAN LINDSAY:**

Well, yeah, we would bring in a non-profit as a partner to do the work.

**LEG. TROTТА:**

Give me an example of like how much, you know, we bought -- did we buy them or they gave them?

**MS. KEYES:**

So this house you're looking at right now, 104 Mastic Boulevard in Mastic, which was boarded up and vacant for a long time, was on the town's blighted list. We bought this from, I don't know the lender on this one off the top of my head. We bought this from Ocwen, which is a lender, for 25,000, and we donated this house to Habitat for Humanity. So they will demolish this and build a new house and sell it to a first time home buyer affordably, at or below 60% AMI. And our 25,000, all of these houses were bought and the rehab was paid for with proceeds from the 1.938 million that the Attorney General's Office awarded us.

**LEG. TROTТА:**

So we bought it for 25,000. How much did it cost to fix it up?

**MS. KEYES:**

We didn't -- we donated to Habitat. We're not investing in the rehab of this house.

**LEG. TROTТА:**

So we don't -- do we get our 25,000 back?

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**MS. KEYES:**

Not on this. This is probably -- go to Sinclair Street.

**LEG. TROTТА:**

So we took \$25,000 of taxpayer money and gave it away.

**MS. KEYES:**

No, it's not taxpayer money. It's from the Attorney General's grant, which was a settlement from the banks.

**LEG. TROTТА:**

Well, it's money that the government had.

**MS. KEYES:**

It's money that the banks had that they gave to the Attorney General's Office to distribute to Landbanks.

**LEG. TROTТА:**

All right. Give me another example.

**MS. KEYES:**

So this one is 4 Sinclair Street in Mastic. We paid \$83,000 for it and it cost us about 80,000 to rehab and we're reselling it affordably.

**LEG. TROTТА:**

How much are we going to resell it for?

**MS. KEYES:**

One-sixty is the targeted price, the targeted sale price for it.

**LEG. TROTТА:**

So we're not -- we're just going to get our money back.

**MS. KEYES:**

Right, and keep doing houses. And the house is fixed up. This is the house in particular, this was -- I can remember going to see this house to turn the electricity on and I had been at the house for maybe 30 seconds and at least four neighbors came out to ask me what was going on with this house, is this house finally getting fixed up. So, I mean, that's the point of what we're doing.

**LEG. TROTТА:**

We get the 160 back.

**MS. KEYES:**

Right, to do another house somewhere else, right.

**CHAIRMAN LINDSAY:**

Right, but that goes into your fund for the Landbank --

**MS. KEYES:**

Yes.

**CHAIRPERSON LINDSAY:**

-- to go out and purchase more homes.

**MS. KEYES:**

Right.

**CHAIRPERSON LINDSAY:**

So, you know, the purpose of the grant from the Attorney General was basically start-up money to get it going, and then you guys should be self-sufficient from that point with the proceeds paying for future purchases.

**MS. KEYES:**

Exactly.

**CHAIRMAN LINDSAY:**

Okay.

**LEG. HAHN:**

How long does that take?

**MS. KEYES:**

How long does selling the house and getting the money back?

**LEG. HAHN:**

From the time of closing to the time of closing. Approximately.

**MS. KEYES:**

So from when we buy it --

**LEG. HAHN:**

Buy it to sell.

**MS. KEYES:**

Well, we're on target right now. We closed on 4 Sinclair Street in December. Construction was done at the end of February and Long Island Housing Partnership, they're our partner on this particular house, basically told us that we could expect it to take eight to ten weeks to find a buyer and qualify them. So we're on target. So we had planned to be -- we had planned to have at least -- okay. So we had committed to doing 11 houses with that Attorney General funding by the end of 2016. We're right on target in terms of that because we got six in the hopper, three are going to sell before the end of the spring certainly, probably before the end of April based on -- I mean, we're in contact with Long Island Housing Partnership and CDC all the time about moving the houses, because all we want to do is just do more houses, because obviously I don't have to tell any of you that this is a problem that's everywhere. Every block, every neighborhood, nobody was immune to it. You know, there was an article in Newsday just this past fall about how the foreclosure crisis isn't going anywhere on Long Island, so we know there's a lot of work to be done.

And I think it is -- Andre brings up a good point, which is that we were the only Landbank -- we're the only Landbank in Suffolk County certainly, we were the only Landbank on Long Island. If we had not gotten that \$1.938 million from the Attorney General, no -- not a dime of that settlement would have come to Suffolk County because it's only for Landbanks. It was designated for Landbanks only, so I think that's important.

**LEG. TROTТА:**

What are the taxes on that house?

**MS. KEYES:**

I don't know off the top of my head but, I mean, I have that. I can certainly let you know.

**CHAIRPERSON LINDSAY:**

Amy, to another question I have for you. When it comes to purchasing the properties, does it have to be a completed home? For example, I have one location within my district where they just built a foundation and then walked away, so there's just this empty foundation with no home built on it.

**MS. KEYES:**

No, we don't -- we can't, well, we're limited right now.

**LEG. HAHN:**

I have that, too, in my district.

**MS. KEYES:**

I mean, what I would say is right now the current scope of our grant with the Attorney General prohibits us from doing new construction but, again, the proceeds of these sales are not subject to those restrictions because that's new money at that point. So, no, we're not -- if it's a blight in the community, if it's, you know, a drain on the community, I would just say send it to us.

**CHAIRPERSON LINDSAY:**

It is, as well as being a safety hazard. He's got this open foundation with kids running around.

**MS. KEYES:**

Yes.

**CHAIRPERSON LINDSAY:**

And it's right smack in the middle of the neighborhood.

**MS. KEYES:**

Send it to us.

**CHAIRPERSON LINDSAY:**

So we could send you properties that we see throughout our districts and you guys could take a look at those.

**MS. KEYES:**

Absolutely. I mean, we encourage that all the time because with short of the people who are in touch directly with the community, with the Legislators, the town representatives, we don't really, you know, we're really just trying to buy houses as quickly and cheaply as we can. We're identifying the blight ourselves, whereas if you -- if the communities come to somebody and said this is a problem, that's -- we absolutely want to focus on that.

**CHAIRPERSON LINDSAY:**

Now assuming you had the funds to make the purchase and, you know, assuming it's within a price that you can agree upon, how long does that process take from identifying a property to actually purchasing it?

**MS. KEYES:**

It really depends on the lender. There are some lenders who move quicker to closing than others, so it -- we do everything we can on our end. I mean, we're borderline harassing lenders to close on the houses to get them to us, we can start the work. The last thing the Landbank wants to be is a bad property owner. We don't want to be holding the house, you know, in contract for a long period

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of time. That's bad for us, so we move it as quickly as we can. And on these houses, there were a couple that the banks really kind of dragged their feet on, but for the most part I would say from the time we accepted an offer to closing was maybe two months.

### **CHAIRPERSON LINDSAY:**

Do you see any of the banks doing this on their own where they're fixing up the homes and selling them?

### **MS. KEYES:**

It depends. No, not really, not really, honestly. If they can -- if they put it to the -- if they can't -- if they're not going to give it to a non-profit, sell it to a non-profit, it's because they're going to either demolish it and build something new, or they think they can sell it on the market.

### **CHAIRPERSON LINDSAY:**

Like that, boarded up and --

### **MS. KEYES:**

Right. As is, absolutely.

### **CHAIRPERSON LINDSAY:**

Okay.

### **MS. KEYES:**

And that's big industry, obviously, flipping houses, but I think it's also -- the feedback we've gotten from the Attorney General's Office, why they're opening another round of funding for Landbanks to do this exact work, it's not that there aren't folks obviously who have made a living off of flipping houses, it's that there is, what the Attorney General's Office is telling us, there remains a need for responsible entities to come -- to be in this field, right. There's a need for organizations like the Landbank, like the Housing Partnership, like CDC, Habitat for Humanity, the numerous other ones, to be doing this work so that we can make sure that the houses are handled responsibly. That's the best way I can think to say it.

### **CHAIRPERSON LINDSAY:**

Okay.

### **LEG. HAHN:**

One more question.

### **CHAIRMAN LINDSAY:**

Sure. Legislator Hahn.

### **LEG. HAHN:**

So you right now get the houses from the town's list?

### **MS. KEYES:**

Well, we -- so the towns have provided us with their blighted properties list and we -- but the list -- so they -- all that list is is they're identifying what they consider to be problem properties in their communities. That doesn't mean that those --

### **LEG. HAHN:**

Can you establish a hotline or some sort of like place where residents can, you know, report a house, a potential home for you all? You know, even if it's just an e-mail or something on the website. I think that would be really helpful.

**MS. KEYES:**

That's a great idea. We can do that. I just want to mention, all of the houses that we currently have in our inventory, including this, the last one that we're waiting to buy, came to us through the National Community Stabilization Trust's First Look Program. So it's an exclusive -- it's exclusively available to non-profit organizations that they qualify, so you have to go through a screening process, and then you are matched with houses in zip codes that you provide to them as being your targeted zip codes. And by participating, I'm just speaking to your question about timeline, by participating in that First Look Program, you commit to -- you commit to certain timelines, including -- so when we get the house -- when we get a house we've got five days to go out and inspect the house. Once that inspection period is done the bank comes to us with an offer. Once we get the offer from the bank we have 48 hours to decide whether or not we're going to buy the house. And then once the offer is accepted the bank has 60 days to come -- after we've signed the contracts the bank has 60 days to come to closing. So that -- all the houses we've gotten so far have been through that process so, you know, sometimes the bank takes a while to get an offer to us, sometimes the bank asks for an extension on the contract, etcetera, but those, you know, we very much have timeline in mind and we're always trying to move quickly.

**LEG. HAHN:**

There are thousands of these zombie homes. Do these agencies have enough wherewithal? You know, so you're doing 11 a year.

**MS. KEYES:**

In our first year.

**LEG. HAHN:**

Right. And so we hope to do more, hopefully.

**MS. KEYES:**

Absolutely. We've gotten a ton of experience. We're bringing on architects and general contractors directly at this point, so we won't be necessarily dependent on an outside agency to manage that. We've learned a lot. We definitely are anticipating doing more than 11 in future years. And we're also -- our board just last week gave us the authority to purchase houses at auction. And the reason that I mention that, I think it's significant, again, the feedback we've gotten from the Attorney General's Office and from other Landbanks, and just also from individuals, there are these -- the banks are really putting their worst properties directly into these auctions. They're bypassing the NCST Program, they're bypassing before they try to or after, rather, they've tried to sell the house through the regular market, they're going to these auctions and selling the houses at cut rate prices, ten, \$15,000 for a three or four bedroom house. And then that's again where we're talking about, you know, unscrupulous people picking up the houses, flipping them and then, you know, either it's an absentee landlord situation or what you're both describing where construction starts but then it's not worth the investment so they're just going to walk away from it. So the Landbank, we now have the ability through our board to buy -- to participate in those auctions, which I think when we're talking about volume is really where we're going to have an impact.

**LEG. HAHN:**

Okay.

**MS. KEYES:**

Okay. So the last slide is just kind of our next steps. We've got -- I already mentioned, we're targeting May 10th as the meeting where we'd like to bring a resolution forward to transfer our first liens into the Landbank for sale. We're continuing to do our due diligence on the other tax delinquent Brownfield properties that are within our, not our inventory, because that makes you

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think that we've taken title, but that we're considering.

Also, Sarah's going to just mention an MOU that we are -- have been working on, Sarah really has been leading the way on, for the last year. It's an historic agreement and it's something that, again, we're going to be coming to you for your approval.

### **DIRECTOR LANSDALE:**

This next meeting we'd like to have you consider a CN to approve the language contained in the MOU with the County as well as the Suffolk County Landbank and the New York State Department of Environmental Conservation. This outlines two important provisions to facilitate the transfer of these tax liens from the County to the Landbank and then to a third entity, and that is liability protection for both the County and the Landbank as well as clear revenue sharing. If there are investments that have been made by the New York State DEC on these properties, instead of negotiating at the time of closing with the Landbank and the County and the DEC and this -- this private entity on how are we going to share these proceeds, we -- it's clear and it's outlined in the MOU that there would be a proportional split of whatever the investments have been made by all of the parties on the revenues.

### **CHAIRPERSON LINDSAY:**

Sarah, could you walk us through like a possible scenario or an example of what that would look like?

### **DIRECTOR LANSDALE:**

Sure. So if the DEC has performed investigative clean-up activities on a parcel and it amounts to a million dollars, and the County has along the way with our Department of Health invested a million dollars, and then the Landbank has come in and performed a phase II environmental site assessment for a million dollars, and those are really high numbers. So the total investment is \$3 million on this, and there's a proposal for a hundred thousand, or the revenue would be 100,000. Then we would split that revenue three ways: With the DEC, the County and the Landbank, because there is a proportional investment.

### **CHAIRPERSON LINDSAY:**

Okay. And the tax liens would obviously be factored into that proportion as well; correct?

### **DIRECTOR LANSDALE:**

That's right.

### **CHAIRPERSON LINDSAY:**

Okay. And what is -- how is that working now? We negotiate on each deal after the deal is done?

### **DIRECTOR LANSDALE:**

Right now this hasn't occurred, and it would be -- if we moved this forward, these proposals, it would be on a case by case basis right now. So what we're trying to do is negotiate upfront with all of the entities, including the Attorney General's Office and the State Comptroller's Office and the DEC and with the County and the Landbank, this process upfront so we all know moving forward before a deal is before us what the potential revenue proceeds and liability protections would be for all.

### **CHAIRPERSON LINDSAY:**

So what would that -- so the formula would be a proportion of what was invested by each agency?

### **DIRECTOR LANSDALE:**

That's right.

**CHAIRPERSON LINDSAY:**

Okay. That's fair. And then the liability side of it is just who's responsible if something were to go wrong. Is that also shared or is it just pushing the liability on one entity over another?

**DIRECTOR LANSDALE:**

It would provide protection for both the County and the Landbank.

**CHAIRMAN LINDSAY:**

Okay.

**DIRECTOR LANSDALE:**

The County would not and the Landbank would not have any liability in this process.

**CHAIRPERSON LINDSAY:**

Okay. Legislator Hahn.

**LEG. HAHN:**

Is that possible? Is it possible to take yourself out of the liability stream?

**DIRECTOR LANSDALE:**

The County would not be in the chain of title on these properties. We're -- County is transferring the liens, not the property themselves.

**LEG. HAHN:**

And just one more time. The MOU is between who?

**DIRECTOR LANSDALE:**

The MOU would be between the New York State Department of Environmental Conservation, Suffolk County, as well as the Landbank with signatories also by the Attorney General's Office and the State Comptroller's Office.

**LEG. HAHN:**

And what about in cases where the land owner owed other folks, because it's not, you know, I don't know if it's always so clear-cut that money's owed to just those parties in the MOU.

**MS. KEYES:**

I'm assuming, and correct me if I'm wrong, you're referring to like mechanics liens or other liens that might be on the property?

**LEG. HAHN:**

Yeah, there are all kinds of examples.

**CHAIRPERSON LINDSAY:**

I think she's saying like if there's bankruptcies involved and there's liens on it.

**MS. KEYES:**

Yeah. So, I mean, that -- the properties, especially -- at least the eight that are in the RFP now, have been delinquent for so long that the County certainly has gone through its typical notice process, the same way we would for any other tax delinquent property. So when those -- when the foreclosure occurs, after the Legislature approves the transfer of the lien to the Landbank and then the Comptroller performs an administrative foreclosure on the lien, the same way that that office -- the same process that that office performs on a daily basis for regular, non-contaminated tax delinquent properties, when that tax foreclosure happens, assuming that the notice was proper

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on all of the liens, which I'm confident that given our own processes it is for the properties that we've gone to the market with, those liens would be extinguished. That's the word I'm looking for. Does that make sense?

### **LEG. HAHN:**

I probably want to talk. I have three properties in mind. It would take us hours to go into them here.

### **CHAIRPERSON LINDSAY:**

We have the Presiding Officer had a question as well.

### **P.O. GREGORY:**

Well, just more of a statement. I really am impressed with the work that Amy and Andre and of course Sarah have done with the Landbank. I mean, from these, you know, particularly working with these blighted properties that have been on, you know, in existence for decades many of them, we're finally getting them the environmental assessments that we need, we're getting them back on the tax rolls or we're remediating them to get them back on the tax rolls active and so it's wonderful. And as they mentioned earlier, the tax monies that we've collected is amazing. So people -- we have a mechanism in place that really is waking people up because, as you mentioned, Mr. Chair, you know, people, you know, they knew that they had the County by the short hairs, excuse the expression, because some of these, as I was, you know, something that I learned that some of these bad actors were operating their -- I always was under the impression that it was abandoned properties that were contaminated, but some of them are knowingly contaminated properties and they're still active in their business and not paying taxes. Now they've gotten a wake up call and they've done an excellent job bringing in the money, if you will.

I look forward to the future success and the zombie properties, really going into the communities themselves and, you know, slowly but surely addressing the neighborhoods because each one of our neighborhoods has blighted properties where kids are, you know, breaking into them and it's just a nuisance. It deteriorates people's property values. There's nothing good out of it and we're addressing that. So thank you again for all that you guys are doing.

### **CHAIRPERSON LINDSAY:**

Thank you. The only thing I'll add to that, too, as well, is I think it prevents future bad actors, so to speak, from following the same business model, and that is obviously immeasurable because we'll never know how much tax delinquency there could have been without having this institute in place to prevent it, so. I don't see any other questions. Thank you for coming in this afternoon and we appreciate all the work that you are doing.

### **MS. KEYES:**

Great. Thank you.

### **CHAIRPERSON LINDSAY:**

Back to our agenda. We don't have any Tabled Resolutions, Introductory Resolutions or Procedural Motions, so I will adjourn. Thank you.

**THE MEETING CONCLUDED AT 2:38 PM**