

MINUTES  
FINANCE COMMITTEE  
MUNCIE COMMON COUNCIL  
300 NORTH HIGH STREET  
MUNCIE, INDIANA 47305

**MONDAY, SEPTEMBER 9, 2019**

**SPECIAL MEETING: 7:00 P.M., 1<sup>ST</sup> FLOOR CITY HALL AUDITORIUM.**

**PLEDGE OF ALLEGIANCE:**

**ROLL CALL:**

	<b>PRESENT</b>	<b>ABSENT</b>
Nora Powell	X	
Brad Polk	x	
Linda Gregory	X	

**TOPIC OF DISCUSSION:**

The Finance Committee of the Muncie Common Council is meeting to receive information from the Muncie Land Bank Committee.

Dr. John West thanks for the opportunity to address the Finance Committee. The Land Bank Committee is coming before them today because after at least two years of work on this project, they have made a tremendous amount of progress and they see an avenue for the City Council and the Building Commissioner's office to support the Land Bank financially so they can take and maintain abandoned property in the city of Muncie. A packet was supplied to the committee members and it notes that the city of Muncie has about 2,400 vacant lots, 1,300 vacant structures and 750 blighted structures. Currently, a lot of those properties are sitting un-cared for. The role of a Land Bank would be to take these properties, own them, maintain them and then give them to responsible final users or buyers. The Muncie Land Bank was established in 2017 and incorporated that same year. The City Council passed an ordinance that included three board members on the Land Bank so the members have been an early supporter of the Land Bank, which West is very appreciative of. The Land Bank Committee did some fund-raising from private philanthropy and received enough money to bring in private consultants to help them understand the dimensions of the problem here in Muncie and

to help come up with solutions. The consultant arrived to the conclusion that the Land Bank, as currently structured, is well-positioned to take abandoned property. That left them with a trove of information and documents that will help them function at the highest level of efficiency, transparency and effectiveness. The one piece that is missing is sustaining funding. No Land Bank in the United States operates without support either from private philanthropy or from a government entity. The Muncie Land Bank has received funding from the Ball Foundation, the Mayor's office but at the current time, no one has agreed to fund it for the long-term. They are seeking funding from the City Council through the Building Commissioner's office. To highlight the main thrust of why it makes sense to support the Land Bank, the second page of the document shared with the committee, shows the amount of loss property value in the city of Muncie as a result of abandonment. This is based on calculations West produced about two years ago. They estimate the cost to the city (citizens of Muncie) is \$66 million in decreased property value. This is a conservative estimate. That translates into \$2.3 million in loss property tax revenues, annually. Without a strategy for getting those properties so that they are remediated so that they look okay and don't have rats crawling out of them and so that neighbors can take pride in their neighborhood; we are going to continue losing that money. West hopes everyone will keep that in mind when his colleague, Brad King, discusses the details of the funding strategy.

Brad King, Vice-Chair of the Land Bank Committee, refers to page 3 in the packet supplied to the committee of an outline of their proposal. He along with Mr. Bishop and Mr. Lorrison (Building Commissioner) to figure out ways to determine how to capture and hold more blight and get it turned around and resurrected. One of the ways Lorrison was looking to bring his office up more financially sustainability was to raise some fees and include some new fees. What is being purposed, it to advocate for the increase and for a portion of that increase to come to the Muncie Land Bank. What they would do is take on these abandoned, vacant properties that they city can only board or demolish but not control. Two things were being done really well for a long time and that is demolished and rehabbed but they have not controlled this. That is the last part of the stop gap measure for this. The property values, as West was explaining, are bottomed-out and that effects many taxing districts. They are looking to try and reverse that by taking a portion of the Building Commissioner's load (vacancy) and allowing them to focus on other (sometimes more) positive code enforcement. When saying "positive" he is meaning finishing inspections instead of infractions. It is basically a doubling of the fees with 20% going to MLB (Muncie Land Bank). That brings the Building Commissioner up further and even might have gained more capacity to be

more practice in their code enforcement. The Building Commissioner is here if anyone has any questions about that relationship they formed. One thing they definitely ask is for this body's support in a proposal like this. If the Finance Chair remembers, they had met early on to discuss about a different line of funding that just was not going to work out. It was made very clear that there wasn't going to be an extra line of revenue to make the Rainy Day Fund come to fruition. They have tried to create that line of revenue for themselves specifically. This is not going to be taking from anyone else, instead, they are creating new. King along with West, Bishop and Lorrison are willing to answer any questions anyone may have.

Powell states that was one of the questions she had was if they are going to end up asking for an appropriation from the General Fund and that this would be coming from fees generated from increasing permit fees and things like that within the Building Commissioner's office. King confirms and explains they are not looking for any other revenue fund to be affected here. That is why they created this proposal. They also tried to crunch these numbers against other Hoosier cities. Before he says anything else, he says this; it is incredibly hard to make the different kind of code and fee schedules match. Different cities just run their fee schedules differently by different metrics, different costs and even different classification of work. They believe they are still within certain communities such as West Lafayette, Kokomo, Marian and Fishers. Powell continues with increasing these fees, where would the city be in relation to other cities. King believes those four cities. Powell asks about the financial burden on people. King states they do not believe it would. They believe it would also help make sure that quality of work is being done in all of those areas that are already being part of the fee structure. The Building Commissioners proposal, originally, was going to be an increase. Now, they have asked for this type of relationship.

Gregory has a question on how that 20% of the fees would be going to the Land Bank and how much would be used. She believes on down the road at the point where this becomes an ordinance, the council would want more details. King states they would definitely flush out that 20%. Because it would be an ongoing revenue stream, it would really go to the day-to-day operations and staff and then followed by the properties. Gregory states that is what she had in mind and asks what size staff they are thinking of and so forth. King states it would depend on the projection of the numbers which he does not have with him at this time. Gregory states she does not have to have it for tonight but thinks it is something they would have to see. King confirms the fee

schedule would have to go through Public Hearing, anyway. That was the other portion of the council support they would ask for during the process.

West responds the projected growth of the Land Bank in terms on onboarding staff, is they are looking for an Executive Director in the short term and then people with specialized skills who can help them transact and take care of properties, more efficiently. The idea is to hire someone who has legal expertise in taking properties that have titles that aren't clear and clearing them cheaply. They also plan to hire a bookkeeper. They would be one full-time staffed and then two part-time staffed. In the short term, talk is about operating a relatively small shop. He believes they could take care of a large number of properties with that sized staff.

Powell asks that West and King make these documents available to all members of the council, in which, King confirms.

**ADJOURNMENT:**

A motion was made by Gregory and seconded by Polk to Adjourn. A vote by acclamation showed 3 yeas and 0 nays. ADJOURNED.

  
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Nora Powell, Vice-President of  
The Muncie Common Council  
Finance Chair

  
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Melissa Peckinpaugh, Muncie City Clerk  
of the Muncie Common Council