Finger Lakes Regional Land Bank

OPERATIONAL PLAN

October 2023

INTRODUCTION

The Finger Lakes Regional Land Bank (the Land Bank) engaged MRB Group to facilitate the development of this Operational Plan with the aim of guiding its activities in the coming years. The Land Bank wanted to identify new housing development models and pursue grant funding to implement some or all of those models, as well as proactively engage developers in the redevelopment of already identified sites. In all, the Land Bank's end goal for the plan was to identify a set of models and strategies that would balance mission-oriented outcomes with financial sustainability. Additionally, the Seneca County Board of Supervisors recognizes that housing development is a form of economic development and in that spirit the Land Bank is working to make its projects more competitive in winning grant funding and attracting local investments from regional housing developers. The following report outlines MRB Group's process for accomplishing these goals, findings and insights from that process, and models that will best serve the Land Bank and Seneca County in the near future as we move towards a Housing Task Force and comprehensive Countywide Housing Strategy.

PROCESS

The creation of the Operational Plan involved a multi-step process involving collaboration among and input from the Land Bank staff and board, development consultant Monica McCullough, and potential development partners. This process was intended to identify key challenges and guide strategies to incentivize development despite those challenges.

Current Capacity: First, MRB Group worked with Land Bank staff to understand the current activities, resources, and capacity of the organization. This included gathering information about partnerships and the capabilities of those partners, including Habitat for Humanity.

Gaps and Needs: Once the current conditions were understood, MRB Group then sought to identify where there were gaps, challenges, opportunities, and activities with high value to the Land Bank.

Activities Matrix: This led to the development of an activities matrix, attached as Appendix A. This matrix has two primary components: 1) current activities, including whether they are mission-aligned and whether the Land Bank should keep, expand, reduce or eliminate each activity, and 2) gaps and needs, including whether they are mission-aligned and what role the Land Bank should play in each. The matrix also lists the different ways that a land bank can acquire property in order to advance priority activities.

Board Workshop: After developing a first draft of the activities matrix, a three hour workshop was held with the Land Bank Board of Directors. During this session, the Board discussed the Land Bank's activities and outside factors that influence its operations. Then the Board participated in an exercise to confirm the current activities and whether they should be expanded, kept, reduced or eliminated. Further, they provided input and ideas regarding these activities. The outcomes of this exercise were used to update the activities matrix. The Board then discussed some of the activities they indicated strong support for expanding, including participation in transitional/supportive housing and affordable housing (particularly workforce and senior housing).

The last exercise of the Board Workshop focused on Gaps and Needs. This exercise allowed Board members to indicate their top priorities for new activities to support the Land Bank's operation and mission. After identifying the top four priorities of the group, the Board then provided input on what those activities might look like, what role the Land Bank would play in each, and what partners and resources were needed to be successful. The top four priorities explored were: revenue generating activities, increasing property acquisitions, coordinating scattered site development, and using Articles 1111-a and 19a to acquire properties.

Interviews: The Land Bank, development consultant Monica McCullough of MM Development Advisors, Inc., and MRB Group had a series of conversations with potential development partners that conduct scattered site new construction and rehab in nearby or neighboring counties. These conversations started to build relationships in the development community, as well as clarified specific challenges that they face in Seneca County. This helped to inform the types of activities the Land Bank and its partners could undertake in order to facilitate future development.

Model Development: The input from the Board was then used to formulate the development models for this operational plan, balancing the Land Bank's mission with financial sustainability. All of the models meet the mission, but two primarily focus on community benefit and two primarily focus on revenue generation.

CHALLENGES FOR DEVELOPMENT

In speaking with developers and partners, key challenges to housing development in Seneca County came to light. The challenges outlined in this section exist in each of the development models identified in this strategic plan. Collaborative solutions to these challenges would reduce barriers and encourage development broadly while at the same time enabling the Land bank to be more successful. Common challenges and possible solutions to explore are outlined below.

Financing Gap

Developers that engage in single or small multi-family projects are increasingly experiencing greater financing gaps as material and labor costs increase. This is particularly true for communities where market rate sales prices of new build homes are below construction costs. The median sale price of a typical single-family home in Seneca County is $151,209 as of 2022. However, construction costs increased drastically during COVID and period of high inflation, and are not expected to return to pre-COVID levels. As such, the cost to build a single-family home is now well above $285,000.

While new construction can generate revenue selling at market price in many markets, **developers in Seneca County struggle to fill the gap between the anticipated sale or appraisal price and the cost to build.** For private or market rate developers, this impacts the overall potential profit of developing projects in Seneca County. The financing gap problem is especially pervasive in affordable housing development, which has a larger gap between the sale price and construction cost even while taking into account the highest level of grant funding, as shown below. Further, partners indicated that the construction and contingency costs shown in this sample are likely on the low end of what is realistically possible.

Sample Budget for Affordable Single Family Home Development

Costs		Revenue	
Acquisition	$6,500	AHOP Grant	$200,000
Soft Costs	$37,500	HOME Grant	$50,000
Construction & Contingency	$300,000	Sale Proceeds	$134,000
Financing, Holding & Sales Costs	$30,500		
Developer Fee	$30,000		
TOTAL	$404,500	TOTAL	$384,000
NET gain/loss	**($20,500)**		

For small affordable rental projects, current available funding resources do not sufficiently cover the costs of the project. For instance, the Small Rental Development Initiative (SRDI)funding available through NYS Homes and Community Renewal (HCR) currently covers approximately 60% of the project costs for a 10-unit development. There are more resources available for larger tax credit projects, but these require around 30 units minimum, more land, and additional local capacity. Further, applications for HCR funding—such as SRDI from rural areas—are often less competitive than projects in urban, suburban and HOME Participating Jurisdiction[1] communities because many rural communities have not yet identified a source of funding to provide a competitive level of match or local resources to contribute to growing project costs. AMI also tends to be higher in these larger communities, making rent thresholds higher and providing a greater ability to cover debt service and decrease the financing gap.

To summarize, the challenge of financing the production of housing opportunities in Seneca County affordable to most residents is that construction costs increased during and post pandemic which increased prices. The demand and price increases paired with comparatively low countywide median income has created an affordability crunch represented by the financing gap. To produce new housing opportunities that are attainable to the average resident a source of subsidy beyond state programs must be identified to bridge the financing gap between high construction costs and our local area median income.

The Land Bank should consider ways in which their ability to access properties at below market prices and their pre-development resources could help to reduce construction costs and thus create more opportunities for developers to build market rate and workforce housing.

[1] HOME Participating Jurisdictions (PJs) are groups of contiguous units of local government that can participate directly in the HOME program, despite not individually qualifying. In Upstate New York, PJs include Monroe County, Erie County, Jefferson County, and Onondaga County.

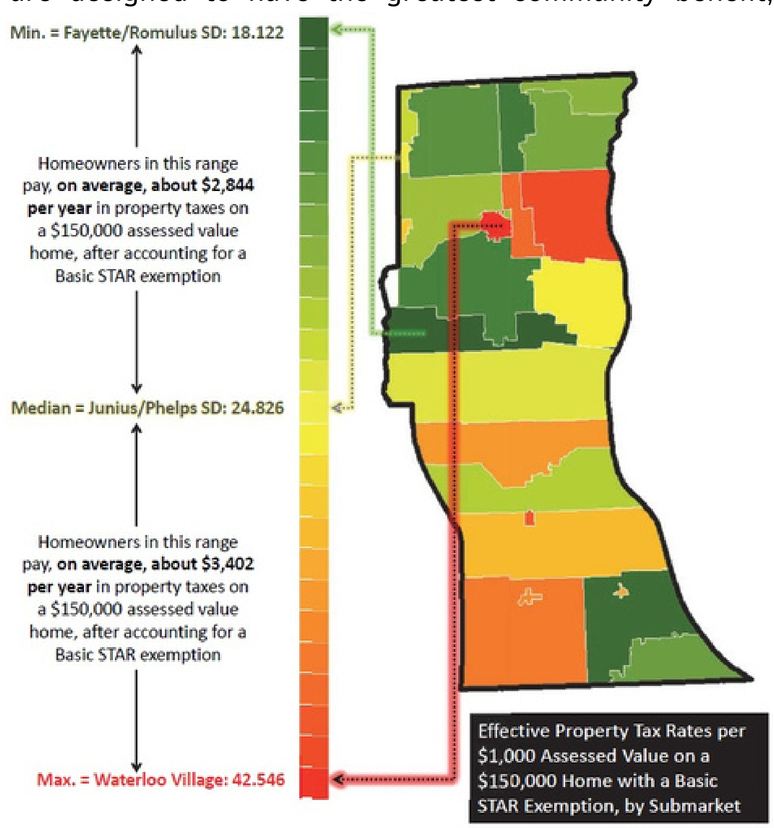
Close coordination with Seneca County Treasurer, Attorney, Manager and Board of Supervisors will be necessary to ensure vacant foreclosed properties will be attainable in light of the Tyler decision. Additionally, **identifying non-State sources of funding to fill the financing gap for affordable housing projects would improve the community's ability to advance housing development broadly.** Identifying a source of funding so subsidize the financing gap will help to incentive housing development. Local funding sources to cover the financing gap in affordable housing development could include utilizing local American Rescue Plan Act (ARPA) funds, exploring designation as a HOME Participating Jurisdiction, or establishing a community wealth fund as discussed in the Housing Assessment completed by County Planning in 2023.

Property Taxes

Housing developers find predictable property tax schedules very attractive, and they can also help to maintain affordable housing costs for individuals over time. Collaboration among community partners could ultimately lead to programming and consistent processes that clarify a property tax path that could otherwise waste time and add risk for developers.

Property taxes are also a challenge when it comes to affordable homeownership. The required monthly escrow payment to cover property taxes is often a large portion of the owner's overall monthly payment to a mortgager, and thus has a strong impact on how much a homebuyer can afford to borrow. The Seneca County Housing Needs Assessment calculated effective property tax rates, with Basic STAR Exemption, for submarkets throughout the County, as shown in the map below. The Land Bank, Seneca County Government, Assessors, individual municipalities, and the Seneca County Industrial Development Agency (IDA) should take this into account to ensure that any abatements and property tax processes are designed to have the greatest community benefit, including for resident's housing costs.

The Land Bank in a partnership led by the County could help to facilitate discussion among these entities and other community partners to develop solutions that find the right balance between revenue and affordability.



Source: Seneca County Housing Needs Assessment

The table below shows an estimated affordable home price for a Seneca County resident making 80% of the County's Area Median Income (AMI). It assumes a 10% down payment (and thus required mortgage insurance) and an 8% interest rate. While the median effective tax rate was found to be 24.826 in the Housing Needs Assessment, the Land Bank's understanding is that areas of the map that are red or orange have the greatest need for affordable housing development. As such, the calculation assumes a property tax rate of 31.7. This calculation only estimates what a family with income at 80% of AMI could afford. Actual mortgage payments and affordability would vary based on municipality, interest rate, homeowner's insurance, etc. The estimated affordable home price of $134,000 is nearly $20,000 less than what the Seneca County Housing Needs Assessment found to be the median sale price of homes, $151,209. Households with lower income levels experience an even larger gap between affordability and median sale price. Lowering property taxes would reduce this gap by reducing the proportion of the monthly mortgage payment going to escrow. Instead, those funds can go to principal and interest, thus increasing the sale price that is affordable. At a total tax rate of 25.0 (a decrease of 6.7), the affordable home price at 80% AMI increases to $143,000, cutting the gap in half. As such, increasing property taxes make it increasingly difficult to build or renovate homes that can be sold at a price that is affordable to low- and moderate-income families.

Estimated Affordable Home Price at 80% AMI in Seneca County

HUD AMI (4 person household)	$84,700
80% AMI	$67,760
Cost Burden Threshold (30%)	$20,328
Affordable Monthly Housing Expenditure	$1,694
Average Monthly Utilites	$375
Average Monthly Mortgage	$1,320
Affordable Home Price	$134,000
Property Tax Escrow	$355
Insurance/PMI	$164
Principle & Interest	$800

Sources: HUD, US BLS Consumer Expenditure Surveys, Seneca County Real Property, Zillow Mortgage Calculator, MRB Group

Some tools developers, assessors and localities can use to address property taxes are briefly described below. Additional information is available in the "Property Tax Abatement" section of Appendix C.

- RPTL 581a for projects that include affordable (80% AMI) rental units – as of right abatement, based on the actual income and expenses of the property over time. The tax payment is calculated each year based on the facility's financial statement.
    - Pros – can lead to very low property taxes over time, no application process.
    - Cons – administratively burdensome for municipalities and operators, uncertain tax payments from year to year, complex and implementation is open to interpretation by each assessor, developers can and often do challenge 581a determinations.
- RPTL 485a for projects that convert buildings to a mix of residential and commercial uses. Typically used in downtowns, main streets, and other population centers. Municipalities must opt in to allow 485a.
    - Pros – attractive incentive for developers to take on difficult buildings, less administratively burdensome than other types of property tax abatements, low cost to developer, reduced liability due to set abatement schedule.
    - Cons – abatement is 100% on the added assessment for 8 years, not applicable to exclusively residential projects.

- PILOT agreements can be issued by the Industrial Development Agency (IDA) or by municipalities directly.
  - Pros - abatement schedules are not set by statute, so can be determined based on the community's goals and project needs; if run through IDA, can be made very consistent and predictable; can be paired with sales tax and mortgage recording tax abatement to help with financing gaps; can result in higher annual payments than 581a; reduced liability since PILOT schedule is agreed upon upfront (little room for interpretation); strong legal basis for IDA involvement in rental projects.
  - Cons – IDA admin fees can be costly to developers, multi-step application process as opposed to an as-of-right abatement; less established legal basis for IDA involvement with owner-occupied residential, although there are IDAs working in this space in the Finger Lakes Region.

Finding End Users for Affordable Owner-Occupied Units

As explained above, the affordability threshold for low- and moderate-income households is quite low compared to the cost of building homes in Seneca County. Nonprofit developers, in particular, noted that in the event they build affordable owner-occupied units in Seneca County by utilizing various grants and subsidies in addition to filling the financing gap, they still struggle selling them to an income qualified buyer. Ideally, developers want to see a pool of buyers in place prior to building, composed of income eligible individuals and families who have gone through homebuyer counseling and have the down payment and financing in place to buy. There is documented need for affordable housing in Seneca County with the potential to develop a deep buyer pool. The suggestion is to facilitate households and families to go through the grant required counseling and become mortgage ready to purchase an affordable home. Developers in interviews stated that a ready to purchase buyer pool helps to make grant applications more competitive. The Seneca County Housing Needs Assessment also notes this need, recommending that Seneca County leverage community partnerships to develop targeted first-time homebuyer assistance programs. The Land Bank could advance these types of projects in the following ways:

1. Recruit or cultivate partners to carry out the process of identifying and preparing income-eligible buyers. Ensure that the organization(s) cultivating the buyer pool is connected to housing developers producing eligible units;
2. Coordinate with developers to lay the groundwork for construction projects;
3. Utilize predevelopment funding to pay for studies and assessments the nonprofit developers need as part of their grant applications, which they would normally contract out anyway.

DEVELOPMENT MODELS

Four development models rose to the top when considering the Land Bank's future work. No single model is meant to produce the entirety of the Land Bank's needed operating revenue. These models are meant to provide a framework for the development of any property owned by the Land Bank within its mission while at the same time contributing to operating costs. These development models could also be applied to future brownfield sites suitable for housing development. It is highly likely that the Land Bank will be pursuing projects within various models at the same time:

1. Workforce & Senior Affordable Housing: provides housing that is affordable to typical wage earners and an opportunity for seniors to age in place
2. Transitional & Supportive Housing: provides housing and wrap-around supports to the most vulnerable segments of population
3. Planned Owner Redevelopment: puts neglected or abandoned property into the ownership of developers or individuals with the means to return the property to productive use
4. Large Scale Development: focuses on developing large properties with access to infrastructure in the form of single-family subdivisions, multi-family apartments, and mixed-use development

Workforce & Senior Affordable Housing

As noted above, the Land Bank Board recognized the need for additional affordable housing units in Seneca County. The recent Seneca County Housing Assessment confirms the need for affordable housing, specifically noting that heightened demand during and following the COVID-19 pandemic created an increase in housing costs that disproportionately impacts vulnerable populations, especially low-income renters, and that "workers' wages are not keeping pace with rising housing costs". In particular, the Board expressed interest in expanding workforce and senior housing, envisioning both rental and ownership housing options that would be affordable at the following AMI levels:

- Seniors – 50-60% AMI
- Retail/Hospitality/Service Workers (Including Most Tourism Workers) – 30-50% AMI
- Manufacturing Workers – 60-120% AMI

This model involves the construction or rehabilitation of single-family homes, multi-family facilities, and/or senior-specific housing facilities, and thus could vary widely in project set up and scope. Units rehabbed or built new under this model could be available for home ownership opportunities or rentals. For instance, this could be single site, scattered site, subdivision, or large-scale development. Identifying sites available for various levels of development and funding resources would incentivize these types of construction and rehabilitation projects by developers.

Any development under this model would likely involve a private or nonprofit development partner, with the Land Bank acting in property acquisition, stabilization, and facilitation roles.

Next Actions:

- Identify additional funding sources to help fill the financing gap for the development of small rental projects and affordable owner-occupied units.

- Identify or cultivate locally committed development partner.
- Identify current properties within the Land Bank portfolio suitable for this type of development, particularly single site and scattered site.
- Verify appropriate zoning is in place, along with infrastructure and market demand.
- Prepare an informational package about existing groups of properties in the Land Bank portfolio, inviting bids or proposals from home builders. Include information about streamlined processes resulting from a County-wide Codes department.
- Discuss potential incentive structures with the Seneca County IDA.
- Leverage the Land Bank's relationship with the Rochester Home Builder's Association to promote sites and development opportunities to contractors.

Financial Model:
Potential costs and revenues for the Land Bank will also vary depending on the set up of a particular project. Single site redevelopment that results in a single-family home or small multi-family dwellings will have a different financial model than the development of a 60-unit senior living facility on a large parcel. As such, cost and revenue structures for a few examples are provided below.

	Single Site	**Scattered Site**	**Large Scale Subdivision**
Result	Single-family home or small multi-family dwelling (10 units or less)	5 to 15 single-family homes and/or small multi-family dwelling (10 units or less each)	16+ single-family homes; large multi-family dwelling (10+ units)
Land Bank Costs	Pre-development	Acquisition, pre-development, renovations	Pre-development
Land Bank Revenue	Sale of lot	Sale of units or sale of entitlements	Sale of lots or sale of entitlements

Partner/Developer Roles:
- Funding and incentive applications, with assistance from Land Bank as needed and appropriate.
- Implementing and managing site development.
- Long term operation of rental properties.

Transitional & Supportive Housing

Beyond returning vacant properties to productive use, the Land Bank sees an opportunity to contribute to the creation of housing units for the most vulnerable segments of the population. As with any of the following models, the Land Bank must work to mitigate the challenges outlined in the prior sections, including how these developments will be taxed, the sites on which they will be built, and securing adequate funding to close the financing gap. Once established, transitional and supportive units would provide not only safe living spaces, but would also provide residents with services and programming to holistically address the challenges they face. These units would provide either temporary (transitional) or long-term housing (supportive) with wrap-around supports available to residents. The Seneca County Housing Needs Assessment stresses the need for this type of housing, stating "…the County is experiencing a severe shortage in temporary housing, housing for persons experiencing mental health crises, housing for persons dealing with addiction, and housing for currently unhoused persons and families." The assessment calls for the County to explore opportunities to own and operate temporary housing in partnership with nonprofits as an alternative to housing people in private motels.

This model would often involve the construction or rehabilitation of multi-family facilities, which could range in scale from a single house divided into multiple units to a larger apartment building. Any development under this model would involve a nonprofit development partner, with the Land Bank acting primarily in property acquisition, stabilization, and facilitation roles. The nonprofit would seek grants and other funding for capital improvements and operating subsidies. The identification or development of available sites, abatements and predictable property tax schedules, as well as using predevelopment funding to pay for studies and assessments nonprofit developers need will help these facilities come to fruition.

Next Actions:

- Establish MOUs with additional nonprofit developers, replicating the successful model with the Finger Lakes Area Counseling and Recovery Agency (FLACRA).
- Facilitate discussions with County and Seneca County IDA regarding the assessment and taxation of these and other low-income housing developments. Clear expectations are attractive to a developer, so establishing consistency in the types and application of tax abatement tools (PILOT through community or IDA, 581a, etc.) is key.
- Identify sites that would be best suited to the various forms and scales that these units can be developed.
- Help the nonprofit developers secure capital (e.g. CDBG) and operating (e.g. ESSHI) funds, as well as fill any financing gaps that may still exist.
- Continued coordination with the Seneca County Department of Human Services (DHS) and the Seneca County Mental Health Department on the need, scale, and appropriateness of any potential temporary assistance, transitional, or supportive housing project.

Financial Model:

The most likely Land Bank revenue for this type of project would come in the form of developer fees. While this could be limited based on the funding sources available, project partners should incorporate this into their grant budgets whenever possible.

- Estimated Costs: Purchase of land (if applicable), holding/maintenance, transaction/legal fees, sale commissions (if applicable).
- Estimated Revenues: Developer fees, sale of land/buildings.

Partner/Developer Roles:

- Funding and incentive applications, with assistance from Land Bank as needed and appropriate.
- Implementing and managing site development.
- Long term operation.

Planned Owner Redevelopment

The Land Bank may on occasion come into ownership of a property than can reasonably be rehabilitated by a private owner with limited investment by the Land Bank. In these cases, the Land Bank could acquire and stabilize the property, then sell directly to an owner with the means to rehabilitate the property while at the same time generating operating revenue. To increase the likelihood of successful completion of the rehabilitation, the Land Bank would work in partnership with the potential owner to ensure an appropriate plan and financing is in place prior to transfer of the property. This could involve assisting the property owner in identifying contractors or working with them to understand local permitting and approval processes. Properties have been sold by the Land Bank in this manner in the past with approval by the Board of Directors.

This model could work in a variety of instances, but would likely have the highest financial value in the case of properties with unique and valuable characteristics, such as:

- Parcels with lake frontage/views,
- Mid- and large-sized properties without infrastructure
- Large/historic rural homes and rural rehab candidates without infrastructure,
- Certain commercial properties, such as small warehouse/light manufacturing or potential brownfields.

Vacant and abandoned properties without public sewer and water infrastructure that may be located in more rural locations acquired by the Land Bank are an opportunity to leverage private investment to stabilize the tax rolls and decrease the overall housing vacancy rate.

Despite the inherent assets of these properties, they do sometimes become available to the Land Bank as a result of prolonged abandonment and neglect. The challenges that come along with abandonment (e.g. deterioration, title issues, overgrown, etc.) could make such properties less attractive to the market, but the Land Bank's capabilities and experience could help to return these properties to productive use while also generating revenue for the Land Bank.

Next Actions:

- Work with the County Treasurer's Office and County Codes to identify vacant properties with unique characteristics.

Financial Model:
The revenue to the Land Bank under this model would come from the ultimate sale of the property. The Land Bank would most likely not utilize grant funding to do any of the property stabilization, and thus would be able to retain all proceeds as unrestricted funds.

- Estimated Costs: Acquisition, property stabilization, maintenance, transactional/legal fees.
- Estimated Revenues: Sales of land/building, possibly developer fees.

Developer Roles:

- Preparing and presenting a redevelopment and financing plan as part of the FLRLBC's Purchase Application.
- Securing financing and acquire property from the Land Bank.
- Implementing redevelopment plan.

Large Scale Development

This model would focus on large properties (or groups of properties) with access to water and wastewater infrastructure for development. This could take the form of single-family subdivisions, multi-family apartments, and mixed-use development, and could be greenfield or adaptive reuse. Theoretically, any residential development under this model could address housing shortages and affordable housing issues generally by addressing housing shortages across the entire spectrum of housing needs. Identifying funding gaps and cost reduction resources is particularly important in cases where development involves renter- or owner-occupied housing affordable to households making less than 120% of the AMI. This type of development would generally be focused within and in proximity to downtowns and villages due to the need for infrastructure.

Development of this type would be undertaken by a private or nonprofit developer. The Land Bank's role would be to acquire and clear title to properties appropriate for this use while leveraging any available HCR resources for stabilization and pre-development. This could mean acquiring a single target property, or multiple contiguous properties that together create the opportunity for a transformative project. Ideally, there would be limited stabilization and maintenance required prior to selling the property(ies) to the developer.

Next Actions:

- Conduct outreach to regional developers to begin understanding their areas of expertise/interest and building relationships.
- Work with County and local municipal staff to identify areas ideal for this type of development, including potential brownfields, as well as vacant properties within those areas.
- Once a site is identified, complete predevelopment work.
- Identify potential gap funding or cost reduction resources, particularly for any development that involves rental or owner-occupied units for households making less than 120% of the AMI.

Future Actions:

As the Land Bank continues to gain experience and work on larger scale development projects, it could consider some additional activities that would streamline the development process:

- Engage a planning specialist to conduct Generic Environmental Impact Statements for properties and/or areas that are targeted for development under one of these models. This specialist could also assist in activities such as pre-development and grant required environmental reviews.
- Continue to engage with housing development community to ensure actions are effective in bringing partners consistently to the table.
- Generate and issue a Request for Proposals for a large site or collection of sites.

Financial Model:

Similar to the Unique Property model, the revenue to the Land Bank under this model would come from the ultimate sale of the property. The Land Bank would ideally not invest any grant funding in these properties, and thus would be able to retain all proceeds as unrestricted funds.

- Estimated Costs: Acquisition, maintenance, redevelopment planning and predevelopment, legal/transactional fees.
- Estimated Revenues: Land/building sale.

Partner/Developer Roles:

- Preparing and presenting a development plan.
- Securing financing and incentives.
- Implementing development plan.
- Sale of end product to eventual homeowners or end user.

PROPERTY AQUISITION ACTIVITIES

Given current regulatory changes that impact tax foreclosures (i.e. Supreme Court ruling in Tyler v. Hennepin and resulting New York legislation), the Land Bank will be best served by exploring other avenues of property acquisition in the short term. Further, the Tyler v. Hennepin ruling will eliminate the County’s ability to generate revenue from auctioning properties beyond the amount of owed taxes and fees. The Land Bank recognizes that this could change the way in which transfers to the Land Bank from Seneca County are managed, and that the Land Bank will likely need a strategy to make the County whole on those taxes and fees. However, increasing the acquisition price of properties transferred to the Land Bank will lead to greater financing gaps for development projects. To prepare for these regulatory changes, the Land Bank should pursue three avenues:

1. Work with Seneca County Codes as well as individual towns and villages to evaluate and create a process for RPAPL Article 19A and 19B proceedings. This would allow a municipality to file a claim against the owners of vacant and abandoned properties. Bringing and winning an Article 19A claim would require establishing that the property is vacant based on the requirements of the Article. If successful, these claims would result in transfer of the subject properties to the town or village.

2. Engage with towns and villages throughout the County to identify municipally owned excess property that could be appropriate for Land Bank activities. State legislation allows municipalities to transfer properties to Land Banks and other public authorities below market value and with a streamlined disposition process. This method of acquisition is likely limited in scale, but could help to span the gap until there is clearer guidance on the process of tax foreclosures post Tyler v. Hennepin.
3. Identify or cultivate potential funding partners to establish an internal development fund that the Land Bank could use for acquisition and pre-development costs on projects with positive revenue potential. This would be of particular use for the workforce and unique property models. For these models, the Land Bank could use this fund to acquire and prepare a property, then replenish the fund with the proceeds of the land sale and retain additional proceeds for operations.

Over the medium and long term, in light of the evolving tax foreclosure landscape in New York State the **Land Bank should engage with the Seneca County to update its local property tax collection and foreclosure system that complies with the decision in Tyler and forthcoming NYS Law that works towards local community development and housing goals.** A fundamental aspect of the Land Bank's work has been demolition of very distressed homes acquired post tax foreclosure. Most of the properties the Land Bank acquires sit vacant while in the foreclosure system as it currently operates for many years while they deteriorate past the point of saving. By the time the foreclosure is completed and the Land Bank acquires the property, demolition is the only option. There are many more state grant resources available for housing rehab and renovation projects than new construction.

If the Land Bank is able to gain site control of abandoned properties more quickly, more rehabilitation projects are possible with a larger pool of state grant resources to make projects more feasible. Examining and investigating local policies such as vacant property registries, potential vacancy fees and fines, inspections under RPAPL 1111a, reducing redemption periods, and examining how payment plans are operating are all options that could be considered. Partners in this work would include the Seneca County Treasurer, Attorney, Codes Department, Planning Department, and the Board of Supervisors.

CONCLUSION

This Operational Plan seeks to guide the Finger Lakes Regional Land Bank in selecting projects to undertake over the next few years. It will also help in pursuing new partnerships and funding in a targeted and realistic way so as to best utilize the limited resources and capacity available. There are numerous obstacles to achieving community housing goals that will require community partnerships and new local resources to overcome. Addressing these obstacles and challenges will not only help the Land Bank to become more successful, but also help Seneca County be more competitive for investment by housing developers. In particular, identifying local resources to overcome funding gaps will help advance housing development, especially new construction, in the short term. In the long term, facilitating new processes and avenues that allow the Land Bank to acquire properties before they are demolition candidates will reduce reliance on local funding because there are more grant resources available for rehabilitation. Over time, all of the identified models and activities are intended to grow the Land Bank's capacity and financial sustainability by pursuing projects that will both advance community housing goals and generate unrestricted revenue, directly benefitting residents of the region.

APPENDIX A: ACTIVITIES MATRIX

MISSION: The Finger Lakes Regional Land Bank Corporation facilitates the process of acquiring, improving and redistributing properties to eliminate the harms and liabilities caused by such properties and return them to productive use, while being consistent with the municipality's redevelopment and comprehensive plans.

Activities	Mission Aligned?	Expand/Keep/ Reduce/Abandon
Acquire properties from County tax foreclosure	Y	expand
Demolish unsalvageable buildings	Y	keep
Rehab deteriorated buildings, particularly with partners	Y	expand
Historic preservation	?	keep
Brownfield redevelopment	Y	expand
Supportive/Transitional housing partnerships and projects	?	expand
Side lot sales	?	keep
Straight sale/disposition for private redevelopment, particularly high value properties (e.g. lakefront, ag on water/sewer)	Y	expand
Straight sale/disposition without specific redevelopment plan	N	reduce
Market rate housing	Y	expand
Affordable housing development	Y	expand

Gaps/Needs	Mission Aligned?	Role
Revenue generating activities	Y	Lead
Increase property acquisitions	Y	Lead
Additional partnerships to develop larger projects	Y	Lead
Coordinated scattered site development	Y	Convene/Partner
Streamline site identification tactics	Y	Convene/Partner
RFP large lot development	Y	Lead
Utilize Article 1111-a and 19a to access properties	Y	Advocate and educate
Mixed use downtown development	?	Partner

? = Arguably, but not directly

Means of Acquisition
Tax Foreclosure
Articles 19A
Article 1111-a
Surplus municipal property
Property owner deeds - need to pay back taxes (if any)
Donations/Estates

APPENDIX B: MODEL MATRIX

	Transitional & Supportive Housing	Workforce & Senior Affordable Housing	Unique Property Redevelopment	Large Scale Development
Primary Goal				
Community Benefit	x	x		
Revenue			x	x
Geographic Focus				
Villages/Downtowns	x	x		x
Medium Density		x	x	x
Rural		x	x	x
Infrastructure Needed				
Water	x	x		x
Sewer	x	x		x
Transport (public, walkability, etc	x			
Acquisition Methodology				
Tax foreclosure, Articles 19A and 19B, Article 1111-a, suplus municipal property, property owner deeds, donations/estates				
Disposition Methodology				
Partner transfer/sale	x	x		
Sale to homeowner			x	
Sale to developer		x	x	x
Potential Revenue Types				
Developer Fee	x	x		
Revenue Share	x			
Sale of Property		x	x	x
Grants (inc. admin)	x	x		
Project Structure				
Multi-Family	x	x		x
Single Family		x	x	
Scattered Site	x	x		x
Mixed-Use	x	x		x
Subdivision		x		x
Ultimate Tenure Intended				
Permanent rental	x	x		x
Temporary rental	x			
Owner-occupied	x	x	x	x
FLRLB Role				
Site acquisition	x	x	x	x
Site stabilization	x	x	x	
Site prep	x			
Site development				
Facilitation of partners	x	x		
Project Lead				
FLRLB			x	
Partner	x	x		
Developer		x		x

APPENDIX B: MODEL MATRIX, CONTINUED

Funding Sources				
FLRLB as applicant	Standard LBI and CDBG predevelopment funds			
Developer/Partner a applicant	LIHTC, RPTL 581a, RPTL 485a	SRDI, AHOP, SENR, HOME, LIHTC, RPTL 485a, PILOT (rental)	RPTL 444a	Brownfield Cleanup Program Tax Credits, IDA PILOT
Next Action				
	MOUs with Partners	Call Potential Partners	Identify sites	Call Potential Partners
		RFQ for Developers		RFQ For Developers
Supporting Tasks				
Identify excess municipal properties.				
Create process and cost structure for 19A acquisitions.				
Streamline identification and tracking of potential properties based on possible use.				
Educate municipal and nonprofit partners on vacant property registry, and advocate for its creation in Seneca County.				
Create partner database to aid in identifying the right development partners in the future.				
Work with municipal partners and IDA to establish consistent PILOT structures/processes for housing projects, particularly affordable and supportive housing.				

APPENDIX C: POTENTIAL FUNDING RESOURCES

Grants & Loans

Program, Links and Overview	Developer Fee Eligible	Acquisition Eligible
NYS HCR – Affordable Homeownership Opportunity Program (AHOP) Term sheet: https://hcr.ny.gov/system/files/documents/2023/02/ahop-final-feb-16.pdf Number of units: 4-100		
This applies to the new construction of single-family homes and townhomes or the new construction/adaptive reuse of multifamily coops. Construction projects must demonstrate energy efficiency initiatives. Nonprofit and for-profit developers are both eligible to apply. The developer must provide a construction loan commitment.	Up to 12% of development costs	No
NYS HCR – Small Rental Development Initiative (SRDI) RFA: https://hcr.ny.gov/system/files/documents/2023/01/nys-srdi-rfa-2023-01-17.pdf HCR page: https://hcr.ny.gov/SRDI Number of units: 5-20		
Only non-profits are eligible to apply. Offers $500k-$2m for new construction or rehabilitation of multifamily rentals between 5-20 units. Rents must be at or below 80% AMI. This has a 15-year affordability requirement.	Up to 12% of development costs	Yes, if acquisition and rehab can take place within 2 years, or prior acquisition within the last 2 years
NYS HCR – Small Building Participation Loan Program (PLP) Term sheet: https://hcr.ny.gov/system/files/documents/2022/10/small-buildings-plp-oct-2022-term-sheet.pdf Number of units: 5-50		
Low-interest gap financing for the preservation and improvement or new construction of rental properties with 5-50 units. Especially interested in medium density neighborhoods. Up to $100k per unit for preservation and up to $115k for new construction/adaptive reuse, depending on affordability. 40% of funding goes to rural areas (cities, towns, villages with <25k people). Minimum 30-year regulatory term for residential units, requires bank financing commitment.	Up to 5% of total project cost for non-profits, 2.5% for for-profits	Yes

APPENDIX C: POTENTIAL FUNDING RESOURCES CONTINUED

Program, Links and Overview	**Developer Fee Eligible**	**Acquisition Eligible**
NYS HCR – Legacy City Access Program Term sheet: https://hcr.ny.gov/system/files/documents/2022/06/legacy-city-access-term-sheet-may-31-2022.pdf Application: https://hcr.ny.gov/system/files/documents/2022/06/june-2022-legacy-city-access-application.pdf Number of units: 5-10 one- to three-family homes		
Resources/financing for MWBE and non-profit developers to renovate vacant properties and promote affordable homeownership for underserved families (up to 80% AMI), particularly first-time homebuyers of color. Land Bank can apply directly. Projects owned by a minority developer are most likely to be eligible and successful, followed by non-profit developers providing substantial MWBE opportunities. Typically up to $95k per unit, but can go up to $150k per unit with documented need. Existing loan commitment is required.	Up to 15% of development costs (excluding contingencies)	
HCR – Rural and Urban Community Investment Fund (CIF) Term sheet: https://hcr.ny.gov/system/files/documents/2020/11/hcr-rural-and-urban-community-investment-fund-term-sheet-november-2020.pdf Number of units: 5-20		
Low interest gap financing for projects that create, preserve, or improve affordable housing, as well as commercial and community facilities that serve the needs of affordable housing residents. Up to $2m per project, depending on project specifications. For residential projects, at least 70% of the units must be affordable up to 90% AMI. 30-year regulatory agreement. 60% of the funding goes to urban areas and 40% goes to rural (cities, towns, villages with <25k people).	Only as part of match	No
NYS HCR – Senior Housing Program (SENR) Term Sheet: https://hcr.ny.gov/system/files/documents/2022/09/senior-housing-term-sheet.pdf Number of units: Not specified		
Low-interest gap financing for new construction or adaptive reuse for low-income senior rental housing. Up to $95k per unit. Projects proposing a set-aside of units for ESSHI-eligible seniors must request SENR funds. Priority given to non-profit applicants. Requires 40-year regulatory agreement.		Yes

APPENDIX C: POTENTIAL FUNDING RESOURCES CONTINUED

Program, Links and Overview	Developer Fee Eligible	Acquisition Eligible
NYS HOME Program RFA: https://hcr.ny.gov/system/files/documents/2023/07/2023-home-rfa-6.30.23.pdf Number of units: Not specified		
Funds projects that expand the supply of safe, affordable housing for LMI families. This is an open grant; applications opened July 14 and will be due September 7. Activities include housing rehabilitation (max $65k per unit, $600k per project) and manufactured housing replacement (max $140k per unit, $1.4m per project).		Yes
NYS DEC - Brownfield Cleanup Program Tax Credits Program Page: https://www.dec.ny.gov/chemical/8450.html Tax Credit Page: https://www.dec.ny.gov/chemical/101350.html Number of units: Not specified (not housing specific program)		
The Brownfield Cleanup Program (BCP) incentivizes private-sector remediation of brownfield sites with the aim of community and economic revitalization. BCP offers a baseline tax credit of 10%, with an additional 5% for projects resulting in affordable housing (caps apply). Sites must receive a certificate of completion by March 31, 2026 under the current program. This program accepts applications on a rolling basis.		
NYS HCR – Low-Income Housing Tax Credits (LIHTC) Program Page: https://hcr.ny.gov/low-income-housing-credit-program-9pctRFP#:~:text=Project%20owners%20use%20the%20LIHTC,Agency%20for%20New%20York%20State. Number of units: Not specified		
LIHTC reduces federal income tax liability for project owners who develop rental units serving low-income households (<60% AMI). The level of incentive is directly related to the number of low-income units developed. LIHTC also includes a program for mixed income projects.		

APPENDIX C: POTENTIAL FUNDING RESOURCES CONTINUED

Property Tax Abatements

Industrial Development Agency PILOT – Currently IDA's can provide PILOTs, sales tax exemptions, and mortgage recording tax exemptions for commercial capital projects. In the case of housing, it is widely agreed that rental housing development in eligible. A couple of IDAs have developed PILOT models for owner-occupied housing as well. For example, the County of Monroe Industrial Development Agency (COMIDA) partners with the City of Rochester on the Core Housing Owner Incentive Exemption (CHOICE) program, which provides PILOT incentives to developers that also ultimately benefit the homeowner. IDA PILOTs are negotiated between the IDA and the developer, but the IDA could also set a standard PILOT schedule for different kinds of projects.

Municipality PILOT – Municipalities (generally Towns) can enter into PILOTs directly with housing developers. This requires and direct negotiation between the municipality and developer to establish terms of the abatement (e.g. length, annual amount due, base value, etc.).

- Example: Sennett Meadows Senior Apartments – Sennett, NY
  - 60 units for individuals 55 and older
  - 18 units with supportive services for seniors and veterans with physical disabilities (ESSHI)
  - Affordable at 60% AMI
  - Energy-efficiency prioritized, green building practices (LEED for Homes Gold Certification)
  - Co-developed by Cornerstone Group (Rochester) and Genesis Housing Development Corporation
  - Financing: LIHTC, HCR, NYSERDA, Federal Home Loan Bank, municipal PILOT

RPTL 581a – Multi-family properties with at least 20% of units reserved and regulated as affordable can be assessed based on an income capitalization approach (based on actual revenue and expenses for the property).

RPTL 485a - If allowed by local option, provides a 12-year abatement on increased assessment attributable to conversion of a non-residential property into mixed-use (at least 40% residential and 15% commercial). To be eligible, the conversion must cost at least $10,000 (or a higher amount set by local law) and the property must employ or intend to employ at least 5 employees at the property. Abatement Schedule: Years 1-8 = 100% of increase, then reduces 20% per year for the remaining years.

RPTL 444a – If allowed by local option, provides a 10-year abatement on increased assessment attributable to alterations/rehabilitation of historic homes that are done in accordance with local historic preservation laws. Applies to general municipal, school district, and ad valorem levies, but not special assessments. To be eligible, the structure must be a designated landmark or be a property contributing to the character of a historic district. Abatement Schedule: Years 1-5 = 100% of increase, then reduces 20% per year for remaining years.