Recent articles like “What to do about all the ‘empties’?” (Chicago Tribune, 9/30/12) serve as reminders that a perfect storm of vacant, abandoned and foreclosed properties creates the potential for extraordinary decline in Cook County if left unaddressed. The already formidable challenges of vacant and abandoned properties that were once limited to the inner city have rippled outward as foreclosures associated with the housing crisis broaden the number and types of communities affected by disinvestment.

Most local governments find they have limited capacity and resources to deal with the intricacies of this mounting challenge; on their own, they simply cannot deal with adequately maintaining and securing properties until new owners can be found, delivering clear title, erasing unpaid property taxes or navigating the often cumbersome processes for transferring government land to private owners who will return them to productive use. Across the country, land banks have become an effective tool to address these challenges, reversing the cycle of decline and decay, facilitating the transfer of vacant property, and promoting economic development and neighborhood stabilization. More than 80 local governments in 23 states have created land banks or other entities with similar powers to turn the liability of vacant properties into community assets.

Extraordinary times call for extraordinary measures. The Land Bank Advisory Committee calls on Cook County government to join the growing list of communities with land banks by implementing the primary recommendations contained in this report:

1. **Create a land bank that would operate in accordance with the mission, powers, and principles outlined herein.**

2. **Establish the Land Bank as an agency of Cook County, governed by an independent board, to promote redevelopment and reuse of vacant, abandoned, foreclosed or tax-delinquent properties at the request of, or with the approval of, local municipalities.**

3. **Appoint a 13-member governing Board of Directors with the diverse skills and perspectives required for effective operation of the Land Bank.**

4. **Provide seed funds for a start-up period during which the Land Bank would establish itself as a high-functioning organization guided by a strategic plan to operate in accordance with the proposed mission, powers and principles.**

A Cook County Land Bank can deliver added value and the experience that is essential to returning strategic properties to productive use. Urgency exists for the Cook County Board to act now to create a land bank with that singularity of purpose.

MarySue Barrett
Chair, Cook County Land Bank Advisory Committee
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Vacant Properties: A Growing Problem

In July 2012, the Cook County Board of Commissioners unanimously authorized Cook County Board President Toni Preckwinkle to create a Land Bank Advisory Committee (LBAC) and directed the Committee to explore land banking as a tool to address the large and growing supply of vacant property, stabilize neighborhoods and support economic development in Cook County, and to prepare a report within 60 days of its appointment. The Resolution (12-R-320) was co-sponsored by President Preckwinkle and Commissioner Bridget Gainer.

On September 21, 2012 President Preckwinkle appointed a roster of civic, governmental, financial, legal, and development professionals to serve on the LBAC. The LBAC consulted with civic leaders, local and regional government agencies, community stakeholders and leading national authorities to inform their deliberations. The committee carefully examined the challenges and tools available in Cook County as well as the experiences of land banks around the country to understand the range of options and identify best practices.

The LBAC benefitted greatly from several complementary activities. Of particular note was the effort of Cook County Commissioner Bridget Gainer (10th District), one of the region’s earliest and most committed land bank advocates, who laid much of the groundwork for Cook County’s land bank exploration. At Commissioner Gainer’s request, the Urban Land Institute (ULI) of Chicago convened a Technical Assistance Panel (TAP), which recruited more than a dozen experts who studied the land bank mechanism and interviewed community leaders and representatives from banking, real estate and development to provide strategic advice. The recommendations and many of the specific ideas in this report were informed by the ULI TAP process.

Another important partner is the South Suburban Mayors and Managers Association (SSMMA), which recently created a sub-regional land bank. An important component of Cook County’s land bank efforts will involve strategic coordination with this sub-regional land bank to maximize resources and avoid duplication while providing appropriate regional accountability and leadership that ensures a sound, effective and comprehensive countywide solution.

The Challenges of Vacant and Foreclosed Property
The challenges now confronting the County are formidable: according to the U.S. Census, nearly 10 percent of the housing units in Cook County are vacant; more than 85,000 foreclosure cases are pending in the Circuit Court of Cook County and home foreclosure activity in the Chicago area jumped 28 percent in the first half of 2012 from the prior six months (Crain’s Real Estate Daily, July 26, 2012 citing a report from RealtyTrac). With one foreclosure filing for every 55 housing units in the metro area, the number of vacant properties is likely to continue to increase.

The challenge of vacant property also extends to commercial and industrial properties. In southern Cook County, SSMMA and the Center for Neighborhood Technology (CNT) have identified 1,200 acres of vacant and underutilized industrial property within five miles of Canadian National’s (CN) Gateway Terminal in Harvey. In west Cook, CNT has indicated that comparable industrial acreage exists with concentrations in the communities of Bedford Park, Cicero, Franklin Park, and McCook.
Vacant property, improved or unimproved, contributes measurably to neighborhood decline, driving up crime, driving down property values, and eroding quality of life. A Federal Reserve Bank study of Cleveland estimated that foreclosed, vacant, and delinquent properties lower the values of neighboring properties within 500 feet by 9.4 percent.

Vacant properties also become liabilities for local governments. As the Cook County Board noted in its resolution, vacant properties hinder economic development, weaken the tax base and impose substantial costs on local governments that must maintain and secure them.

Some communities have been hard hit by both residential foreclosures and industrial abandonment. Their economies have spiraled downward as tax collections shrink and the burden on remaining residents and businesses grows. Even communities with lower foreclosure and abandonment rates have struggled to address these trends. Most local governments find they have limited capacity and resources to deal with many aspects of this mounting challenge: adequately maintaining and securing properties until new owners can be found, delivering clear title, erasing unpaid property taxes or navigating the often cumbersome processes for transferring government land to private owners who will return them to productive use.

While in theory, it would be desirable for the private sector to address these obstacles to redevelopment, it has limited ability to take them on. Tax liens, faulty title, municipal and other regulatory liens, and property ownership restrictions as well as the inability to assemble multiple vacant properties as part of an overall revitalization plan, restricts private sector entities from entering this space. Using the land bank as a conduit to clear these barriers for future use allows the ultimate solutions to be brought forth by the for-profit and non-profit sectors of Cook County seeking to return these properties to productive use and the tax rolls.
Land Banks as a Solution

Across the country, land banks have become an effective tool to address these specific challenges, reversing the downward cycle of decline and decay, facilitating the transfer of vacant property, and promoting economic development and neighborhood stabilization. More than 80 local governments in 23 states have created land banks or other entities with similar powers to turn the liability of vacant properties into community assets. Cook County government should join that growing list and establish a Cook County Land Bank.

How a Cook County Land Bank Would Help
In order to achieve the goals of redevelopment, stabilization and stimulating residential, commercial and industrial development, a Cook County Land Bank, like other effective land banks around the country, should offer three primary services: acquiring properties, managing them, and returning them to productive use.

Acquisition
A Cook County Land Bank should acquire property in several ways: through tax foreclosure, transfers from municipalities with an inventory of vacant properties, transfers from banks or other private owners, and open market purchases. Many existing land banks acquire properties through the tax foreclosure process, although financial institutions and other private owners are increasingly looking for ways to transfer ownership of properties they are not equipped to manage. A Cook County Land Bank should meet that need in a targeted way consistent with its priorities. The Land Bank should also acquire and assemble adjoining parcels to create larger, more marketable properties, and help promote economic development.

Management
After the Land Bank acquires properties, it should maintain and secure them and prepare to return them to productive use. The Land Bank should make vacant and abandoned properties more marketable by performing pre-development tasks such as extinguishing qualifying delinquent taxes, clearing titles, performing maintenance, remediating environmental problems and demolishing dangerous buildings. As a result, it would take properties that now have little or no market value—and have no appeal to potential owners—and make them much more desirable. And by ensuring that the properties are maintained and secured as they await transfer, the Land Bank would reduce harmful effects on surrounding communities.

Sale or Transfer
A Cook County Land Bank should act as quickly as possible to transfer title of land bank properties to responsible new owners. A Cook County Land Bank established as an agency of the County, with an independent board of directors, should operate more flexibly and nimbly than entities limited by existing government practices, creating an easier, more transparent process for potential buyers—a process that would work much more like the private market. It should also hold properties for a portion of the development process, which would reduce risk and costs for investors and facilitate redevelopment that might otherwise be infeasible. Along with private sector interests, non-profits and neighboring owners can be among the end users of land bank property if they have a plan for the property and the resources to take care of it.
The Mission of a Cook County Land Bank

A Cook County Land Bank should be established with a clearly-defined mission that articulates its broad goals and the key services it will offer to address the problem of vacant properties. The mission should clarify that the Land Bank is only empowered to act in ways that are consistent with local goals and priorities.

RECOMMENDATION: The Cook County Land Bank should adopt the following mission statement:

The Land Bank will acquire, hold, and transfer interest in real property throughout Cook County for the following purposes: to promote redevelopment and reuse of vacant, abandoned, foreclosed or tax-delinquent properties; support targeted efforts to stabilize neighborhoods; stimulate residential, commercial and industrial development; all in ways that are consistent with goals and priorities established by local government partners and other community stakeholders.

Land Bank Powers
The Cook County Land Bank should be vested with a broad range of powers sufficient to ensure that it can fulfill its mission and carry out the work described above, without having to revisit and amend the enacting legislation. These powers should be granted even if the Land Bank initially may not prioritize or have the capacity to exercise the full range of powers, and even though it may never have cause to exercise some of them. The alternative would be to create an entity that is limited from its inception and that risks being ineffective in pursuing its mission.

Among the essential land bank powers, the LBAC identified two as being particularly important in the long-term: the power to hold properties tax exempt and the power to extinguish back taxes and clear title.

While the Land Bank’s ultimate goal is to return properties to productive use and put them back on the tax rolls, it may sometimes be necessary to hold properties for extended periods of time. If the Land Bank were required to pay taxes on the properties it owned, the cost could be enormous and the Land Bank’s ability to carry out its mission would be severely constrained. As long as the Land Bank is holding properties for a public purpose, it should not be required to pay property taxes. If the Land Bank fulfills its mission, the short-term “cost” of holding properties tax exempt will be more than offset by the taxes generated when the properties are returned to productive use.

Property tax delinquency can be an enormous barrier to the productive reuse of vacant and abandoned properties. Some properties are encumbered by unpaid back taxes and interest that exceed the fair market value of the property. Even if the property has some underlying value, that value will not be realized unless the outstanding taxes are extinguished. Similarly, properties which lack clear title are effectively valueless when they have been transferred from one owner to another without following the required legal steps. Some properties, including commercial and industrial, can present special problems when a property is owned by a corporation or partnership that no longer exists or cannot be located. When such title problems exist, the property cannot be insured and is of very limited interest to potential buyers. Dealing with title problems can be time-consuming. But, if the Land Bank does the work, it could transform an undesirable
property into a much more desirable one and can catalyze private investment on properties and in communities that private buyers might otherwise avoid.

**RECOMMENDATION: The Cook County Land Bank should be invested with the following powers:**

The Land Bank should be authorized with all the powers the County can legally bestow with regard to real estate acquisition, ownership, and disposition, including the ability to:

1. Acquire residential, commercial, industrial and vacant properties through purchase, donation and other transfers including but not limited to the Annual Tax Sale, the Scavenger Sale, the Forfeiture Sale and the No Cash Bid Program;
2. Acquire liens, notes or deeds through purchase, donation and other transfers;
3. Hold title to properties on a tax exempt basis;
4. Clear title, extinguish delinquent taxes and liens as permitted by law, and, in some cases, demolish buildings, and remediate environmental issues;
5. Convey properties to purchasers and transferees;
6. Manage and maintain properties, including leasing on an interim basis, and, when feasible, adopting interim uses including but not limited to green space, storm water management, community gardens or other community spaces;
7. Borrow, lend and invest funds, as may be necessary, for the operation and work of the Land Bank;
8. In response to a request from or with the approval of a municipal body or its delegated representative, participate in development, including but not limited to acting as a general partner, limited partner, investor or lender;
9. Apply for and accept grants, loans and other sources of revenue, including government grants;
10. Enter into partnerships, joint ventures and other collaborative relationships with municipalities and other public and private entities, and create subsidiaries; and
11. Carry out all necessary administrative functions including but not limited to hiring and contracting.

**Land Bank Principles**

The LBAC identified key principles that should guide the operation of a land bank as it exercises these powers. Of those key principles, one was emphasized frequently throughout the process: any activity undertaken by the Land Bank must be consistent with goals and priorities established by local governments and other community stakeholders. The Land Bank is intended to be a tool to help municipalities with local stabilization and redevelopment efforts. It must not compete with, replace or in any way supersed local communities, or act in ways that conflict with their objectives.

Another key principle is that land bank resources must be thoughtfully targeted to maximize effectiveness. Vacant property challenges and redevelopment needs are widespread in the current economic climate. A land bank will have limited resources and must be a strategic steward of them.

A land bank’s primary focus should be on properties that have been rejected by the open market and where private efforts alone are insufficient to advance stabilization and redevelopment goals. However, a land bank should not focus exclusively focus on undesirable properties which would spread land bank resources too thin and make it far less likely that the Land Bank would successfully support stabilization and redevelopment activities.
All of the proposed land bank powers should be understood within the context of the enumerated principles. For example, though the Land Bank should be granted broad power to acquire properties, there should be limitations on the exercise of that power. The Land Bank would only acquire properties in ways consistent with locally-established goals and priorities, at the request of or with the approval of local municipalities, and should only acquire as many properties as it can effectively manage and maintain.

**RECOMMENDATION:** The Cook County Land Bank should operate in accordance with the following principles:

1) Acquire, maintain and transfer properties in a manner consistent with plans and priorities developed by local and municipal officials, other municipal bodies and community stakeholders;
2) Work to get properties back into productive use as quickly as possible, consistent with the mission;
3) Consistent with locally-established plans and priorities, maximize the number of transactions that increase affordable housing, generate jobs, and prevent the displacement of residents and businesses;
4) Establish an efficient property disposition process for transferring properties to responsible parties who will return them to productive use in a timely manner and consistent with the mission;
5) Establish controls to ensure that properties are transferred only to responsible parties and are used in a manner consistent with the mission; and
6) Acquire only as many properties as can be effectively managed and maintained.
The Land Bank Model and Governance

The resolution authorizing the creation of the LBAC and outlining the scope of its work calls for the committee to consider alternative models for a Cook County Land Bank. The range of options explored included creating an entity that would be an arm of County government; working through an existing governmental entity, such as the Housing Authority of Cook County; and creating a new, independent, not-for-profit entity.

Once the powers essential to a land bank’s operations were identified, the Cook County State’s Attorney’s Office examined the extent to which each of the models under consideration could exercise these essential powers. The national land banking experience suggests that the powers most critical to a land bank’s success are the power to clear tax liens and deliver clean title, and the power to hold property on a tax exempt basis. The State’s Attorney’s Office concluded that a land bank could exercise these paramount powers under only one of the models it analyzed: a land bank established as an agency of Cook County. However, committee members believed that the Land Bank could operate most effectively and efficiently and would have the easiest time gaining trust and building credibility if it operated with an independent board of directors. Thus, the Committee concluded that a land bank should be created using a model similar to Cook County’s Health and Hospitals Systems—an agency of Cook County, governed by an independent board of directors. It should be noted that under this model, Cook County will hold title to the properties within the Land Bank.

**RECOMMENDATION:** The Land Bank should be established as an agency of the County and governed by an independent board of directors.

Balancing Representation and Skills on the Board
The Land Bank’s work will require oversight and guidance from a Board with specialized areas of expertise and sensitivity to the priorities and concerns of the local governments and other community stakeholders to be served. To ensure that Land Bank leadership embodies a blend of multiple skill sets, the Board of Directors should include the following types of individuals:

1. Cook County Commissioner
2. Cook County Presidential Representative
3. City of Chicago Mayoral Representative
4. Suburban Mayor
5. Suburban Mayor
6. Community Development Finance Institution Representative
7. Banking/Finance Representative
8. Realtor Representative
9. Non-Profit Housing Representative
10. Commercial and/or Industrial Representative
11. Open Space/Natural Resource Representative
12. City of Chicago Community Representative
13. Suburban Community Representative

The process for identifying strong candidates to fill these slots should be open, transparent and inclusive, allowing for Cook County stakeholders to submit nominations. The term of service should allow sufficient time for Board Members to become knowledgeable about the issues and make effective contributions. Limited terms ward
against entrenched interests and ensure the infusion of new ideas and energy. Terms should be staggered to ensure continuity.

**RECOMMENDATION:** Following an outreach process that is transparent and engages local, civic and community members to nominate candidates for the specific seats on the governing board, the Cook County Board President will select qualified individuals and present a slate to the Cook County Board of Commissioners for approval. Terms should be staggered and each member should serve no more than two, three-year terms.
Budgeting for Impact

Most land banks start off relatively small and build the capacity to operate effectively and demonstrate their value as they grow. Because of the threat that vacant properties present, the need to expand neighborhood stabilization and economic development efforts, and near-term opportunities, the Land Bank should receive enough start-up funding to develop the necessary organizational infrastructure, and to begin its neighborhood stabilization and economic development work.

Start Up Phase
Based on information from existing land banks, a high-level budget scenario for the start-up phase of the Cook County Land Bank was developed that assumes directors and a skeletal staff spending the first year on organizational, programmatic and operational activities including: legal incorporation, recruiting staff, developing a business plan, establishing board committees, creating program and operating policies and procedures, procuring and integrating all IT, MIS and accounting infrastructure, building a website, establishing formal partner and affiliate relationships and conducting community outreach and education.

Under this proposed scenario, the start-up staff would consist of four full time equivalents (FTEs)—an Executive Director, Chief Financial Officer/Accountant, Portfolio Manager and Administrative Assistant. With payroll taxes and fringe benefits, the estimated personnel costs would be approximately $553,500. Overhead and other administrative line items including professional services, consulting, Directors and Officers Insurance, land bank portfolio management software and a contingency fund would cost approximately $435,000. Together, these personnel and administration expenses total just under $1 million (i.e., $988,500).

Start-up funding must be sufficient to allow the Land Bank to build the capacity to begin to demonstrate its effectiveness, and to sow the seeds for work that will have a wider, deeper impact. Additional funding would allow the Land Bank to engage in more neighborhood stabilization and economic development work.

**RECOMMENDATION:** The Cook County Board of Commissioners should provide seed funding, leveraged by other sources, to create a $1 million start-up budget for Land Bank staff, administration and some services.

Small vs. Large Portfolio in the Operating Phase
Following the first year, two separate operating scenarios, based largely on the ULI TAP’s budget exercise, were considered. Under a hypothetical scenario that assumes a modest land bank operation in the first full year after start-up, the Land Bank could manage a portfolio that might address approximately 850 properties, or 4 percent of the potential foreclosure filings in Cook County, with a total staff of five (5) FTEs. This scenario assumes that approximately 70 percent of the properties would be donated (mostly by banks) with the remaining sites acquired at minimal costs. Based on data from other land banks, it is anticipated that 18 percent of land bank properties would need to be demolished.

Alternatively, a larger scale operating scenario would strive to stabilize up to 7 percent of the potential foreclosure filings in Cook County in its first year of operations. This budget assumes that the Land Bank, post start-up phase, would manage a much larger
portfolio of 1,500 properties in the first full year of operations with a total staff of 25 FTEs.

In both operating scenarios, administrative expenses represent approximately 20 percent of the Land Bank’s budget, while 80 percent is attributable to portfolio expenses.

**Due Diligence to Inform Budget Development**
The Board of Commissioners and Board of Directors will need to make a series of threshold decisions about the Land Bank’s activities and priorities that will affect its budget. For example, to what extent will the Land Bank handle improved real estate, which will require far more human and financial capital than the acquisition of vacant, unimproved real estate? Similarly, whether the Land Bank demolishes donated properties or requires banks to demolish before donating will also have cost implications. The Land Bank must also determine what percentage of donated properties will be returned to productive use in the near-term and what percentage will involve ongoing maintenance and other costs over a longer time horizon in order to accurately estimate its revenue needs. These and many other questions regarding staffing plans, cost estimation, and environmental indemnification for acquired properties must be answered as part of the Land Bank’s planning during its first year.

**Revenue Ideas**
During the start-up phase, the Land Bank will likely rely on support from public and private sources, including banks and private foundations. But one of the Land Bank’s top priorities should be to become largely or entirely self-supporting in the long term. Land banks around the country have developed a range of funding models, many of which could be incorporated here, though some would first require state legislative action.

Given that Southland municipalities have taken the initiative to create a South Suburban Land Bank, the Cook County Land Bank will make best efforts to ensure that the two entities work cooperatively to ensure that both are successful in securing funding and conducting their operations.
Next Steps

The following are among steps that must be taken to establish a Cook County Land Bank; the time frames are offered to create and sustain a sense of urgency about this initiative:

1) *Introduce and Pass Enabling Ordinance* – An enabling ordinance should be adopted by the Cook County Board. *(Jan/Feb 2013)*

2) *Board Nominations* – Nominees to be submitted to the President for consideration in accordance with established process. *(Within 30 days of approval and adoption of the enabling ordinance)*

3) *Board Appointments* – The President shall select individuals from the pool of nominations and submit them to the Cook County Board of Commissioners for approval. *(Within 60 days of approval and adoption of the enabling ordinance)*

4) *Full Board Approval of Independent Board of Directors* – The Cook County Board of Commissioners to approve President’s selection of individual members of the Land Bank’s board. *(Within 30 days of submission of selected individuals)*

5) *First Meeting of the Cook County Land Bank Board of Directors* – The Board of Directors shall hold their first meeting. *(Within 45 days of approval of Board of Directors)*

6) *Hire Executive Director* – The Board of Directors shall hire an Executive Director responsible for day to day operations of the Land Bank. *(Within 3 to 6 months of the Board’s first meeting)*

7) *Establish Resource Development Group* – In collaboration and with the consent of the Board of Directors, a fundraising group should be established whose role is to fundraise for general Cook County Land Bank operations. *(Within 60 days of the Board’s first meeting)*

8) *Establish Agency* – The Land Bank agency should publicly signal the formal start of operations with an announcement and/or event that serves as the first highly visible marketing effort to aid in public awareness of the Land Bank. *(Within 9 to 12 months of the Board’s first meeting)*

9) *Establish Reporting & Measurement System* – Leveraging the performance management systems and protocols established by Cook County government in its operations, staff and organizational success/failure will be evaluated on a system of metrics and deliverables tied directly to the mission and principles of the Land Bank. Quarterly and annual reporting on performance will guide budgeting, planning and other critical management decisions for the organization—establishing an important culture of accountability and transparency from the Land Bank’s inception. *(Within 12 months of the Board’s first meeting)*
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12-R-320
RESOLUTION
Sponsored by
THE HONORABLE TONI PRECKWINKLE, PRESIDENT
AND BRIDGET GAINER, COUNTY COMMISSIONER

ESTABLISHING A COOK COUNTY LAND BANK ADVISORY COMMITTEE

WHEREAS, the current housing and economic crisis has deep and wide-ranging consequences in Cook County; and

WHEREAS, the growing incidence of vacant, abandoned, tax-delinquent, and foreclosed properties in neighborhoods throughout the region have had a chilling effect on economic development and cause harm to overall economic health; and

WHEREAS, the problem only threatens to deepen as more than 85,000 foreclosure cases are currently pending in Cook County which may lead to the lowering of neighbors’ property values, weakening the tax base, and imposing additional costs on local government; and

WHEREAS, foreclosure and vacant buildings cannot be contained by suburban borders, ward boundaries or districts; we must tackle vacant and abandoned properties throughout the County by repurposing the tools and resources that reside in our home rule authority; and

WHEREAS, we must employ these resources in partnership with other local governments and agencies to preserve communities, spur growth and development; and

WHEREAS, creating a Countywide Land bank as a revitalization tool would have the ability to provide redevelopment and revitalization services to participating municipalities in Cook County; and

WHEREAS, to help address the further increase and threat of vacant and abandoned property, Cook County proposes the creation of a Land Bank that could be applied countywide; and

WHEREAS, the formation of a Land Bank could assist in returning vacant and foreclosed property in Cook County back to active tax paying status, but also to be a catalyst to foster quality economic development, increase affordable housing and provide long-term community stabilization, revitalization and preservation; and

WHEREAS, across the country, Land Banks have been a successful tool in creating and maintaining affordable housing including through the transformation of vacant buildings into rental and viable commercial properties; and

WHEREAS, we must explore the formation of a Cook County Land Bank and recommend additional ways to reduce the financial and social cost to our communities and local governments by reducing and re-purposing vacant, abandoned, and non-tax-producing properties; and

NOW, THEREFORE BE IT RESOLVED, that the President of the Cook County Board assemble a Cook County Land Bank Advisory Committee (“Advisory Committee”) that may include but not be limited to representatives from the President’s Office, Cook County Bureau of Economic Development, City of Chicago, Housing Authority of Cook County, Office of the Cook County State’s Attorney, Suburban Elected
Officials, Suburban Mayors and Managers Associations, regional planning agencies, civic leaders, affordable housing developers, and local realtors within 60 days of the passage of this Resolution; and

**BE IT FURTHER RESOLVED**, that the Advisory Committee shall consider potential models for a Cook County Land Bank, including but not limited to: (1) creation of a not-for-profit redevelopment authority established under the County’s charter in partnership with the Bureau of Economic Development; (2) creation of a permanent Countywide Advisory Board established by the Cook County President to work with a designated not-for-profit development authority or the Cook County Bureau of Economic Development to approve the placement of property into a Land Bank Authority created by the Cook County; or (3) creation of a not-for-profit redevelopment authority established under the Housing Authority of Cook County in partnership with Cook County; and

**BE IT FURTHER RESOLVED**, in determining the recommended Cook County Land Bank model, the Advisory Committee shall consider at a minimum the following goals: (1) ability to eliminate harms caused by vacant, abandoned, and tax-delinquent properties by returning them to productive use; (2) ability to eliminate barriers to returning properties to productive use, such as cloudy title; and (3) ability to hold properties for a limited duration until they can be effectively conveyed to new owners in accordance with redevelopment plans; and

**BE IT FURTHER RESOLVED**, in determining the recommended Cook County Land Bank model, the Advisory Committee shall at a minimum consider the following benefits of creating a Countywide Land Bank: (1) vacant, abandoned, and tax-delinquent properties that have been allowed to become growing liabilities to communities could be returned to productive use; (2) the tax base could be strengthened by returning unproductive properties to productive use; (3) planning capacity available to local communities could be increased; and (4) property targeted for redevelopment could be held in trust, reducing the number of repeated transfers of low value property by speculators; and

**BE IT FURTHER RESOLVED**, the Advisory Committee should take into consideration the potential budget, target areas, scope of services and governance of a Cook County Land Bank with the goals stated above; and

**BE IT FURTHER RESOLVED**, the Advisory Committee shall further evaluate methods and recommend initiatives to further market existing tax credit classes via the Cook County Bureau of Economic Development which would allow for the conveyance of various tax exemptions upon the authorization of the Cook County Board that could lead to revitalization, incentivize economic growth, facilitate affordable housing and increase open space; and

**BE IT FURTHER RESOLVED**, the Advisory Committee shall make recommendations within 60 days of appointment of the Advisory Committee, to the President and Board of Commissioners of Cook County recommending a model or models for a countywide Cook County Land Bank; and

**BE IT FURTHER RESOLVED**, the Advisory Committee shall make recommendations within 90 days of appointment of the Advisory Committee, to the President and Board of Commissioners of Cook County recommending additional ways to market and benefits of marketing existing tax credit classes.

Approved and adopted this 24th day of July 2012.

TONI PRECKWINKLE, President
Cook County Board of Commissioners

Attest: DAVID ORR, County Clerk
## Land Bank Powers and Models Matrix

<table>
<thead>
<tr>
<th>Land Bank Powers</th>
<th>Cook County Agency</th>
<th>Housing Authority of Cook County (HACC)</th>
<th>Not for Profit (NFP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquire residential, commercial, industrial and vacant properties through purchase, donation and other transfers including but not limited to the Annual Tax Sale, the Scavenger Sale, the Forfeiture Sale and the No Cash Bid Program</td>
<td>County can participate in scavenger sale but not annual sale on behalf of municipalities pursuant to County Ord. 74-42 “No cash bid program;” can participate in both on own behalf or for other entities pursuant to PTC 21-90; can appoint agent for sales. County also has eminent domain powers.</td>
<td>HACC may request County to enter no cash bid on its behalf and assign property so acquired; property so acquired must be used for “project.” 35 ILCS 200/21-90; 310 ILCS 10/8.2, 8.3, 8.16. HACC also has eminent domain powers for statutory purpose. 310 ILCS 10/9.</td>
<td>NFP may request County to enter no cash bid on its behalf and assign property so acquired. 35 ILCS 200/21-90.</td>
</tr>
<tr>
<td>Acquire liens, notes or deeds through purchase, donation and other transfers</td>
<td>Yes (on behalf of the County)</td>
<td>Yes, for statutory purposes only (310 ILCS 10/8.16)</td>
<td>Yes</td>
</tr>
<tr>
<td>Hold title to properties on a tax exempt basis</td>
<td>Yes, provided property is used for a public purpose or is being held for future development; if used/leased for non-public or commercial purpose; no exemption. 35 ILCS 200/15-60.</td>
<td>Yes, but only if property is used for low rent housing and related uses. 35 ILCS 200/15-95.</td>
<td>No, unless property is used for charitable purposes as set forth in PTC 15-65, or for agricultural, horticultural, school, religious or cemetery purposes. 1970 Ill. Const., art. IX, § 6.</td>
</tr>
<tr>
<td>Clear title, extinguish delinquent taxes and liens as permitted by law, and, in some cases, demolish buildings, and remediate environmental issues</td>
<td>Yes, County has a wide range of powers pursuant to home rule, can delegate these powers to an agent; PTC 21-95 authorizes county to abate taxes when acquiring property through foreclosure of lien; but need to comply with demolition requirements as well as federal, state and local environmental regulations.</td>
<td>Not authorized to abate taxes pursuant to PTC 21-95; authorized by statute to provide for elimination of any unsafe building, etc. 310 ILCS 10/8.2. Need to comply with local demolition and environmental requirements, 310 ILCS 10/10, as well as federal and state environmental regulations.</td>
<td>Not authorized to abate taxes pursuant to PTC 21-95; full property owner rights and responsibilities; need to comply with demolition requirements as well as federal, state and local environmental regulations.</td>
</tr>
<tr>
<td>Activity</td>
<td>Yes</td>
<td>Yes but need to comply with local government’s zoning, building, sewer, electrical, plumbing and landscaping ordinances, including permit fees, unless exempted by ordinance.</td>
<td>Yes but need to comply with local government’s zoning, building, sewer, electrical, plumbing and landscaping ordinances, including permit fees, unless exempted by ordinance.</td>
</tr>
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<td>------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Convey properties to purchasers and transferees</td>
<td>Yes</td>
<td>Can only convey for statutory purpose, pursuant to statutorily prescribed procedures. See, 310 ILCS 10/9</td>
<td>See, 310 ILCS 10/9</td>
</tr>
<tr>
<td>Manage and maintain properties, including leasing on an interim basis, and, when feasible, adopting interim uses including but not limited to green space, storm water management, community gardens or other community spaces</td>
<td>Yes</td>
<td>Yes, but renters must meet statutorily established criteria (low income). 310 ILCS 10/25. Authorized by statute to provide for construction, reconstruction, improvement, alteration or repair of any project. 310 ILCS 10/8.2. Need to comply with local government’s zoning, building, sewer, electrical, plumbing and landscaping ordinances, including permit fees, unless exempted by ordinance.</td>
<td>Yes, but need to comply with local government’s zoning, building, sewer, electrical, plumbing and landscaping ordinances, including permit fees, unless exempted by ordinance.</td>
</tr>
<tr>
<td>Participate in development, either as a general or a limited partner as appropriate</td>
<td>Yes</td>
<td>Yes but only for statutorily authorized development. 310 ILCS 10/8.2</td>
<td>Yes</td>
</tr>
<tr>
<td>Apply for and accept grants and other sources of revenue, including government grants</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Carry out all necessary administrative functions including hiring and contracting</td>
<td>Yes</td>
<td>Yes, but only for statutorily authorized purpose</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Land Bank Case Studies

Case Study 1: Cuyahoga County Land Reutilization Corporation

- Year founded: 2009
- State enabling legislation: Yes
- Board composition: 7 Total, 3 elected officials, 4 government employees

The Cuyahoga County Land Reutilization Corporation, also known as the Cuyahoga Land Bank, is located in Cuyahoga County Ohio and was authorized in 2009 by state statute SB 343 to address a growing number of foreclosed properties and a shrinking population in the county. They often partner with the City of Cleveland and other municipalities and maintain a Memoranda of Understanding (MOU) with more than half the jurisdictions in the county. Abandoned properties are acquired from many sources including, banks, government sponsored enterprises such as Fannie Mae, federal and state agencies such as HUD, and donated properties. Most significantly, properties are acquired through an expedited tax foreclosure process. As of February 2012, there were 26,000 vacant properties located in Cuyahoga County and the City of Cleveland. Only 7,300 of these properties are bank owned.

Programs
The land bank acquires and maintains blighted properties and returns them to productive use through several strategies. It assembles smaller parcels of land together, creating larger lots that can be more easily utilized by developers or as green space. The land bank also accelerates the demolition of buildings identified as abandoned nuisance properties. During this process, it prioritizes the re-use and recycling of building materials to decrease waste and provide low-cost materials to contractors and developers. The land bank also collaborates with individuals and organizations seeking to renovate and rehab existing homes by selling available properties to responsible private rehabbers and allowing for in-house renovations. However, it only sells to homeowners, landlords, and rehabbers that are deemed responsible, meet professional standards and submit detailed rehabilitation plans. Properties that do not get demolished, rehabbed, or sold are maintained by the land bank through the employment of field service contractors who continuously work to secure the properties and perform general maintenance. The Land Bank also maintains a listing of all properties acquired by the land bank, details of which include the PIN, address, and current status of the property. The city in which the property is located has first refusal of sale, which expires 30 days after the property is posted.

Operations
The Cuyahoga Land Bank is funded by the collective penalties and interest on delinquent real estate taxes and assessments. This is further augmented by grants from partner organizations, the sale of acquired properties to rehabbers and housing developers, as well as donations and fund recoupment from banks. Its Board of Directors consists of nine members and is comprised of the Cuyahoga County Executive or designee, Cuyahoga County Treasurer or designee, County Council appointment, and two representatives from Cleveland. The four remaining members are selected by the County Executive, County Treasurer, and County Council representatives.
The Cuyahoga Land Bank is a nonprofit community improvement corporation governed under Chapter 17 of the Ohio Revised Code. In August 2009, the organization developed a six-month business plan that focused on determining criteria to create its acquisition policy and process. The initial goal for the first year was to acquire a total of 120 properties. Thirty of these properties contained structures with half slated for demolition and half for rehabilitation. Funding was initially received via the federal Neighborhood Stabilization Program (NSP) program, which provided for limited acquisition and demolition in particular municipalities. From August 2009 through March 2010, the land bank acquired 64 properties and by the end of March had 98 properties pending acquisition. This was in line with their goal to acquire 120 properties by the end of the first year. By March 2010, the 2010-2011 business plan was developed, which sought to begin scaling and stabilizing its process with an emphasis on demolition. Targets for the second year were as follows: 612 acquisitions, 33 self-funded rehabs, 22 NSP rehabs, 496 demolitions, and four to ten NSP deconstructions. It also received 41 million in NSP funding from HUD and increased staff to 18 people by the end of 2010. Independent from NSP funding, by November 2010, the land bank had achieved revenues of $6,749,697. Of this total, $6,128,349 was acquired from penalties and interest collected by the County Treasurer on delinquent real estate taxes and provided to the land bank to fund operations and programs. The remainder of the money came from recoupment for demolition fees from Fannie Mae property sales and other sources.

In December 2010, the land bank managed the sale of a tax exempt bond of $9 million through private placement with a term of seven years and an interest rate of 3.75 percent to be serviced from annual collection of penalties and interest. By the end of 2010, 495 properties had been acquired, mostly from Fannie Mae, HUD and major lenders like JP Morgan Chase, through agreed upon deals with both HUD and Fannie Mae to sell bulk properties for a nominal fee. In 2010, the land bank forged an agreement with HUD to transfer the low-value, vacant, and abandoned properties the agency possessed as a result of mortgage foreclosures in 2010 to the land bank for $100. This agreement was renewed in 2011. In addition, in 2011 the land bank struck deals with lenders such as Bank of America, Citibank, and Wells Fargo to acquire the distressed vacant properties in exchange for having the lenders pay the demolition costs. The land bank demolished 167 properties with 140 contracts outstanding. 80 properties had been transferred to cities and developers.

By summer 2011, the land bank had an inventory of 900 properties with a total of 279 properties demolished and 138 under contract. 91 properties were being redeveloped through NSP-2 program, in-house rehabilitation, or sales to qualified private investors. In March 2012, the land bank reached two important milestones, acquiring more than 1500 properties and demolishing 750 properties since it began in 2009. On average, approximately, 80 to 140 acquisitions occur monthly so the number of land bank properties is constantly changing.

Case Study 2:
Twin Cities Community Land Bank

- Year founded: 2009
- State enabling legislation: No
- Board composition: 16 Total, 4 elected officials, 4 government employees, 8 nonprofit representatives
The Twin Cities Community Land Bank LLC (TCC Land Bank) is a nonprofit Community Development Financial Institution (CDFI) created in 2009 by the Family Housing Fund, a nonprofit established in 1980 to produce and preserve affordable housing in Minnesota. In creating TCC Land Bank, the Family Housing Fund used the Minnesota Foreclosure Partners Council, a regional, collaborative effort to address the foreclosure crisis as a precursor to forming TCC Land Bank. TCC Land Bank includes the cities of Minneapolis and St. Paul as well as the surrounding cities and counties in the seven-county metropolitan area. The land bank is the community coordinator for the National Community Stabilization Trust (NCST), a national nonprofit organization that helps communities access solutions to rebuild strong and stable neighborhoods. It operates through providing efficient and streamlined access to vacant and abandoned properties from financial institutions and flexible financing for neighborhood stabilization activities. Minneapolis has approximately 15,000 vacant housing units according to U.S. Census Bureau.

Programs
As part of its strategy to encourage neighborhood recovery, TCC Land Bank supports a property acquisition program in coordination with the NCST that facilitates the transfer of distressed properties at reduced prices to approved developers. In addition, TCC Land Bank also holds properties for both short and long periods of time for future development and provides property maintenance according to a set agreement. The land bank also is involved in community lending. As a CDFI, the land bank collaborates with other organizations to provide a variety of loan products (see below) and grants. It provides loans to finance nonprofit and for-profit developer partners in the construction of sustainable, affordable housing in low-income communities. In addition, loans are also made for the purchase and rehab of single-family and multifamily properties. TCC Land Bank also provides homebuyers with financial assistance to purchase homes. Grants are provided to community groups and nonprofit organizations for environmental assessments and remediation. The land bank also advances mixed-use development and transit-oriented development by providing loans to developers to help fund the expansion and growth of transit corridors.

Operations
Maintaining sufficient lending capital is a concern for the land bank as much of this capital is borrowed. Funding for TCC Land Bank is also provided by several revenue streams: interest and fees from loans, property acquisition fees, operating grants and contracts for service. In the future, it would like to derive funding from land banking and property management fees. The Board of Directors is comprised of representatives from nonprofit, government, and financial organizations. TCC Land Bank acquires foreclosed properties by purchasing from banks or receiving donations.

TCC Land Bank acquired and disposed of 271 single and multifamily properties on behalf of 60 developers and city and county governments by June 2011. Its loan products helped finance a variety of developments:

- Nonprofit Neighborhood Recovery Loan Program committed $2.64 million to 3 developers with 23 properties financed.
- Foreclosure Recovery Loan Program committed $6.7 million to five developers with 50 properties financed.
- Mini-perm Loan Program committed $450,000 to one developer to finance five multifamily affordable rental properties
• New Construction Loan Program committee $200,000 to one developer to finance LEED-certified single-family home.
• Interim Acquisition Loan Program committed eight interim acquisition loans and two land banking loans for six developers and one city.
• Commercial Loan Program committed $500,000 for three projects along transit/commercial corridors in the Twin Cities
• 11 properties were land banked on behalf of three nonprofit developers, 2 for-profit developers, and one city

Case Study 3: 
Atlanta/Fulton County Land Bank Case Study

• Year founded: 1991
• State enabling legislation: Yes
• Board composition: 4 Total, 4 private sector representatives

In 1990, the Georgia General Assembly passed enabling legislation for local governmental land bank authorities, prompted by the growing inventory of abandoned tax-delinquent properties in inner-city Atlanta. The state legislation, modeled after similar in Kentucky, authorized execution of an interlocal cooperation agreement and creation of an independent legal corporation. Fulton County, Georgia and the city of Atlanta entered into the original Interlocal Cooperation Agreement in June of 1991. The most significant feature of the Atlanta Land Bank is that it possesses the power to extinguish all delinquent property taxes on parcels of land it acquires and conveys, a power no other land bank currently has. Initially, the power did not extend to property taxes levied by the school board, but a 1990 statutory amendment gave it the authority to waive those taxes as well with the school board’s consent. Local school districts were given advisory members on the land bank board of directors following a 1994 amendment to the Interlocal Cooperation Agreement. In addition, the Atlanta Land Bank does not automatically receive title to properties that are not successfully sold at a tax foreclosure sale. It has the option to bid at the sales, but in practice it only exercises that option when it anticipates an immediate re-conveyance to a developer.

According to its website, the Fulton County/City of Atlanta Land Bank currently has an inventory of approximately 119 properties totaling some 49,000 acres with an appraised value of $3 million and a tax assessed value of $1.2 million.

Operations
Since 1994, the Atlanta Land Bank is a legal corporation separate from the governments of both Fulton County and the city of Atlanta. As such, it has an independent Board of Directors and its own full-time staff. Participating local governments each appoint two members to the Board. Under the Georgia structure, a land bank authority may consist of two or more municipalities in a county, together with the county in which they are located, so the size of the board is limited only by the number of parties to the interlocal agreement. The city and county school districts may appoint a representative to the board in an advisory capacity. All members of the board are required to be residents of the local jurisdictions served and to have demonstrated special interest, experience or education in urban planning, community development, finance or related areas.

General operating budget support is proved through annual appropriations of the participating local governments, which draw upon Community Development Block Grant
funding for the allocations, and the land bank derives little, if any, funding from its operations. Proceeds from sales are required to be distributed back to the participating governments to cover the original tax delinquency, with any excess allocated for operational expenses. This funding structure reflects the policy decision that the land bank’s activities should be focused on immediately transferring properties at nominal prices to facilitate development in the manner most consistent with the land bank’s stated goals, such as the creation of affordable housing.

**Property Acquisition**
The Atlanta Land Bank has the authority but not the obligation to tender the minimum bid at a tax foreclosure sale (by agreeing to assume responsibility for the amount of taxes that it subsequently extinguishes), and acquires the property only if there is no higher bid. The land bank also has the authority to direct the tax commissioner to initiate tax foreclosure proceedings on specific parcels of property, as well as the authority to receive properties acquired by the local government as the result of drug law forfeitures, and any and all properties in addition to tax-foreclosed properties that the local governments may wish to convey. The land bank may receive property via donation, and it has the power to exchange property for the purpose of land assembly.

In 2007, in response to the collapse of the housing market, the Atlanta Land Bank in partnership with Atlanta’s CDCs developed a depository agreement program that allowed the organizations to transfer properties from their inventories to the land bank. Due to economies of scale, property maintenance costs are better controlled by the land bank. The program proved to be a perfect vehicle to assist local governments and other non-profits as they are faced with the glut of foreclosed and other REO properties in the wake of the economic collapse. The program allowed non-profits to better utilize NSP funds to acquire and bank properties suited for future redevelopment and neighborhood stabilization.

**Asset Management**
The Atlanta Land Bank is required by law to inventory, appraise and classify according to potential uses all properties it holds and make such records publicly available. It is granted the authority to “manage, maintain, protect, rent, lease, repair, insure, alter, sell, trade, exchange or otherwise dispose of any property.”

**Property Disposition**
The Atlanta Land Bank’s main function, rather than holding properties to which it acquires title, is to waive delinquent property taxes if the property is acquired by an approved party to be used for a specific purpose. Any person or entity interested in acquiring a tax-delinquent piece of property from its current owner can enter into an agreement with the land bank providing that if the purchaser acquires the property subject to the outstanding taxes, it will convey the property to the land bank, which will extinguish the taxes and simultaneously re-convey the property to the purchaser. This conduit transfer structure has the advantage of allowing nonprofit CDCs and for-profit entities to identify and acquire tax delinquent parcels at relatively low cost, knowing that the taxes will be extinguished. The land bank is able to facilitate transfers of properties without the need to own them for extended periods of time and with no costs for property maintenance. Thus, no title questions arise about the adequacy of a tax foreclosure procedure because no tax foreclosure takes place. The conduit transfer process functionally uses the existence of delinquent taxes as a subsidy to encourage private-market transfers.
The Atlanta Land Bank gives first priority to “neighborhood non-profit entities obtaining the property for the production or rehabilitation of housing for persons with low incomes,” with second priority given to all other entities seeking to use the property for low income housing. On a regular basis, the land bank establishes applicable definitions of “low income” and “moderate income” to guide its preference for affordable housing. Habitat for Humanity and its affiliates has been the primary recipient of properties processed by the land bank, and the land bank processes an average of 100 to 150 properties per year. In addition, the land bank requires comments from Neighborhood Planning Units, which are politically established planning units, on proposed dispositions of property to remain accountable to the local people.
Cook County Tax Incentive Addendum

The Assessor's Office is under the direction of the Cook County Assessor, a county-wide elected official, and is responsible for setting fair and accurate values for 1.8 million parcels of property in Cook County. The Assessor reassesses one-third of the properties located in the county each year, alternating assessments among the northern suburbs, the southern suburbs and the City of Chicago.

The Assessor's Office has a variety of tax incentives which are designed to promote commercial and industrial redevelopment for parcels that are struggling to attract new occupants or retain existing business that "but for" the tax incentive, would not be feasible.

The range of incentive programs and the qualifying projects are summarized from the Cook County Assessor’s Website and listed below. For required Eligibility Bulletins, Applications, Affidavit Forms and other documents, please contact the Cook County Assessor’s Office. The Cook County Bureau of Economic Development should also be contacted when there are "special circumstances" which inhibit reuse and redevelopment.

The LBAC met with the Assessor's Office to discuss the role of tax incentives in supporting the Cook County Land Bank’s disposition strategy. There is a potential of tax incentive benefits increasing a property’s chance of returning to productive use. Since benefits are applied to properties after they have bee redeveloped, the Tax Incentive Program complements the land bank’s front-end ability to clear taxes; clean title and assemble properties.

Tax Incentive Descriptions

Class 6b
To attract new manufacturing businesses and industrial development to Cook County, the Assessor's Office provides a Class 6b Tax Incentive for new construction, substantial rehabilitation and reoccupation of an industrial building which has been vacant for over twenty-four (24) months. The steps for application are addressed on the Assessor’s website; but some nuances include: application before construction/rehabilitation commences and/or structure is re-occupied; securing municipal ordinance/resolution in support of the tax incentive and filing an “Incentives Appeal Form” and a Real Estate Assessed Valuation Appeal upon completion of structure or rehab and re-occupation of structure.

The Class 6b reduces the general industrial assessment level from twenty-five percent (25%) of market value to an assessment level of ten percent (10%) for ten (10) years; fifteen percent (15%) in the eleventh year and twenty percent (20%) in the twelfth year. While the lower assessment level is only calculated for the portion of the facility which receives approved rehabilitation, the incentive is applied to the whole structure and land of newly constructed buildings and properties that have been vacant upon re-occupation. Following proper procedures, the Class 6b tax incentive may be approved for renewal. The Assessor’s Office notes that the value added in rehabilitation may be lower than the cost of the project. Cook County’s Living Wage Ordinance must be complied with to continue to receive the Class 6b Tax Incentive. A Triennial Affidavit must also be
completed verifying the use of the property and the number of workers employed at the incentivized location.

**Class 7a**
In areas where commercial business is lacking in Cook County, the Assessor’s Office administers a Class 7a Tax Incentive for new construction, substantial rehabilitation and reoccupation of buildings which have been vacant for over twenty-four (24) months and which will provide an expected increase in property tax revenue and employment opportunities through the sale and purchase of goods and services. Class 7a commercial projects may not exceed the $2 million cap and must submit evidence of the presence of all five (5) eligibility factors. The five factors include: designation of area; real estate tax analysis; viability and timeliness; assistance and necessity; and increased tax revenue and employment. The steps for application are addressed on the Assessor’s website; but nuances include: application before construction/rehabilitation starts and/or structure is re-occupied; detailing the evidence of all five (5) eligibility factors; securing municipal ordinance/resolution in support of the tax incentive and filing an “Incentives Appeal Form” upon completion of structure or rehab and re-occupation of structure or completion of construction/rehab.

The Class 7a reduces the general commercial assessment level from twenty-five percent (25%) of market value to an assessment level of ten percent (10%) for ten (10) years; fifteen percent (15%) in the eleventh year and twenty percent (20%) in the twelfth year. While the lower assessment level is only calculated for the portion of the facility which receives approved rehabilitation, the incentive is applied to the whole structure and land of newly constructed buildings and properties that have been vacant upon re-occupation. The Assessor’s Office notes that the value added in rehabilitation may be lower than the cost of the project. A Triennial Affidavit must be completed verifying the use of the property and the number of workers employed at the incentivized location.

**Class 7b**
Commercial projects which total over $2 million dollars may apply for the Class 7b Tax Incentive. Similar to the Class 7a in most steps, these higher cost projects must receive approval by the Economic Development Advisory Committee of Cook County (EDAC) to verify existence of the five eligibility factors. The resolution in approval of the tax incentive is then submitted to the Assessor’s Office.

**Class 8**
Upon application from a local governing body and certification by the Assessor’s Office, areas around Cook County which are experiencing a lack of industrial and commercial growth, may become reutilized when applicants receive a Class 8 Tax Incentive. Geared for both commercial and industrial use, a parcel in a Class 8-designated area throughout Cook County, or a parcel acquired through the Cook County Tax Reactivation Project, or a parcel located within Bloom, Bremen, Calumet, Rich or Thornton Township, may qualify for a reduction in assessment level for new construction, substantial rehabilitation or re-occupation of a building that has been vacant for over twenty-four (24) months. The steps for application are addressed on the Assessor’s website; but nuances include: commences and/or structure is re-occupied; securing municipal ordinance/resolution in support of the tax incentive and filing an “Incentives Appeal Form” upon re-occupation of structure or completion of construction/rehab.
The Class 8 reduces the general commercial or industrial assessment level from twenty-five percent (25%) of market value to an assessment level of ten percent (10%) for ten (10) years; fifteen percent (15%) in the eleventh year and twenty percent (20%) in the twelfth year. While the lower assessment level is only calculated for the portion of the facility which receives approved rehabilitation, the incentive is applied to the whole structure and land of newly constructed buildings and properties that have been vacant upon re-occupation. Following proper procedures, both types of incentives may be renewed. The Assessor’s Office notes that the value added in rehabilitation may be lower than the cost of the project. Cook County’s Living Wage Ordinance must be complied with in order to continue to receive the Class 8 Industrial Tax Incentive. A Triennial Affidavit must also be completed verifying the use of the property and the number of workers employed at the incentivized location.

**Class C**

Polluted land and structures inhibit economic growth in many parts of Cook County. Contamination affects the safety of surrounding properties and the health of neighboring residents. Site clean-up costs can be prohibitive for prospective owners. To promote remediation and new development, the Class C Tax Incentive reduces property tax assessment levels for both land and entire buildings which have participated in the Illinois Environmental Protection Agency’s Site Remediation Program. After completing environmental testing and remediation, the Illinois Environmental Protection Agency (ILEPA) will produce a “No Further Remediation Letter” for successful projects. If the costs for site investigation, testing, removal and legal fees total at least twenty-five percent (25%) of the market value of the real estate or at least $100,000 and a municipal ordinance or resolution in support of the tax incentive, along with other required documents, are submitted within one year of receipt of the letter, the property may qualify for a Class C Tax Incentive.

To participate in the ILEPA program and receive the tax incentive, owners must also be able to prove they were not directly or indirectly responsible for the contamination. After receipt of a “No Further Remediation Letter” and upon completion of program or re-occupancy, an “Incentives Appeal Form” must be submitted to the Assessor’s Office. The reduction in assessment value for commercial or industrial projects will be from twenty-five percent (25%) of market value to ten percent (10%) for the first ten (10) years, fifteen percent (15%) in the eleventh year and twenty percent (20%) in the 12th year. Industrial Class C Tax Incentives are renewable while commercial Class Cs may not be renewed.

**Class L**

When substantial rehabilitation is needed for a building which is a historic structure or within a landmark or historic district the Class L Tax Incentive may help to promote the renovation of the structure in order to house new not-for-profit, commercial, industrial or multi-family residential project(s). When owner investments for rehabilitation costs to major building systems are equal to at least fifty percent (50%) of the full market value of the building and required steps are taken and documentation submitted to the Assessor’s Office such as local government certification, ordinance or resolution and Preservation Commission Review, such building may receive a Class L designation which leads to a ten percent (10%) assessment level of fair market value for the first ten years, fifteen percent (15%) in the eleventh year and twenty percent (20%) in the twelfth year.
Incentives for commercial use of historic buildings are the only subset not eligible for renewal. Application must be made before substantial rehabilitation has begun and an "Incentives Appeal Form" must be submitted after project completion. Triennial affidavits are required to continue tax incentive.

**Class S**
Retaining affordable housing for low/moderate-income households is accomplished through the Class S Tax Incentive. Project-based Section 8 multi-family housing properties which receive approval from the U.S. Department of Housing and Urban Development (HUD) are eligible to apply for and request renewals of the incentive’s five year term in which the residential portions will be assessed at 10 percent (10%) of fair market value. Twenty percent (20%) of the living units must be rented to persons meeting the low-moderate income level for Section 8 housing. Annual statements of continued compliance are required to continue receiving the incentive. Sale or transfer of property during the Class S term will require the new owner to comply with all requirements or the structure will be terminated from the incentive program. If a Class S incentive expires or is terminated, the assessment level will return to the current ten percent (10%) Class 3 level.

**Open Space Valuation**
Land which is to be used as open space and has been used for such in the preceding three (3) years may be eligible for the Open Space Land Valuation. The parcel must be more than ten (10) acres in area and be used for the specific purposes outlined below. Land used primarily for residential purposes will not be considered.

1) Land must be used for maintaining or enhancing natural or scenic resources.
2) Land must protect air or streams or water supplies.
3) Land must promote conservation of soil, wetland, beaches or marshes, including ground cover or planted perennial grasses, trees and shrubs and other natural perennial growth, including any body of water, whether man-made or natural.
4) Land must conserve landscaped areas, such as public or private golf courses.
5) Land must enhance the value to the public of abutting or neighboring parks, forests, wildlife preserves, nature reservations, sanctuaries or other open spaces.
6) Land must preserve historic sites.

Open space land will be valued at an estimated voluntary fair cash sales price to a buyer who would continue similar use. Parties responsible for tax payment must submit a verified open space valuation application to the Assessor’s Office by January 31 of each desired year.

When property is transferred to a new owner, if the open space use is to be continued, the seller shall inform a prospective buyer of a change of owner application along with the annual application requirements. If the open space use is not to be continued, the seller must notify the Assessor’s Office in writing of the discontinuation of use. If the whole or portion of the open space land is to be sold for use other than open space, taxes will be owed according to the difference in taxes paid for the preceding three (3) years with the open space valuation and the tax that would have been due without the valuation along with a five percent (5%) interest fee. It is the responsibility of the seller to set up an escrow account at the closing to cover the difference in taxes paid which will be due the following September 1st.
Living Wage Ordinance
The Incentives Class Living Wage Ordinance Affidavit applies to Class 6b, Class 8 – industrial incentives and Class 9. It states that in order to receive and continue to receive these specific tax incentives, an owner-occupied property must pay each employee a Living Wage, as set by the County’s Chief Procurement Officer.

Triennial Affidavit
The Triennial Affidavit for Incentive Properties form must be completed for property owners receiving a Class L, Class 6b, Class 7 or Class 8 tax incentive. Failure to submit proper and accurate information could result in a loss of tax incentive.

Special Circumstances
The Bureau of Economic Development – Department of Planning and Development administers the “special circumstances” component of the Cook County Real Property Assessment Classification Ordinance. “Special circumstances” are noted as, but not limited to, abandonment under twenty-four (24) months; no purchase for value and/or property located in unincorporated Cook County.

To qualify for a tax incentive with “special circumstances”, a resolution in support of the tax incentive must be passed by the Cook County Board of Commissioners. Tax incentive applications must be submitted to both the Assessor’s Office and the Department of Planning and Development for review of the “special circumstances”.

LBAC Recommendations
The Land Bank should develop a marketing campaign to inform business located in Cook County, or those wanting to relocate to the area, of the various options available for residential, commercial and industrial redevelopment.

The marketing campaign should contain resources available to projects through Cook County, such as the Tax Incentive Program, and advertise other local, state, federal, private and not-for-profit programs which will help current and new business owners grow in their specific field while also stabilizing local economies, increasing employment opportunities and improving quality of life for the residents of Cook County. The marketing campaign should begin with the first announcement of the Land Bank to ensure that all interested parties are aware of opportunities at the appropriate time during project planning.

The Land Bank should develop seamless relationships with the various departments and agencies of Cook County, along with other governmental, public and private ventures, that may be able to provide incentives and assistance for redevelopment projects of land bank holdings.

Working closely with entities involved with development support will ensure that properties within the Land Bank continue on to the phases of disposition and redevelopment more efficiently. It will also ensure that developers do not miss opportunities because of early stage requirements in certain programs or funding.
The Land Bank Advisory Committee recommends that a study should be completed exploring whether new classifications for scattered-site residential and a certificate of land bank participation leading to a tax incentive should be created. As the Assessor’s Office looks for market solutions to market problems, the effect of changes to incentive programs needs to be analyzed. White papers with research data on the outcomes of suggested changes would help validate the rationale for any modifications.

Contact Information

Cook County Assessor’s Office
Incentives Department
118 North Clark, 3rd Floor
Chicago, IL 60602
www.cookcountyassessor.com

Incentives Department 312-603-7529
Open Spaces 312-603-3430
Specific Properties Department 312-603-7529

Cook County Bureau of Economic Development
Department of Planning and Development
69 West Washington Street, Suite 2900
Chicago, IL 60602
http://blog.cookcountyil.gov/economicdevelopment/

312-603-1000
Cook County Land Bank Advisory Committee

MarySue Barrett  
Land Bank Advisory Committee, Chair  
Metropolitan Planning Council

Jeff Bartow  
Southwest Organizing Project

David Chandler  
Center for Neighborhood Technology

Pam Daniels-Halisi  
The Private Bank

David Doig  
Chicago Neighborhood Initiatives

Julie Dworkin  
Chicago Coalition for the Homeless

William Goldsmith  
Mercy Portfolio Services

Calvin Holmes  
Chicago Community Loan Fund

Michael Jasso  
Chicago Department of Housing & Economic Development

LaVon Johns  
Pugh, Jones & Johnson

Mary R. Kenney  
Illinois Housing Development Authority

Craig Mizushima  
US Bank

Rich Monocchio  
Housing Authority of the County of Cook

Bishop Dr. Claude Porter  
Proviso Leyden Council for Community Action

Kathleen Ransford  
Quintairos, Prieto, Wood & Boyer

Rich Sciortino  
Brinshore Development

Jeff Sherwin  
Mayor of the City of Northlake  
Metropolitan Mayors Caucus  
Housing and Community Development Committee, Chair

Julia Stasch  
MacArthur Foundation

Gene Williams  
Mayor of the Village of Lynwood  
South Suburban Mayors and Managers Association, Past President

Herman Brewer  
Ex-Officio, Cook County Bureau of Economic Development

Affiliations are listed solely for informational purposes and do not imply organizational endorsement of this report.
Acknowledgements

The Cook County Land Bank Advisory Committee would like to thank the following institutions and people for their participation and assistance during this process.

The MacArthur Foundation for hosting the first meeting of the LBAC
US Bank for providing nourishment for the fifth meeting of the LBAC

Frank Alexander, Center for Community Progress
Anita Alvarez, Office of the Cook County State’s Attorney
Leonorilda Amador, Cook County Bureau of Economic Development
Tim Angell, Chicago Association of Realtors
Brian Bernardoni, Chicago Association of Realtors
Joseph Berrios, Cook County Assessor
Michael Brady, Center for Community Progress
Felix Cardona, Jr., Cook County Assessor’s Office
Patrick Carey, Cook County Bureau of Economic Development
Allison Clark, MacArthur Foundation
Allison Mild Clements Metropolitan Mayors Caucus
Margie Cusack, Cook County Clerk’s Office
Brent Denzir, Attorney for South Suburban Mayor’s and Manager
Patrick T. Driscoll, Jr., Office of the Cook County State’s Attorney
Joe Fratto, Cook County Treasurer’s Office
Cami Freeman, Illinois Housing Development Authority
Breann Gala, Metropolitan Planning Council
Andre Garner, Cook County Planning and Development
Tatia Gibbons, Office of the Cook County State’s Attorney
Becca Goldstein, Neighborhood Housing Services of Chicago
Adam Gross, Business and Professional People for the Public Interest
Rob Grossinger, Enterprise Community Partners, Inc.
Ira Horwitz, Cook County Assessor’s Office
Amy Hovey, Center for Community Progress
Sara Hynes, Office of the Cook County State’s Attorney
Randy Johnson, Office of the Cook County State’s Attorney
Owen Kilmer, Cook County Office of the President
Aris Kotsioris, Cook County Planning and Development
Bill Kouruklis, Cook County Treasurer’s Office
Bob Kruse, Cook County Assessor’s Office
Barbara Maloof, Cook County Bureau of Economic Development
Jeff McCutchan, Office of the Cook County State’s Attorney
John McDonnell, Cook County Assessor’s Office
Denis McNamara, Cook County Department of Public Affairs and Communications
Stephanie Milito, Cook County Planning and Development
Torrence Moore, Chicago Community Loan Fund
Paul Moody, Cook County Assessor’s Office
Janice Morrissy, South Suburban Mayors and Managers
Pat Nester, Cook County Treasurer’s Office
David Orr, Cook County Clerk
Ed Paesel, South Suburban Mayors and Managers
Maria Pappas, Cook County Treasurer
Barbara Pressl, Cook County Clerk’s Office
Madeline Ramos-Fabian, Cook County Planning and Development
Katie Sabo, Cook County Commissioner Bridget Gainer’s Office
Andrew Schwarm, Cook County Office of the President
Mike Scobey, Illinois Association of Realtors
Dominick Spalla, Cook County Assessor’s Office
Curtis Tilman, Cook County Assessor’s Office
Dominic Tocci, Cook County Planning and Development
Khang Trinh, Cook County Assessor’s Office
Maria Choca Urban, Cook County Planning and Development
Cristina Villarreal, Cook County Assessor’s Office

**Urban Land Institute – Technical Assistance Panel Program**

Scott Goldstein, Teska Associates, Inc., Chair

**ULI Technical Assistance Panel**

<table>
<thead>
<tr>
<th>Name</th>
<th>Organization</th>
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<tbody>
<tr>
<td>Michael Brady</td>
<td>Center for Community Progress</td>
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<tr>
<td>Karen Butler</td>
<td>Great Harbor Advisors</td>
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<tr>
<td>Tina Dalman</td>
<td>Drinker Biddle &amp; Reath, LLP</td>
</tr>
<tr>
<td>Teri Frankiewicz</td>
<td>Crown Community Development</td>
</tr>
<tr>
<td>Margo Geffen</td>
<td>Twin Cities Community Land Bank</td>
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<tr>
<td>Calvin Holmes</td>
<td>Chicago Community Loan Fund</td>
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<tr>
<td>Zack Otte</td>
<td>Plante &amp; Moran, PLLC</td>
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<tr>
<td>Jim Rokakis</td>
<td>Thriving Communities Institute</td>
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<tr>
<td>Paul Roldan</td>
<td>Hispanic Housing</td>
</tr>
<tr>
<td>Geoff Smith</td>
<td>DePaul University, Institute for Housing Studies</td>
</tr>
<tr>
<td>Will Towns</td>
<td>The University of Chicago, Office of Civic Engagement</td>
</tr>
<tr>
<td>Brad White</td>
<td>Alphawood Foundation Chicago</td>
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<tbody>
<tr>
<td>Cynthia McSherry</td>
<td>Urban Land Institute Chicago</td>
</tr>
<tr>
<td>Christine Kolb</td>
<td>Urban Land Institute Chicago</td>
</tr>
<tr>
<td>Joanna Trotter</td>
<td>Metropolitan Planning Council</td>
</tr>
<tr>
<td>Barbara Ray</td>
<td>Urban Land Institute Chicago</td>
</tr>
<tr>
<td>Hiredpen, Inc.</td>
<td>Urban Land Institute Chicago</td>
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</tbody>
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