



WHAT TO EXPECT WHEN PURCHASING A PROPERTY FROM THE LANDBANK

Most Landbank properties have sat vacant for years and are blighted and uninhabitable. The Landbank's goal is to put those properties back into productive use by matching them with a buyer who has the capacity and finances to fix the property and make it habitable again. Landbank properties are not for everyone, but ultimately, they can be worth the effort to take on if you have a vision and a plan.

This packet includes:

- **Application form.** This is required for all Landbank property purchases.
- **Sample budget** for a comparable Landbank rehab project.
- **Blank budget** sheet for you to use for your project.
- **List of contractors** with whom we have worked and who may be interested in working with you. We cannot guarantee their availability or interest in working on your project. Nor can we ensure the quality of their work.

Below are other factors to consider and evaluate when deciding whether to purchase a property from the Landbank.

1. Full Rehab is Generally Necessary.

Most Landbank properties are not simple "fixer-uppers," meaning they cannot be fixed with sheer elbow grease and a coat of paint alone. Many



will require a full gut rehab, which means that Landbank properties are usually a more comprehensive project as compared to a traditional property purchase. Extensive house rehabs on Landbank properties often involve gutting the property, addressing structural issues, making the property water-tight, and replacing electrical, plumbing, and HVAC.

2. How Much Does It Cost to Rehab a Landbank Property?

Every property is different. To determine whether purchasing and renovating a Landbank property is financially feasible, we recommend identifying a scope of work that is needed to bring the property back into habitability. From there, you can estimate a per square foot cost. In this packet, we have provided a sample budget that shows how we calculate rehab costs on many of our properties. We have seen average rehab costs on Landbank properties range from \$85 - \$120 per square foot. Our sample budgets and per square footage costs are merely examples of how one might assess rehab costs. Depending on your plan and vision, your costs could be higher or lower.

A few expenses to consider when planning a house rehab budget and scope of work:

- **Materials:** Estimate potential repairs during the property walk-through and the associated cost of materials needed for the project. This may include new systems, countertops, appliances, paint, flooring, and other necessary supplies.
- **Labor:** The most essential part of a rehab project is a good team. Unless you are skilled in rehab and have taken on similar projects in the past, we recommend that you hire professional contractors and other skilled labor to complete all or part of the scope of work.



- **Purchase Price:** The initial purchase price of a property is also part of a budget. Landbank properties are priced in a way that considers the full rehab costs. This is coupled with the estimated value of the property upon completion of the project, which is calculated using comparable sales in the vicinity of habitable properties).
- **Lender Fees:** Depending on how the purchase or rehab of a Landbank property is financed, there may be finance fees to cover loan origination costs.
- **Permits:** For most rehab work, permits will be necessary. Check with your local jurisdiction to find out what type of permitting will be required.

3. How Long Does It Take to Rehab a Landbank Property?

It depends – anywhere between a few months to a year – sometimes longer. We require purchasers of Landbank properties to provide an estimate of how long it will take to rehab the property. Your agreement to rehab a Landbank property within a certain period of time is always a condition of our sale. However, after closing, we can always extend the timeline for completion of a project if more time is needed.

4. Do Your Homework.

There are several factors to consider when purchasing a Landbank property:

- **Property Evaluation:** Evaluate the property with the help of a professional inspector or a licensed contractor. Walk-throughs of a property are an important step to assess its condition. To stay on-budget, it is critical to get a comprehensive list of needed repairs. Overlooking repair items could result in budget overruns.



- **Create a Scope of Work and Budget:** Once you have a clearer understanding of the necessary work to be performed, create a checklist of items needing repair, replacement, or other work. With this, you can develop a rough rehab budget. To avoid missing anything, you should incorporate any inspection report when generating a checklist. If you are using a professional contractor, they can help you with this step.
- **Find a Contractor Who is Best Qualified to Execute Your Property Rehab Vision:** Unless you are performing the work yourself or acting as the general contractor on your project, working with an experienced, quality contractor can be the difference between a good rehab and a great rehab. Be sure to ask your personal network for referrals and spend time checking references and making sure your contractor is licensed and bonded. You also want to make sure that your contractor is someone you can see yourself working with over the next few weeks to months.
- **Tie Up Other Loose Ends - Financing, Insurance, and Permits - Before Starting Rehab:** Once you've decided to move forward with the purchase of a Landbank property and you have done a scope of work and budget, you can finalize any necessary financing. Make sure that your property is insured and that you have secured any needed building permits.

Ultimately, rehabbing a Landbank property requires dedication, vision, and a clear plan, but can be incredibly rewarding. Join the Landbank and



Hamilton County
Landbank

hundreds of other residents who have helped give places new purpose as we transform communities one property at a time.