

Highlights

Why We Did This Audit

Vacant and abandoned properties blight many areas of Kansas City. The city created the Land Bank in 2012 to have greater flexibility in returning these properties to productive private and public use and ultimately reducing blight in the city.

The Land Bank accomplishes this goal in two ways. First, by maintaining property through mowing and weed abatement contracts while it is in their possession. Second, by transferring the property to purchasers who promise to improve and maintain the property. The Land Bank ensures this through the use of 3-year deeds of trust.

Our audit focused on whether the Land Bank has monitoring procedures to ensure compliance with contracts and agreements.

Background

Land Bank currently holds over 4,000 properties. Since its inception it has returned over 300 properties to private or public use, generating over \$700,000 in sales. Purchasers have promised to make approximately \$5.3 million in improvements to those properties.

Land Bank has an approximately \$2 million annual budget. About 90 percent of the budget comes from the city's general fund and about half of the budget is spent on mowing contracts.

For more information, contact the City Auditor's Office at 816-513-3300 or auditor@kcmo.org.

To view the complete report, go to kcmo.gov/cityauditor and click on Search Audit Reports.

PERFORMANCE AUDIT

Land Bank's Contract and Deed of Trust Monitoring Processes Should Be Strengthened

What We Found

While Land Bank has established policies and procedures for the acquisition and transfer of properties that are based on recommended practices, Land Bank does not have written policies and procedures for monitoring compliance with deed of trust requirements or mowing contracts.

Land Bank needs to improve how it monitors a property purchaser's compliance with deed of trust requirements such as the timely payment of taxes, keeping a property free of property code and nuisance violations, and completing required property improvements timely. We identified compliance issues for each of these deed requirements that had not been identified or tracked for completion by the Land Bank.

Property Code and Nuisance Cases for Property Sold by Land Bank	
Status of Case	Number of Properties
Cases prior to sale – none since	179
Opened after sale – currently closed	34
Opened after sale – currently open	37

Source: 3-1-1 open data as of November 12, 2015.

Additionally, Land Bank has not yet developed policies and procedures to guide staff in encouraging compliance during the terms of the agreement or identified steps to take if deeds of trust requirements are not fully satisfied at the time the terms are set to expire.

Jackson County is transferring taxes paid by purchasers of Land Bank properties to Land Bank as required by state law.

Land Bank does not have processes to monitor mowing contracts. Contractors did not always comply with the contract requirements. The mowing property lists provided to contractors were not always accurate and Land Bank did not always follow up on contractor-identified property issues. Current mowing contract requirements may be beyond the capacity of Land Bank's limited staff and may unnecessarily drive up contract costs.

What We Recommend

Our recommendations are directed toward:

- Developing policies and procedures for verifying, documenting, tracking, and enforcing deeds of trust requirements.
- Reviewing and revising Land Bank mowing contracts to make them more effective.
- Developing policies and procedures for monitoring Land Bank mowing contracts.

Management agreed with all of the recommendations.