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## GREATER SYRACUSE LAND BANK

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To: Board of Directors  
From: Katelyn Wright  
Re: October 8, 2013 Board Agenda  
Date: October 4, 2013

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### **2014 Budget**

Attached please find a draft budget for 2014-2017 for your consideration. The second page shows 2014 only and explains the methodology and assumptions that have informed each line item. Without any operating experience upon which to base these assumptions, I expect a budget amendment in early 2014 will be necessary. Note that this budget includes conservative estimates of projected sales proceeds and rental income and estimates maintenance costs on the high end. It does not, however, account for increased inventory due to property donation and about which we have received frequent inquiries. In many instances it may be strategically advantageous for the land bank to accept donation of a property adjacent to another land bank-owned asset.

According to the City's three-year schedule to foreclose on the backlog of tax delinquent property, the land bank will reach peak inventory in 2016, after which its property inventory will decline and approximately 100 properties per year will be foreclosed upon by the City of Syracuse. This budget assumes that the land bank will continue to receive significant financial support from the City and County for a three year period and after that point will be financially independent, requesting the 50%/5 year split of taxes generated by return of properties to the tax rolls beginning in 2016, but having to draw on fund balances in 2017 and for a period of time until the property inventory has been reduced to more sustainable levels through the sale of property, through strategies to reduce maintenance costs, and the development of additional revenue lines. This budget also does assume the award of requested Attorney General Community Initiative Funds which, if awarded, will generate approximately \$212,000 in developers' fees for the land bank.

I have been exploring ways to leverage the funds we invest in these properties, including NYSERDA funds for energy efficiency upgrades (which will enhance the affordability of rental units we sell, in most of which low-income tenants are responsible for paying utilities), Save the Rain, opportunities to sell materials or otherwise defray demolition costs through the deconstruction non-salvageable structures, and the Attorney General Community Initiative Funds for which we applied.

	2013 (forecast)	2014	2015	2016 (peak inventory)	2017
<b>Revenues</b>	\$ 833,333.33 City of Syracuse	\$ 1,666,666.66 City of Syracuse	\$ 2,000,000.00 City of Syracuse	\$ 2,000,000.00 City of Syracuse	\$ - City of Syracuse
	\$ 250,000.00 OCDC	\$ 500,000.00 Onondaga County	\$ 800,000.00 Onondaga County	\$ 800,000.00 Onondaga County	\$ - Onondaga County
	\$ 13,000.00 Grants (other)	\$ - Grants (other)	\$ - Grants (other)	\$ - Grants (other)	\$ - Grants (other)
	\$ 39,000.00 Rental Income	\$ 468,000.00 Rental Income	\$ 468,000.00 Rental Income	\$ 468,000.00 Rental Income	\$ 252,000.00 Rental Income
	\$ 50,000.00 Sales Proceeds	\$ 500,000.00 Sales Proceeds	\$ 800,000.00 Sales Proceeds	\$ 1,200,000.00 Sales Proceeds	\$ 1,500,000.00 Sales Proceeds
	\$ 2,500.00 Architectural Salvage	\$ 10,000.00 Architectural Salvage	\$ 15,000.00 Architectural Salvage	\$ 15,000.00 Architectural Salvage	\$ 15,000.00 Architectural Salvage
	\$ - 50%/5year split	\$ - 50%/5year split	\$ - 50%/5year split	\$ 14,130.05 50%/5year split	\$ 26,690.10 50%/5year split
\$ - Developers' Fees	\$ - Developers' Fees	\$ - Developers' Fees	\$ - Developers' Fees	\$ - Developers' Fees	
<b>Revenue Total</b>	<b>\$ 1,187,833.33</b>	<b>\$ 3,144,666.66</b>	<b>\$ 4,083,000.00</b>	<b>\$ 4,497,130.05</b>	<b>\$ 1,793,690.10</b>

<b>Expenses - Property Costs</b>	\$ 44,400.00 Initial Inspections	\$ 90,000.00 Initial Inspections	\$ 90,000.00 Initial Inspections	\$ 67,500.00 Initial Inspections	\$ 15,000.00 Initial Inspections
	\$ 11,000.00 Periodic Inspections	\$ 177,060.00 Periodic Inspections	\$ 287,560.00 Periodic Inspections	\$ 250,000.00 Periodic Inspections	\$ - Periodic Inspections
	\$ 14,400.00 Occupied Property Management	\$ 93,600.00 Occupied Property Management	\$ 93,600.00 Occupied Property Management	\$ 93,600.00 Occupied Property Management	\$ 50,400.00 Occupied Property Management
	\$ 3,000.00 Sales Commissions	\$ 30,000.00 Sales Commissions	\$ 48,000.00 Sales Commissions	\$ 72,000.00 Sales Commissions	\$ 90,000.00 Sales Commissions
	\$ 28,600.00 Board-Ups	\$ 76,076.00 Board-Ups	\$ 95,095.00 Board-Ups	\$ 118,868.75 Board-Ups	\$ 59,434.38 Board-Ups
	\$ 24,000.00 Re-keying	\$ 63,840.00 Re-keying	\$ 79,800.00 Re-keying	\$ 59,850.00 Re-keying	\$ 12,000.00 Re-keying
	\$ 11,362.50 Yard-Care	\$ 60,000.00 Yard-Care	\$ 90,000.00 Yard-Care	\$ 115,000.00 Yard-Care	\$ 86,250.00 Yard-Care
	\$ 2,000.00 Debris Removal	\$ 20,000.00 Debris Removal	\$ 20,000.00 Debris Removal	\$ 20,000.00 Debris Removal	\$ 15,000.00 Debris Removal
	\$ 11,362.50 Snow Removal	\$ 50,000.00 Snow Removal	\$ 85,000.00 Snow Removal	\$ 95,000.00 Snow Removal	\$ 71,250.00 Snow Removal
	\$ 100,000.00 Renovations	\$ 400,000.00 Renovations	\$ 600,000.00 Renovations	\$ 600,000.00 Renovations	\$ 300,000.00 Renovations
	\$ 50,000.00 Stabilization	\$ 300,000.00 Stabilization	\$ 300,000.00 Stabilization	\$ 200,000.00 Stabilization	\$ 100,000.00 Stabilization
	\$ - Demolitions	\$ - Demolitions	\$ - Demolitions	\$ 500,000.00 Demolitions	\$ 250,000.00 Demolitions
	\$ 33,975.00 Acquisition Costs	\$ 140,600.00 Acquisition Costs	\$ 140,600.00 Acquisition Costs	\$ 110,400.00 Acquisition Costs	\$ 40,100.00 Acquisition Costs
	\$ 5,622.50 Recording Fees	\$ 16,867.50 Recording Fees	\$ 16,867.50 Recording Fees	\$ 16,867.50 Recording Fees	\$ 4,842.50 Recording Fees
	\$ 4,000.00 Legal Fees	\$ 8,000.00 Legal Fees	\$ 8,000.00 Legal Fees	\$ 8,000.00 Legal Fees	\$ 2,000.00 Legal Fees
	\$ 6,200.00 Evictions	\$ 31,000.00 Evictions	\$ 62,000.00 Evictions	\$ 46,500.00 Evictions	\$ 6,200.00 Evictions
	\$ 15,000.00 Relocation Assistance	\$ 50,000.00 Relocation Assistance	\$ 50,000.00 Relocation Assistance	\$ 25,000.00 Relocation Assistance	\$ 10,000.00 Relocation Assistance
	\$ 17,000.00 Special Assessments + partial year taxes	\$ 45,035.25 Special Assessments + partial year taxes	\$ 59,585.25 Special Assessments + partial year taxes	\$ 72,860.25 Special Assessments + partial year taxes	\$ 54,645.19 Special Assessments + partial year taxes
	\$ 6,700.00 Property + Property GL Insurance	\$ 68,410.00 Property + Property GL Insurance	\$ 116,345.00 Property + Property GL Insurance	\$ 130,000.00 Property + Property GL Insurance	\$ 97,500.00 Property + Property GL Insurance
	\$ 36,680.00 Construction/Operations GL Insurance	\$ 142,521.50 Construction/Operations GL Insurance	\$ 174,810.64 Construction/Operations GL Insurance	\$ 225,124.67 Construction/Operations GL Insurance	\$ 117,562.34 Construction/Operations GL Insurance
	\$ 20,000.00 Title Searches	\$ 110,000.00 Title Searches	\$ 110,000.00 Title Searches	\$ 110,000.00 Title Searches	\$ 22,000.00 Title Searches
	\$ 5,000.00 Architectural Services; additional evaluations	\$ 30,000.00 Architectural Services; additional evaluations	\$ 30,000.00 Architectural Services; additional evaluations	\$ 30,000.00 Architectural Services; additional evaluations	\$ 20,000.00 Architectural Services; additional evaluations
	\$ 5,000.00 Surveyor Services	\$ 30,000.00 Surveyor Services	\$ 30,000.00 Surveyor Services	\$ 30,000.00 Surveyor Services	\$ 20,000.00 Surveyor Services
\$ 3,000.00 Appraisals	\$ 25,000.00 Appraisals	\$ 50,000.00 Appraisals	\$ 75,000.00 Appraisals	\$ 75,000.00 Appraisals	
<b>Property Costs Subtotal</b>	<b>\$ 458,302.50</b>	<b>\$ 2,058,010.25</b>	<b>\$ 2,637,263.39</b>	<b>\$ 3,071,571.17</b>	<b>\$ 1,519,184.40</b>

<b>Expenses - Overhead</b>	\$ 27,000.00 ED Salary (9 pay periods)	\$ 74,400.00 ED Salary	\$ 79,200.00 ED Salary	\$ 79,200.00 ED Salary	\$ 79,200.00 ED Salary
	\$ - Staff Salaries	\$ 72,500.00 Staff Salaries	\$ 107,250.00 Staff Salaries	\$ 110,000.00 Staff Salaries	\$ 110,000.00 Staff Salaries
	\$ 4,412.44 Payroll taxes, payroll admin, and mandatory expenses (workers comp, statutory disability)	\$ 22,389.75 Payroll taxes, payroll admin, and mandatory expenses (workers comp, statutory disability)	\$ 28,055.90 Payroll taxes, payroll admin, and mandatory expenses (workers comp, statutory disability)	\$ 28,395.52 Payroll taxes, payroll admin, and mandatory expenses (workers comp, statutory disability)	\$ 28,395.52 Payroll taxes, payroll admin, and mandatory expenses (workers comp, statutory disability)
	\$ 4,808.08 Benefits	\$ 25,127.15 Benefits	\$ 30,561.08 Benefits	\$ 30,698.58 Benefits	\$ 30,698.58 Benefits
	\$ 772.33 Travel, Conference Costs, Memberships, etc.	\$ 1,200.00 Travel, Conference Costs, Memberships, etc.	\$ 1,500.00 Travel, Conference Costs, Memberships, etc.	\$ 1,500.00 Travel, Conference Costs, Memberships, etc.	\$ 1,500.00 Travel, Conference Costs, Memberships, etc.
	\$ 600.00 Parking Validation	\$ 600.00 Parking Validation	\$ 600.00 Parking Validation	\$ 600.00 Parking Validation	\$ 600.00 Parking Validation
	\$ 930.00 Other GL Insurance	\$ 1,000.00 Other GL Insurance	\$ 1,000.00 Other GL Insurance	\$ 1,000.00 Other GL Insurance	\$ 1,000.00 Other GL Insurance
	\$ 4,721.00 D&O Insurance	\$ 4,721.00 D&O Insurance	\$ 4,721.00 D&O Insurance	\$ 4,721.00 D&O Insurance	\$ 4,721.00 D&O Insurance
	\$ 44,000.00 Legal Services	\$ 70,000.00 Legal Services	\$ 60,000.00 Legal Services	\$ 50,000.00 Legal Services	\$ 30,000.00 Legal Services
	\$ 12,000.00 Accounting Services	\$ 60,000.00 Accounting Services	\$ 40,000.00 Accounting Services	\$ 30,000.00 Accounting Services	\$ 18,000.00 Accounting Services
	\$ - Independent Audit	\$ 7,000.00 Independent Audit	\$ 8,000.00 Independent Audit	\$ 8,000.00 Independent Audit	\$ 8,000.00 Independent Audit
	\$ 150.00 Office Supplies	\$ 800.00 Office Supplies	\$ 1,600.00 Office Supplies	\$ 1,600.00 Office Supplies	\$ 1,600.00 Office Supplies
	\$ 10,400.00 Web Development; Graphic Design	\$ - Web Development; Graphic Design	\$ 2,500.00 Web Development; Graphic Design	\$ - Web Development; Graphic Design	\$ - Web Development; Graphic Design
	\$ 24,727.95 IT /Internet	\$ 11,750.00 IT /Internet	\$ 11,220.00 IT /Internet	\$ 11,220.00 IT /Internet	\$ 11,220.00 IT /Internet
	\$ 1,850.00 Phone; hardware and service	\$ 5,500.00 Phone; hardware and service	\$ 5,285.00 Phone; hardware and service	\$ 5,285.00 Phone; hardware and service	\$ 5,285.00 Phone; hardware and service
	\$ - Events/Marketing	\$ 3,000.00 Events/Marketing	\$ 5,000.00 Events/Marketing	\$ 5,000.00 Events/Marketing	\$ 5,000.00 Events/Marketing
	\$ - Rent/Utilities	\$ 15,000.00 Rent/Utilities	\$ 40,000.00 Rent/Utilities	\$ 40,000.00 Rent/Utilities	\$ 40,000.00 Rent/Utilities
<b>Overhead Subtotal</b>	<b>\$ 136,371.80</b>	<b>\$ 374,987.90</b>	<b>\$ 426,492.98</b>	<b>\$ 407,220.10</b>	<b>\$ 375,220.10</b>

<b>Contingency</b>	\$ 59,467.43 10% of budgeted expenses	\$ 243,299.81 10% of budgeted expenses	\$ 306,375.64 10% of budgeted expenses	\$ 347,879.13 10% of budgeted expenses	\$ 189,440.45 10% of budgeted expenses
<b>Capital Reserve set-aside</b>	\$ 270,833.33 25% of budgeted revenues	\$ 433,333.33 20% of budgeted revenues	\$ 560,000.00 20% of budgeted revenues	\$ 560,000.00 20% of budgeted revenues	\$ -
<b>Expenses Total</b>	\$ 924,975.06	\$ 3,109,631.29	\$ 3,930,132.00	\$ 4,386,670.40	\$ 2,083,844.95
<b>Excess This Year</b>	\$ 262,858.27	\$ 35,035.37	\$ 152,868.00	\$ 110,459.65	\$ (290,154.85)
<b>+ previous fund balance</b>	\$ 262,858.27	\$ 297,893.63	\$ 450,761.63	\$ 561,221.29	\$ 271,066.44

\$ 1,824,166.66 sum this line

2013 costs are estimates of actual expenses, discrepancy between this and the 2013 adopted budget will be outlined in the 2013 ABO report. \$ 2,385,387.95 2016 fund balance \$ 2,095,233.10 2017 fund balance  
 Personnel line assumes an admin assistant hired early 2014 and a construction manager hired July 2014.  
 Special Assessments line does not account for sewer use fees in 2014-2106, but does in 2013 with a very limited property inventory.  
 20% of budgeted revenues set-aside for capital reserve, but with conservative spending this set-aside + additional fund balance approximately equal to peak-year operating expenses by end of 2016.  
 2016 = peak operating expenses and peak inventory.

	2014		Notes/Methodology
Revenues	\$ 1,666,666.66	City of Syracuse	Assumes a \$2 million allocation in 2014/15 budget and accounts for scheduled allocations in the second half of the City's 2013/14 fiscal year
	\$ 500,000.00	Onondaga County	Budgeted for 2014
	\$ -	Grants (other)	
	\$ 468,000.00	Rental Income	65 occupied properties, *1.5 assuming 1/2 are 2-units, *.8 assuming a 20% non-payment estimate, *12 months, * \$500 for a conservative rent estimate
	\$ 500,000.00	Sales Proceeds	estimated
	\$ 10,000.00	Architectural Salvage	estimated
	\$ -	50%/5year split	Assumes the 50%/5 year split isn't requested until after first three years of significant public support have run their course
	\$ -	Developers' Fees	Developers' fees earned on projects funded by Attorney General grant, if awarded
<b>Revenue Total</b>	\$ 3,144,666.66		

Expenses - Property Costs	\$ 90,000.00	Initial Inspections	300 improved structures acquired * \$300/inspection
	\$ 177,060.00	Periodic Inspections	estimated quarterly inventory of improved structures; periodic inspections every 2 weeks *50/each
	\$ 93,600.00	Occupied Property Management	65 occupied properties estimated in inventory at any given time, \$80/month, *12 months, *1.5 assuming 1/2 are 2-units
	\$ 30,000.00	Sales Commissions	estimated sales proceeds above * 6%
	\$ 76,076.00	Board-Ups	2013 estimate assumes 10 openings per vacant structure x \$55/opening; this year assumes a 2.66 multiplier for increase in acquisition of vacant properties
	\$ 63,840.00	Re-keying	2013 assumes 5 lock sets replaced per occupied property and 2014 multiplies this by 2.66
	\$ 60,000.00	Yard-Care	based on anticipated inventory for summer quarters assumes montly mowing for vacants and lots; bi-weekly for occupied
	\$ 20,000.00	Debris Removal	estimated
	\$ 50,000.00	Snow Removal	based on anticipated inventory for winter quarters assumes 5 plows/quarter for occupied, 3/quarter for vacants and lots
	\$ 400,000.00	Renovations	estimated
	\$ 300,000.00	Stabilization	estimated
	\$ -	Demolitions	SIDA grant
	\$ 140,600.00	Acquisition Costs	600 properties * \$151 + \$50,000 for other acquisitions
	\$ 16,867.50	Recording Fees	36 deed filings from City foreclosure acquisitions
	\$ 8,000.00	Legal Fees	estimated for review of deeds and closings
	\$ 31,000.00	Evictions	100 evictions * \$310
	\$ 50,000.00	Relocation Assistance	estimated 50 relocations * \$1000; have yet to verify unit cost
	\$ 45,035.25	Special Assessments + partial year taxes	assumes we only pay sewer use charges on occupied buildings
	\$ 68,410.00	Property + Property GL Insurance	based on estimated quarterly inventory and quoted rates
	\$ 142,521.50	Construction/Operations GL Insurance	based on quoted rates and estimated contractor fees listed above
	\$ 110,000.00	Title Searches	100 title searches estimated to guarantee good and marketable title * \$1100 each
	\$ 30,000.00	Architectural Services; additional evaluations	second opinions on demolition recommendations, design services
	\$ 30,000.00	Surveyor Services	lot cominations and subdivisions
\$ 25,000.00	Appraisals	appraisal requied prior to sale, estimates 100 appraisals at \$250/each	
<b>Property Costs Subtotal</b>	\$ 2,058,010.25		

Expenses - Overhead	\$ 74,400.00	ED Salary	
	\$ 72,500.00	Staff Salaries	estimates an admin assistant hired asap and a construction manager hired in January
	\$ 22,389.75	Payroll taxes, payroll admin, and mandatory expenses (workers comp, statutory disability)	
	\$ 25,127.15	Benefits	
	\$ 1,200.00	Travel, Conference Costs, Memberships, etc.	
	\$ 600.00	Parking Validation	
	\$ 1,000.00	Other GL Insurance	General office exposure, non-owned auto liability, etc.
	\$ 4,721.00	D&O Insurance	
	\$ 70,000.00	Legal Services	
	\$ 60,000.00	Accounting Services	
	\$ 7,000.00	Independent Audit	
	\$ 800.00	Office Supplies	
	\$ -	Web Development; Graphic Design	
	\$ 11,750.00	IT /Internet	large expense with two new work stations and software associated with new hires
	\$ 5,500.00	Phone; hardware and service	includes new hardware expense
	\$ 3,000.00	Events/Marketing	
	\$ 15,000.00	Rent/Utilities	Assumes we start paying rent in August 2014
<b>Overhead Subtotal</b>	\$ 374,987.90		

<b>Contingency</b>	\$ 243,299.81	10% of budgeted expenses	
<b>Capital Reseve set-aside</b>	\$ 433,333.33	20% of budgeted revenues	
<b>Expenses Total</b>	\$ 3,109,631.29		
<b>Excess This Year</b>	\$ 35,035.37		
<b>+ previous fund balance</b>	\$ 401,772.41		plus 2013 fund balance