

Old Brooklyn Community Development Corporation
Board of Directors Meeting Minutes
Zoom Video-Conferencing Meeting
March 22, 2022

Board Members Present: Dave Margolius, Reggie Clark, Adam Saurwein, Gordon Jones, Marlon Brown, Katrina Homer, David Robinson, Kristen Wilson, Mike Caparanis.

Staff: Devin Cotten, Amber Jones, Jayme Lucas Bauer

Meeting was called to order at 6:00 pm. Dave Margolius asked for a motion to approve the February minutes. David Robinson made a motion, Marlon Brown seconded, minutes were approved.

Treasurer's Report: (David Robinson) Long time auditor, Casey, explained our 990 and the audit statements. Casey is retiring and so we are going to be putting out a bid for a new auditor, as well as, someone to help us with taxes. The day-to-day accounting & auditing of the organization is kept separate. John deal with the deal group manages our day to day. He's the one that's working with the OBCDC staff, on cutting checks & getting invoices paid. We work with another CPA to do the routine audit for yearly review, as well as file any taxes that are necessary. Casey will close out 2020, 2021 for this fiscal year. Dave asked for a motion to approve the financials Marlon made a motion to approve, Mike seconded. The treasurers report was approved.

Fundraising – (Devin Cotten)

1. Money is needed to upgrade our technology. We have around \$12,000 left in the CDBG budget, this fiscal year, we've elected to use this and are proposing the use of those dollars for, upgrades, The benefits of using these dollars in this way is that it allows us to remove some laptops that are obsolete or that are getting close to the point of being out of warranty or are at higher rates to repair. CGB Tech suggests that we either upgrade some of those laptops or move some of those laptops out of circulation. Some of our other laptops will be shuffled down to employees that do not use laptops as often, or not as a major part of their focus. One of the laptops will be for the new executive director role.
2. We'll be adding a new soundbar, video conferencing technology into our main conference room and then to our smaller conference room. This will allow us to have split meetings where folks can be in-person and on-screen. Community meetings & different meetings can take place simultaneously, virtually and in person. The budget comes in, just under the \$12,000 available to the organization. We're looking to get a resolution approved by the board, to allocate the \$11,000 and some change for the technology upgrades from staff salary portion of the CDBG. There are not many other things that we could apply this money towards, but this is definitely the best use of those funds, knowing that it falls under the criteria for CDBG. It'll be up to the city of Cleveland if they allow it under contract. David asked for a motion for a resolution authorizing the Interim Executive Director to submit a request to the city of Cleveland, to use CDBG funds for the purchase of technology upgrades for staff and office.

Jayme Lucas Bauer, Project Manager. We've been doing a housing study since 2013. We look at every sales transaction for the year, our housing market is continuing to grow. We are looking at \$115,000

median sales value compared to about \$80,000 last year, the distribution of that, is not equal. Homes with more than one bathroom sell for 8% more. 70% of homes sold were purchased by traditional buyers and 22%, were purchased by bulk buyers.

The highest median sales prices are in South Hills at \$151,000, lowest at \$71,000 and a little bit of everything in between.

The streets that have the lowest values also have the highest bulk buying rate. Clybourne Ave. has a price of \$35,000 & Searsdale Ave., \$50,000, Saratoga Ave., \$77,250.

- Highest % homes were purchased by bulk buyers, LLC's or REOs 60.3% up from 47%.
- Increased bulk buying is destabilizing the market.
- Fully rehabbed homes are selling for \$120-135k compared to \$150K or more in Old Brooklyn overall.
- Market churning- 21.4% of homes in Submarket sold compared to 16% overall

Dave Margolius asked Jayme what happens when these companies come in and buy a bunch of homes.

So there's a few different models.

1. The one model that's more prevalent in our neighborhood is the property broker management model, where companies like Holton Wise are targeting out of town investors to buy homes and Holton wise takes all the fees. They get a fee to do contracting work, to do the lawn care, to do the leasing. They actually have an incentive to evict people because they get a fee to evict people. So they don't want to work with tenants. They want to turn and burn. They don't invest.
2. Some other models that are out there are kind of your big hedge funds. Two were out of country investors that spent over \$4 million on houses in Old Brooklyn. And two more, that spent between \$3 and \$4 million on houses.
3. These companies target homeowners with letters, postcards, text. They look for long time homeowners and for people who've received property through probate court. They are cash buyers, no contingency. Normal buyers cannot compete. So if grandma's house goes on the market, Holton wise can walk in and go, I'll give you a hundred thousand cash, no contingency. Somebody who wants to live there, they have 45 days, they don't mortgage, no appraisal, no inspection.
4. We are going to work with the County Treasurer very closely. Don't let LLCs transfer properties to each other if there are back taxes, because currently they're just transferring things with back taxes or violations.

Jayme explains how she gets homes to rehab: It used to be, we would get homes from the land bank, the land banks well is dried up because The Ohio Supreme court lawsuit. We get homes from a combination of Fannie Mae's first look program, which is a home that goes into foreclosure and it goes into Fannie Mae's inventory, for two weeks non-profits and communities get a first look for a month & older buyers, get a first look and then after that anybody can buy it. We do buy properties through that. We buy properties through the National Stabilization Community Land Trust, they have a first program where they represent all the lenders.

We just bought a house on Mayview that the homeowner had passed away. The sister and brother wanted it to stay owner occupied, & we'll getting started on a rehab fairly soon.

We just sold a Fannie Mae house that we bought for \$17,000 and sold for \$210,000 on W. 14th. We're selling a house through the housing trust fund this sold for \$149,000 to an owner-occupant buyer. Amberly is underway and as soon as Amberly sells and we can get South Hills going, which will be market rate.

How are contractors chosen? Is it always the same group that you're working with or is it a different group? Are they local? They are, we have a diverse contractor pool. We have some contractors we've worked with forever or are working with new and creative builders, but it's the same process for everybody.

Every year or so, we'll do an RFP. And then sometimes people just reach out to us. We have a form that they fill out that says, what are their licenses? Who are their references? What are their past projects? Once we get all that, I want to physically go out and look at one of their projects to make sure the quality of their work is up to our standards.

And so once we check references and their quality of work is up to our standards, they're in our contract pool and they have an opportunity to either buy a property to rehab with our agreed upon scope of work, or be a contractor for us to do the rehabs.

I. Meeting adjourned at 7:00 pm.