

# County Council of Cuyahoga County, Ohio

## Ordinance No. O2014-0014

<p>Sponsored by: <b>County Executive FitzGerald/Department of Development and Councilmembers Jones, Connally, Brady, Simon, Hairston, Conwell and Miller</b></p> <p>Co-sponsored by: <b>Councilmember Germana</b></p>	<p><b>An Ordinance</b> establishing the Cuyahoga County Property Demolition Program, and declaring the necessity that this Ordinance become immediately effective.</p>
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WHEREAS, vacant and abandoned properties pose a threat to citizens' safety, contribute to an environment that fosters crime, slow community development, depress neighboring property values, and accelerate residential flight;

WHEREAS, numerous studies across the nation, state, and county demonstrate that eradication of vacant and abandoned properties and conditions leading to such blighted properties lift property values in moderate and strong market areas;

WHEREAS, it is necessary to use the County's bonding capacity to fund a comprehensive effort to demolish unsalvageable properties countywide and eradicate the conditions leading to blight to buttress existing community and economic development efforts, accelerate property value growth and to protect and restore neighborhoods;

WHEREAS, strategic demolition in bulk and eradication of the conditions leading to blight is in the interest of public safety, blight removal, property value stabilization, fiscal responsibility, and long term economic development; and

WHEREAS, the Council intends that the County adopt a comprehensive housing policy and redevelopment strategy to promote a healthy housing market environment in Cuyahoga County; and

WHEREAS, strategic demolition of blighted properties in bulk is a necessary initial step towards the creation of a comprehensive County housing policy and redevelopment strategy; and

WHEREAS, the Council intends to appropriate \$50,000,000.00 for the purpose of enabling strategic demolition of the aforementioned properties; and

**WHEREAS, the Council intends to establish a Property Demolition Oversight Committee to supervise the administration of the Cuyahoga County Property Demolition Fund and ensure the Property Demolition Program is administered efficiently and effectively; and**

WHEREAS, it is necessary that this Ordinance become immediately effective in order that critical services provided by Cuyahoga County can continue and to provide for the usual, daily operation of the County departments.

**NOW, THEREFORE, BE IT ENACTED BY THE COUNTY COUNCIL OF CUYAHOGA COUNTY, OHIO:**

**SECTION 1.** The County Council hereby finds and determines that:

- A. Vacant, abandoned, and nuisance or blighted property detrimental to the public health, safety, and welfare exists within municipalities and townships within Cuyahoga County;
- B. The existence of such vacant, abandoned, and nuisance or blighted property or such conditions leading to such property is a public impediment to maintaining public health, public safety, and a stable local economy of Cuyahoga County;
- C. There is a continuing need for programs to prevent, alleviate, and eliminate conditions of vacant, abandoned, and nuisance or blighted property to stabilize the local economy and promote the revitalization of the local economy in Cuyahoga County;
- D. It is necessary for the County Council to provide the means, methods, and programs to address the elimination of vacant, abandoned, and nuisance or blighted property in the municipalities and townships of the County to promote the continuing health, safety, and welfare of the County and its residents and the public in general; and
- E. The adoption of this Ordinance by the Council to eradicate vacant, abandoned, and nuisance or blighted property and to prevent, alleviate, and eliminate conditions leading to such property within Cuyahoga County constitutes the performance of essential public purposes and functions compatible with the purpose, existence and mission of the County Council.

**SECTION 2.** Chapter 807 of the Cuyahoga County Code is hereby enacted as follows:

**Chapter 807: Property Demolition Program**

## **Section 807.01 Definitions**

For the purposes of this Chapter, the following definitions shall apply:

- A. “Applicant” shall mean a municipal corporation or township located within Cuyahoga County. Applicants may apply to the property demolition program directly or via an authorized agent.
- B. “Property Demolition Fund” shall mean the fund established by the County under Section 807.02.
- C. “Property Demolition Program” shall mean the program established pursuant to Section 807.03 to demolish vacant, abandoned, and nuisance or blighted structures in Cuyahoga County.
- D. “Land Bank” shall mean the Cuyahoga County Land Reutilization Corporation, a nonprofit community improvement corporation duly organized pursuant to Chapter 1724 of the Ohio Revised Code.
- E. “Round” shall mean each application round of the property demolition program administered by the Department of Development.

## **Section 807.02 Property Demolition Fund**

- A. For the preservation of public peace, health, safety, and welfare in the County, there is hereby created the Cuyahoga County Property Demolition Fund pursuant to the County’s police powers to abate nuisance and blighted properties, which shall fund demolition programs to be administered by the County Executive through the Department of Development.
- B. The property demolition fund may be used county-wide for demolition projects with end users both known and unknown, and post-demolition dispositions ranging from buy-hold-and-maintain strategies to site assembly for strategic development and construction.
- C. No portion of the property demolition fund or of any grant, loan, or other allocation from such fund shall be used to pay the costs of applying for a grant or loan for, or administration of, a demolition project; provided however that an applicant may use not more than two percent (2%) of any grant or loan awarded pursuant to Section 807.03 to engage the Land Bank to act as the applicant’s agent in administering approved demolition projects.
- D. The County shall make three one-time allocations of up to \$3,000,000 each to the Land Bank from the property demolition fund for demolition

projects of vacant, abandoned, and nuisance or blighted properties owned by the Land Bank. Such allocations shall be made to the Land Bank without the need to submit an application as described in Section 807.03 below. Individual demolition projects effectuated pursuant to this paragraph shall be subject to the approval of the Director of Development. Each allocation shall be made once per year commencing in 2015. Allocated funds shall be subject to the use restrictions provided in this Section, including but not limited to, the prohibition on use of funds for administrative costs.

### **Section 807.03 Property Demolition Program**

- A. The Department of Development shall establish and administer a non-competitive, multiple-round application program for the purpose of issuing grants and loans payable from the property demolition fund to demolish vacant, abandoned, and nuisance or blighted structures within Cuyahoga County.
- B. The Department of Development, in consultation with the Land Bank, shall establish eligibility criteria to evaluate applications received in each round of the program. The eligibility criteria shall be established to evaluate the following factors, exclusively:
  - i. Whether the applicant has sufficiently identified a target area, neighborhood typological priorities, or spot demolition site(s) containing a demonstrable need for demolition;
  - ii. Whether the structures identified by the applicant for demolition have been certified as vacant, abandoned, and nuisance or blighted;
  - iii. Whether the applicant has identified a plan for redevelopment or maintenance of the property or properties;
  - iv. Whether the applicant has sufficient capacity to administer the demolition, or intends to engage an agent such as the Land Bank to administer demolition on its behalf; and
  - v. Whether the applicant has committed and is able to exercise the necessary police powers or has identified alternative legal authority to enable demolition of the identified structure or structures.
  - vi. Whether the actions proposed in the application are designed to assist in carrying out a plan developed by the applicant to

improve housing quality or strengthen the housing market in the applicant's municipality.

The Department of Development may, in consultation with the Land Bank, revise the evaluation criteria following each round of the program; provided, however that the revised criteria shall continue to meet the requirements of this Section.

- C. Each applicant may qualify to receive a grant or loan under the property demolition program upon submitting an application that meets the criteria of such program. Each applicant may apply for a grant, a loan, or a combination thereof. The determination of the Department of Development as to whether an application meets the criteria shall be final. No individual grant or loan shall exceed \$1,000,000.00 in the first application round. The Department of Development may increase or decrease the maximum award amount in subsequent rounds; provided however that no individual grant or loan shall exceed \$2,000,000.00 in any round. Not more than \$100,000.00 shall be awarded for the demolition of any individual structure.
- D. Each grant or loan made pursuant to this Section shall be subject to a grant or loan agreement, which shall include the following commitments:
  - i. A commitment from the applicant to take all legal actions necessary to enable demolition of the approved structures, including use of police power for condemnation;
  - ii. A commitment from the applicant to abide by minimum demolition and property maintenance standards established by the Department of Development;
  - iii. A commitment from the applicant to place a lien on all blighted or nuisance-abated properties on which demolition will occur, except for those properties owned by the Land Bank or the applicant.
  - iv. A commitment from the applicant to competitively bid all demolition contracts funded in whole or in part by the property demolition program.
  - v. A commitment ~~to take, or refrain from taking, any action that may adversely affect the tax-exempt status of any bonds issued by the County to fund the property demolition program.~~ **that the applicant (a) will take or cause to be taken such actions that may be required of it for the interest on the bonds to be and**

**remain excluded from gross income for federal income tax purposes, and (b) will not take or authorize to be taken any actions that would adversely affect that exclusion.**

- E. An applicant that has received an award under the property demolition program must have satisfactorily fulfilled its obligations under its ongoing grant or loan agreements in order to be eligible to receive a grant or loan in a subsequent round, including having taken all legal actions necessary to enable demolition of not less than eighty percent (80%) of the structures previously approved for demolition.
- F. All contracts and agreements awarded pursuant to this Section shall be reviewed and approved by the Board of Control unless otherwise referred or transferred to Council for approval in accordance with Chapter 501 of the Cuyahoga County Code.
- G. The County Executive or his authorized designee may take all actions and execute all documents, contracts, amendments, and agreements between Cuyahoga County and the Land Bank as may be necessary to carry out the duties set forth in this Chapter.
- H. Any applicant receiving a loan pursuant to this Section shall commit to reimburse the County for the principal amount of the loan, and shall not be required to pay interest. Each applicant, upon fully retiring the principal amount of a loan, shall be eligible to receive a grant equal to 50% of the principal amount of the applicant's original loan. Such grants shall be awarded according to the procedures and subject to the conditions provided in this Section.
- I. **A revolving loan fund will be created to receive any principle loan repayments referred to in Section H. The source of the grant referred to in Section H will be paid from the revolving loan fund referred to herein.**

**Section 807.04 Reporting Requirements**

- A. The Department of Development shall create and maintain an up-to-date listing of information about all projects proposed for demolition under the property demolition program, including the following:
  - 1. A list of all parcels and structures requested for demolition through applications and as approved pursuant to Section 807.02(D);

2. A list of all parcels and structures approved for demolition by the County;
  3. The demolition status of individual properties slated for demolition using the property demolition fund;
  4. The progress of applicants' demolition activity for each awarded program grant and loan; and
  5. A list of the status of liens related to the nuisance-abated properties.
- B. The Department of Development shall issue a report to Council following each round of applications, not less frequently than once per year, which shall include the listing specified in paragraph (A), a list of all applicants in each round, a list of properties approved for demolition in each round, a list of properties demolished in each round, the grant and loan amounts awarded to each applicant in each round, a notification of revisions to the eligibility criteria established pursuant to Section 807.03(B), and any other information as may be requested by members of Council.
- C. The Land Bank shall bi-annually prepare and issue a report to Council and the Director of Development, which shall include a list of all demolitions of structures owned by the Land Bank which are funded, in whole or in part, by the property demolition fund. The Land Bank shall further provide any information as may be requested by members of Council or the Director of Development.

**SECTION 3.** It is necessary that this Ordinance become immediately effective for the usual daily operation of the County and the reasons set forth in the preamble. Provided that this Ordinance receives the affirmative vote of at least eight members of Council, it shall take effect and be in force immediately upon the earliest occurrence of any of the following: (1) its approval by the County Executive through signature, (2) the expiration of the time during which it may be disapproved by the County Executive under Section 3.10(6) of the Cuyahoga County Charter, or (3) its passage by at least eight members of Council after disapproval pursuant to Section 3.10(7) of the Cuyahoga County Charter. Otherwise, it shall take effect and be in force from and after the earliest period allowed by law.

**SECTION 4.** It is found and determined that all formal actions of this Council relating to the adoption of this Ordinance were adopted in an open meeting of the Council, and that all deliberations of this Council and of any of its committees that resulted in such formal actions were in meetings open to the public,

in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

On a motion by Mr. Jones, seconded by Mr. Hairston, the foregoing Ordinance was duly enacted.

Yeas: Brady, Germana, Gallagher, Schron, Conwell, Jones, Hairston, Simon, Greenspan, Miller and Connally

Nays: None

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County Council President

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Date

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County Executive

\_\_\_\_\_  
Date

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Clerk of Council

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Date

First Reading/Referred to Committee: April 22, 2014

Committee(s) Assigned: Committee of the Whole

Committee Report/Second Reading: October 14, 2014

Legislation Substituted and Amended on the Floor: October 28, 2014

Additional Sponsorship Requested on the Floor: October 28, 2014

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