

URBAN COUNTY COUNCIL
PLANNING COMMITTEE SUMMARY

OCTOBER 16, 2007

Ms. Gorton chaired the meeting, calling it to order at 1:00 pm. All committee members were present.

I. DDA Land Bank Budget Amendment

CM Gorton stated this issue goes back to 2006 when Council approved a recommendation to move a 150K from the Division of Planning budget to the Downtown Development Authority. She stated on June 12, 2007 when the purchase of service agreement came up this item was tabled.

Harold Tate, Downtown Development Authority, stated the issue was tabled because some Council Members were interested in seeing what other cities were doing with land banks. He stated they have been meeting with people discussing this issue. He also stated that Darby Turner and Kim Bryant with Greenbaum Law Firm have been helping him with the legal aspect of this issue. He stated there have been a small group of people meeting with him to discuss what are other cities doing in terms of land banking. Mr. Tate stated they talked to Kentucky League of Cities and found out there were several programs in the state but there was one that was very successful. This program is in Louisville and has been going since 1988. He stated they have been able to bring in over 3000 parcels of land. He stated the state through KRS created the ability for establishing land banks. He stated basically it is made up of three members, one appointed by the Mayor, one appointed by the school board, and one appointed by the Governor. He stated they have to be residents of Fayette Co. and can be employees of the agency as well. He stated if a piece of Fayette Co. property goes to the courthouse steps for sale and it does not meet the qualifications then it automatically goes to the land bank. He stated this has been helpful in Louisville in getting additional land given to them to use back into the system for developers. Mr. Tate also stated they acquire property in Louisville with funds. He stated they have developed a series of policies that deal with how the land gets back into they system. He stated these policies were created by the city itself and statute allows this to happen so policies can be created at a local level. The state information establishes the basis for the land bank itself. Mr. Tate stated the Louisville's staffing is done through Community Development. The property has to have a clear title when it is turned over. He also stated they found that there is a vacant property review commission that is set by KRS that reviews property to determine if it is blighted or not. He stated the land bank does not obtain a lot of land through this commission.

Darby Turner stated the land bank that Louisville uses falls under KRS 65.350 through 65.375 have certain attributes that are advantages to the land bank program. The real advantage the land bank has under statute is in any foreclosure sale. He stated if the minimum bid which is the sum of all taxes owed on the property is not obtained the property automatically goes to the land bank free of all tax liens. At the time the land bank sales the property then the proceeds are required to be distributed first to the plaintiff for their cost in the foreclosure action then a prorated distribution among the taxing authorities whose taxes were extinguished. He stated when a land bank is set up there will be an inter-local agreement between LFUCG and the school board.

CM Blues asked about the sale of the property and the distribution of proceeds.

Mr. Turner stated the proceeds get distributed in an order of priorities. First, to the plaintiff that brought the action for their costs, then to the taxing authorities.

CM Blues asked if the land bank can set up rules.

Mr. Turner stated absolutely.

Dr. Stevens asked if this applies to any property in Fayette Co. and can be used for any purpose.

Mr. Turner stated most properties go to non profits. He stated a land trust concept will work with something like this. This can be done in conjunction with a land bank.

CM Stinnett asked what is the rationale of including the school board in on the land bank.

Mr. Turner stated it is statutory.

CM Stinnett asked if Louisville has a long waiting list

Mr. Tate stated there is a waiting list. He stated a lot depends on where it is located.

CM Beard asked where the lender comes in during a sale at the courthouse steps.

Mr. Turner stated if a lender is involved this only kicks in if there is no minimum bid that exceeds the taxes.

CM Beard asked if there is any consideration of the LexTran tax, library, and others.

Mr. Turner stated he does not have the answer for that. They are still looking into that.

CM Moloney asked if Mr. Tate had talked to Paula King about this.

Mr. Tate stated not yet. He was basically asked to go out and do research to see what other cities were doing in regards to the land bank.

CM Moloney stated this is a good place for the 2M infill and redevelopment money to keep it in house. He stated his opinion is the 2M should be inside the urban service area.

Dr. Stevens suggested this should include all properties in Fayette Co.

CM James stated everyone needs to have the same definition of infill and redevelopment. She stated Community Development is the perfect place for this. She stated this is a good place for the 2M as long as it is managed equally throughout all of Lexington.

Chris King stated there is no infill and redevelopment boundary in the terms of what they look at, what they study, and what potential they have in setting policies towards infill and redevelopment. He stated the boundary they set was specifically designed to meet a very specific need they had to do some differentiation in terms for requirements for cross zoning. He stated they have begun to call this the regulatory infill and redevelopment boundary.

CM Gorton asked how many houses each year fit into the minimum bid.

Mr. Turner stated he doesn't have a number. He stated foreclosure sales have increased significantly.

CM Gorton asked where is the 150K located right now.

Ms. Underwood stated it is still sitting in FY07 and will lapse to fund balance when they close FY07. She stated it was moved to Downtown Development Authority's department number but the process approving them to get the money never finished in time for fiscal year end.

CM Gorton asked if the purchase of service agreement has been signed.

Ms. Underwood stated the amendment to include the 150K has not been signed yet. She stated this is an item to be considered when doing re appropriations.

Mr. Tate suggested he get with Paula King, Chris King, David Jarvis and someone from law department to finalize then bring back for final recommendation.

A motion by Dr. Stevens to review this item after Mr. Tate brings it back with more structure, seconded by CM James, passed without dissent.

II. Tax Incremental Financing

Harold Tate, Downtown Development Authority, gave the committee an overview of Tax Incremental Financing (TIF)(attached to summary). He stated approximately 2 years ago he and Kentucky League of Cities started going to Frankfort to get the language changed so that others besides Louisville could participate in TIF. He stated the first year they were not successful, however; this year they were successful. He stated there were basically three programs that were created. He stated the two that would work best for Lexington would be Signature Projects Program or Commonwealth Participation Program for Mixed Use Redevelopment in Blighted Areas. Mr. Tate stated effective January 2008 the procedure changes. He stated there could be more than one TIF area in Lexington.

Mr. Turner explained that TIF is a method of using a portion of taxes generated from property to pay for public infrastructure related to redevelopment or development of that property. He stated Lexington has always been able to do a TIF but only a local TIF. He stated part of the new rules is that the local government will have to approve the TIF before it ever goes to Frankfort.

CM Stinnett asked if we can now do vacant land.

Mr. Tate stated you can do both vacant and redeveloped land.

CM Stinnett asked if somebody could develop a summary for Council and developers to help explain TIF.

Mr. Tate stated they are working on a flow chart right now.

CM Moloney asked how will this work.

Mr. Tate stated they are in the process of going through the information from Frankfort right now to see what they are required to do.

CM Beard asked if Fayette County Schools is involved in this as well.

Mr. Turner stated they can be but typically the school component is not touched or is touched very little.

Vice Mayor Gray stated we should invite Craig Greenburg over to talk about Museum Plaza and the lessons learned on that project.

Mr. Tate stated he will send information to the committee as it is developed.

CM Gorton asked that Tax Incremental Financing and DDA Land Bank Budget Amendment be brought back to the January meeting.

CM Stinnett would like to give Commissioner Helm an invitation to come to the Planning Committee to give a report on social services if she would like.

Planning Committee meeting adjourned at 2:17 pm.