International Economic Development Council

Webinar:
Dilapidated and Abandoned Properties
February 23, 2017
Impact of Dilapidated and Abandoned Properties

- 18.6 million vacant and abandoned houses in the U.S.
- Abandoned houses increase the risk of crime and fires and lower surrounding property values
- They require disproportionate municipal resources while adding little or nothing to the tax base
Role of Government

Governance and Police Powers

Responsibility to protect the health, safety and welfare of residents
Typical Solutions

Communities Pursue:

• Consistent Code Enforcement
• Demolition
• Public Education
• Rehabilitation or Redevelopment
Create and Implement a Community Vision

- Clear Picture of the Future
  - Where are you headed?
  - In 5, 10, 15 years our community will be....
    - Focused development or redevelopment
    - Preservation and conservation
Create and Implement a Community Vision

- Public Engagement
  - Have all stakeholders had an opportunity to offer input in the vision?
  - Has their input been meaningfully incorporated into plans?
Create and Implement a Community Vision

- Implementation Plan
  - Make sure good ideas don’t sit on a shelf
  - Roles, responsibilities, timelines and reporting results
Improve Systems

Evaluate Your Approach

1. Identify and Isolate the Problem
   - Property address and ownership inventory
   - Conduct a property condition assessment
Evaluate Your Approach

2. Assess Tools and Resources

- State or local law changes
- Resources: revenue, staffing and expertise
Evaluate Your Approach

3. Review Code Enforcement Processes

- What’s working?
- What needs improvement?
- Create an action plan with timeline to improve and monitor improvements
Improve Systems

Evaluate Your Approach

4. Review Local Regulations that Trigger Inspections
   - Do these work? Why or why not?
   - Review best practices
Vacant Property Registry

Proactive Property Maintenance Approach

• Vacant Property Registry
  - Owners register annually
  - Pay a fee
  - Contact name and phone so repairs or maintenance issues are addressed promptly
  - Establish maintenance standards: lawns mowed, exteriors well maintained
Milwaukee’s Vacant Building Registration

- Register 30 days after vacancy occurs
- No fee for first six months; afterward it’s $253.50
- Higher fees apply for code violations
- Access for inspection required
- Building must be closed and secured
- Lots and interiors must be maintained
- Insurance is required
Code Enforcement

Proactive Property Maintenance Approach

• Streamline Code Enforcement Processes
  ▪ Conduct process mapping and identify improvements
  ▪ Self-certification for low priority, non-life safety complaints
  ▪ Ensure enforcement processes work and timelines are met
Fresno’s Code Enforcement Strike Team

- Long-standing problem with blight and substandard housing
- Data compiled from police calls, code violations, etc.
- Officers conduct random inspections to look for conditions that aren’t up to code
- Officers work with city attorney’s office to prosecute violations
- 10 new positions cost $651,700/year
Demolition

Proactive Property Maintenance Approach

• Demolition
  ▪ Review state and local processes
  ▪ Identify the public purpose
  ▪ Options for funding demolition
Detroit’s Blight Removal Task Force

- City surveyed 380,000 parcels, found 85,000 blighted
- Recommended demolition of 40,000 structures
- $250 million in state and federal funding
- Demolitions began in 2014
- Reached 10,000 in summer 2016
- Fires are down
- Property values up 4.2% to 13.8%
- Roughly $12,000 per demolition
Detroit Blight Removal Task Force
Public Education

Proactive Property Maintenance Approach

• Public Education and Outreach
  ▪ Review property maintenance standards
  ▪ Look to grass roots for reporting and pressure
Vallejo, California’s Neighborhood Law Program

• Puts attorneys on the street to tackle blight and nuisance conditions
• Meets with residents and community organizations
• Collaboration among with City departments, outside governmental agencies, and the citizens of Vallejo
• Outcomes include civil nuisance actions, receivership, demolition and voluntary compliance
The Impact of Receivership
3321 Hazelwood St.

In 2015 the receivership program created $1.1M of property value ($2M in property value since 2013)

Property Value Case Study

<table>
<thead>
<tr>
<th></th>
<th>As-Is Value</th>
<th>Est. Sale Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>2815 Webb St.</td>
<td>$90,000</td>
<td>$248,500</td>
</tr>
<tr>
<td>3321 Hazelwood St.</td>
<td>$112,000</td>
<td>$263,500</td>
</tr>
<tr>
<td>1247 Magazine St.</td>
<td>$103,000</td>
<td>$221,000</td>
</tr>
<tr>
<td>Totals</td>
<td>$305,000</td>
<td>$733,000</td>
</tr>
</tbody>
</table>

Gain in value + $428,000
Rehabilitate or Redevelop

• Development Community Expects Certainty
  ▪ Shared Community Vision
  ▪ “Time is money”

• Five Components of Successful Development
  ▪ Market feasibility
  ▪ Financial feasibility
  ▪ Consistency with community goals
  ▪ Broad public support
  ▪ Experienced developer
Redevelopment: Define the Public Purpose

• **Engage Partner to Achieve Local Goals**
  - State and federal officials

• **Issue Call for Proposals for Developers**
  - Identify structure or area of focused rehabilitation
  - Invite developers to provide qualifications
  - Evaluate developers’ qualifications for similar projects
Redevelopment: Define the Public Purpose

• **Create Development Agreement**
  - Specific project milestones with claw back provisions
  - Include maintenance standards, affordability, sustainability and risk reduction requirements
  - Define the public purpose and organize public assistance
    - Rehabilitation funds (CDBG, TIF or private/public)
    - Public funds typically “last dollars contributed to the project”
Avoid the Pitfalls

- Lack of Shared Vision
- Turning a “Blind Eye” to Hazardous Conditions
- Outdated or Ineffective Processes
- Reactive Regulations
- Inexperienced Developers
- Solutions in Search of a Problem
Webinar:
Dilapidated and Abandoned Properties
February 23, 2017