

**LEGISLATIVE REQUEST**  
**DEPARTMENT OF COMMUNITY DEVELOPMENT**

INTRODUCTION ONLY

PASSAGE UNDER SUSPENSION

ORD. # \_\_\_\_\_

RES. # \_\_\_\_\_

DATE: 5/12/2021 INITIATOR: Director Wackers COUNCIL APPROVAL: \_\_\_\_\_

DIVISION: CD-DND PROJECT # \_\_\_\_\_

PHONE: \_\_\_\_\_

FUNDING SOURCE: CDBG YEAR: N/A OTHER \_\_\_\_\_

AMOUNT REQUESTED: \$ N/A

FUND NUMBER: \_\_\_\_\_ SUB-FUND \_\_\_\_\_ RL \_\_\_\_\_

THIS IS A REQUEST TO AMEND LAND BANK ORDINANCE 183.021 TO AUTHORIZE ACCEPTANCE OF PROMISSORY NOTES AND MORTGAGES TO SECURE PAYMENT OF FAIR MARKET VALUE FOR PURCHASE OF CITY LAND BANK PARCELS IN CONNECTION WITH CATALYTIC DEVELOPMENT PROJECTS.

ORIGINAL AMOUNT	\$	ORD. #	PASSAGE DATE
1 <sup>ST</sup> AMENDMENT	_____	_____	_____
2 <sup>ND</sup> AMENDMENT	_____	_____	_____
3 <sup>RD</sup> AMENDMENT	_____	_____	_____
4 <sup>TH</sup> AMENDMENT	_____	_____	_____
TOTAL CONTRACT	\$ _____		

COMPREHENSIVE PROJECT SUMMARY:

 \_\_\_\_\_  
 MANAGER DATE 5-14-21

 \_\_\_\_\_  
 DIRECTOR OF COMMUNITY DEVELOPMENT DATE 5/13/2021

 \_\_\_\_\_  
 COMMISSIONER DATE 5-13-21

\_\_\_\_\_  
 EEO OFFICER DATE

\_\_\_\_\_  
 LEGISLATIVE COORDINATOR DATE

\_\_\_\_\_  
 ENVIRONMENTAL OFFICER DATE

\_\_\_\_\_  
 FISCAL OFFICER DATE

\_\_\_\_\_  
 DIRECTOR OF DATE




City of Cleveland **Memorandum**  
Frank G. Jackson, Mayor

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Date: May 13, 2021

To: Barbara Langhenry, Director  
Department of Law

From: Michiel Wackers, Director  
Department of Community Development 

Subject: Legislation to Amend Land Bank Authority under Chapter 183.021

Please prepare legislation to amend Chapter 183.021 of the City's Codified Ordinances to authorize the Director of Community Development to accept promissory notes and mortgages (aka Performance Based Mortgage Instrument) to secure payment of fair market value for purchase of City Land Bank property. This instrument is intended to be used in connection with the sale of Land Bank property for catalytic development projects.

The Performance Based Mortgage instrument would allow a purchaser to pay a below market price at closing and assume a mortgage for the balance of the purchase price. The Department will set the purchase price of Land Bank property at market value based on a third party appraised value or recent sales within close proximity of the proposed development. The Performance Based Mortgage would be forgiven if all the conditions of the sale are realized.

If the conditions are not met, the City would have the discretion to foreclose on the mortgage and take possession of the property or demand payment of the balance owed on the mortgage.

A marked up copy of Chapter 183.021 that includes the requested change is attached.

Cc: James Greene, Commissioner of Neighborhood Development  
Terry Robbins, Cleveland Land Bank Manager  
Nancy Lanzola, Legislative Liaison, Department of Law

**LEGISLATIVE SUMMARY**  
**Department of Community Development**  
**Division of Neighborhood Development**

**AMENDMENT TO LAND BANK AUTHORITY**

Ordinance No:       XXX-21

Legislative Purpose:       To authorize the Director of Community Development to accept promissory notes and mortgages (aka Performance Based Mortgage Instrument) to secure payment of fair market value for purchase of City Land Bank property.

Project Summary:       This instrument is intended to be used in connection with the sale of Land Bank property for catalytic development projects. Upcoming projects that include the sale of Land Bank property using this new instrument include the development of a new grocery store project in Fairfax and the construction of new Cleveland Public Library branches in Hough and in Central on Woodland near East 55th Street.

If the developments are not completed as agreed, the City would have discretion to foreclose on the mortgage and reacquire Land Bank property or to demand payment of the balance owed on the mortgage.

Wards:                   6 (Blaine Griffin), 7 (Basheer Jones), 5 (Delores Gray)

§ 183.021 Land Reutilization Programs

(a) Residential Land Bank.

(1) The Director of Community Development shall administer a Land Reutilization Program for residential property established under RC Chapter 5722 and adopted and implemented by Ordinance 2076-76, passed October 25, 1976, and shall perform the duties specified in RC 5722.06. Land acquired as part of the Land Reutilization Program for residential property may be referred to as Residential Land Bank property.

(2) If Residential Land Bank property is sold, it shall be sold according to the terms of RC Chapter 5722, without competitive bidding, for not less than fair market value, with reference to such terms and conditions, restrictions and covenants to assure the effective reutilization of the land, as the Board of Control shall determine and authorize, and the land shall be conveyed notwithstanding any other provisions of the Codified Ordinances to the contrary. The Director of Community Development is authorized to accept promissory notes and mortgages to secure payment of fair market value to the City.

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(3) If a member of Council does not disapprove or request a hold in writing to the Director of Community Development within forty-five (45) days of notification of a proposed sale, easement conveyance, or lease of a property in the Residential Land Bank in his or her ward then that process described in this section shall be used for the sale, easement conveyance, or lease of the property in his or her ward. Within forty-five (45) days of notification, a member of Council may submit a written request for one (1) additional thirty (30) day extension.

(4) The Commissioner of Purchases and Supplies when directed by the Director of Community Development is authorized to sell or lease any land in the Residential Land Bank if the purchaser of the land is neither tax delinquent nor has any existing Building or Housing Code violations on property owned in the City. Each instrument of conveyance shall contain provisions and use restrictions as Council deems necessary or appropriate to protect the interests of the neighborhood and the City.

(5) The Commissioner of Purchases and Supplies when directed by the Director of Community Development is authorized to convey easement interests in any land in the Residential Land Bank at a price determined to be fair market value by the Board of Control taking into account the nature of the easement and the easement shall be conveyed notwithstanding any other provision of the Codified Ordinances to the contrary.

(6) That the conveyance of easement interests shall be made by official deed of easement prepared by the Director of Law and executed by the Director of Community Development on behalf of the City of Cleveland. The deed of easement shall contain such other terms and conditions that the Director of Law determines to be necessary to protect and benefit the City.

(7) Before the acquisition of any residential property with multiple parcels into the Residential Land Bank, the Director of Community Development shall conduct all appropriate inquiries in accordance with rules adopted by the United States Environmental Protection Agency under the requirements of the Small Business Liability Relief and Brownfields Revitalization Act (Pub. L. No. 107-118, 115 stat. 2356).

(b) *Industrial-Commercial Land Bank.*

(1) The Director of Economic Development shall administer a Land Reutilization Program for industrial and commercial property established under RC Chapter 5722 and adopted and implemented by Ordinance 2076-76, passed October 25, 1976, and shall perform the duties specified in RC 5722.06. Land, including residential properties, acquired as part of the Land Reutilization Program for industrial and commercial property may be referred to as Industrial-Commercial Land Bank property.

(2) If Industrial-Commercial Land Bank property is sold, it shall be sold according to the terms of RC Chapter 5722, without competitive bidding, for not less than fair market value, with reference to such terms and conditions, restrictions and covenants to assure the effective reutilization of the land, as the Board of Control shall determine and authorize, and the land shall be conveyed notwithstanding any other provisions of the Codified Ordinances to the contrary.

(3) If a member of Council does not disapprove or request a hold in writing to the Director of Economic Development within forty-five (45) days of notification of a proposed sale, easement conveyance, or lease of a property in the Industrial-Commercial Land Bank in his or her ward then that process described in this section shall be used for the sale, easement conveyance, or lease of the property in his or her ward. Within forty-five (45) days of notification, a member of Council may submit a written request for one (1) additional thirty (30) day extension.

(4) The Commissioner of Purchases and Supplies when directed by the Director of Economic Development is authorized to sell or lease any land in the Industrial-Commercial Land Bank if the purchaser of the land is neither tax delinquent nor has any existing Building or Housing Code violations on property owned in the City. Each instrument of conveyance shall contain provisions and use restrictions as Council deems necessary or appropriate to protect the interests of the neighborhood and the City.

(5) The Commissioner of Purchases and Supplies when directed by the Director of Economic Development is authorized to convey easement interests in any land in the Industrial-Commercial Land Bank at a price determined to be fair market value by the Board of Control taking into account the nature of the easement and the easement shall be conveyed notwithstanding any other provision of the Codified Ordinances to the contrary.

(6) That the conveyance of easement interests shall be made by official deed of easement prepared by the Director of Law and executed by the Director of Economic Development on behalf of the City of Cleveland. The deed of easement shall contain such other terms and conditions that the Director of Law determines to be necessary to protect and benefit the City.

(7) Before the acquisition of any industrial or commercial property into the Industrial-Commercial Land Bank, the Director of Economic Development shall conduct all appropriate inquiries in accordance with rules adopted by the United States Environmental Protection Agency under the requirements of the Small Business Liability Relief and Brownfields Revitalization Act (Pub. L. No. 107-118, 115 stat. 2356).

(8) The Director of Economic Development is authorized to deposit the proceeds from the sale of any industrial or commercial property from the Industrial-Commercial Land Bank into

Special Revenue Fund No. 17 SF 965. This fund shall be used for costs associated with acquisition, maintenance, remediation, and disposition of Industrial-Commercial Land Bank property including costs for insurance and for activities related to the recovery of costs incurred on these properties. Further, funds received by the City of Cleveland as a result of direct insurance claim settlements, cost recovery efforts initiated by the Land Reutilization Program for industrial and commercial property, demolition or remediation actions as a result of the Program, and grants, donations or any other sources pledged to the Program shall be deposited in Special Revenue Fund No. 17 SF 965.

(9) The Director of Economic Development is authorized to execute on behalf of the City of Cleveland all necessary documents to employ and pay all fees for services necessary, including agents to conduct acquisition activities for the acquisition, maintenance, remediation and disposition of the property and to comply with any applicable federal or state regulatory requirements, as well as to execute documents for the purchase of insurance on the property. The costs of these contracts shall be paid from Fund 17 SF 965 and from any other funds or subfunds which are appropriated for this use.

(10) The Director of Economic Development is authorized to execute on behalf of the City of Cleveland all necessary documents to secure a No Further Action Letter for property from Ohio EPA, including such covenants, declarations, or restrictions upon the property are required.

(Ord. No. 1408-13. Passed 11-18-13, eff. 11-20-13)