

Vacant and Abandoned Property

National Conference Overview

<http://reclaimingvacantproperties.org/>

Concepts Learned:

- “right sizing” a community
- Mortgage foreclosures vs. tax foreclosures
- Land banks/nuisance abatement
- Securing vacant property in an attractive manner
- Importance of coordinated and active code enforcement

Defining the Issue

- An up to date, parcel based, real property information systems helps communities identify the issues and to craft solutions around vacant properties. Partnering with a university may be a successful way to begin this process if the community is not already tracking vacant property data.

Defining the Issue

Quantifying the Issue

- How many vacant properties are there?
- Where are they located?
- What kind of properties are they?
- How long have they remained vacant?
- What condition are they in?

Defining the Issue

Tax delinquencies

- How prevalent are tax delinquencies?
- What portion of properties that become delinquent each year are redeemed?
- How quickly are they redeemed?

Defining the Issue

Cost to Communities

- What is the cost of lost property tax revenues to local governments and school districts?
- How much are adjacent property owners losing in home values?

Defining the Issue

Impediments to putting properties back into productive use:

- What mechanisms currently exist to acquire and convert vacant properties into productive use?
- What are the state, county and local tax foreclosure, property disposition, and code enforcement policies and do they need improvements?

10 Goals of Vacant Property Campaigns

1. Educating homebuyers and homeowners about mortgage, property tax and foreclosure processes to keep homeowners in their homes and avoid additional vacancies
2. Helping neighbors develop a well organized Vacant Property Strategy which includes inventory and assessment of vacant homes

10 Goals of Vacant Property Campaigns

3. Determining property ownership in order to hold owners accountable for the condition of their property
4. Preventing damage to vacant properties to retain home values
5. Obtaining control of vacant properties so that repair can be made and they can be marketed
6. Getting vacant properties reoccupied

10 Goals of Vacant Property Campaigns

7. Demolishing unsalvageable vacant properties to protect home values
8. Managing vacant lots
9. Building neighborhood capacity
10. Retaining residents

Homeowner/Homebuyer Education

- Foreclosures often proceed because homeowners are unaware of how to communicate effectively with their lenders or are unaware of the mortgage and property tax foreclosure process.
- Certified Foreclosure Prevention Counseling services should be available in the community.

Homeowner/Homebuyer Education

- Many residents and community members are actively engaged in the education of homeowners about foreclosures.
- Action includes neighborhood wide door to door campaigns.
- Some communities reach homeowners through other area organizations including churches, nonprofits and social clubs.

Homeowner/Homebuyer Education

Some ways to reach homeowners:

1. Hold a neighborhood meeting
2. Contact residents receiving foreclosure notices

When approaching neighbors in danger of foreclosure it is important to drive home the message that:

1. The homeowner should act immediately
2. The homeowner should seek help from a certified housing counselor
3. The homeowner should contact their lender and speak specifically with the Loss Mitigation Dept to attempt to make payment arrangements

Developing a Vacant Property Strategy

- While most city and county governments have systems in place to address vacant and blighted properties, community-based organized systems of collecting, monitoring, and sharing data could maximize the impact of these governmental programs.
- Neighbors, nonprofits, or CDCs can gather data regarding vacant houses and use this information to monitor and record the condition of vacant properties over time.
- Neighborhoods utilizing inventory and assessment forms should attempt to update them regularly noting any change in conditions. The neighborhood should record information about all vacant structures.

Developing a Vacant Property Strategy

Signs that a property is vacant include:

- Severely neglected lawns
- Accumulated mail or flyers
- Posted “for sale” signs
- Missing doors or windows
- Posted notices of mortgage or tax foreclosure or seizure of property
- Boarded windows or doors
- Significantly tagged or vandalized structure
- Un-shoveled driveway or sidewalk during winter months

Determining Property Ownership

- There must be a system for holding owners of vacant and blighted property accountable for the condition of that property.
- "Every blighted property is a drain. It affects the people all around it, and discourages people that live adjacent from maintaining their structures," said Louisville Metro Codes and Regulations Director Bill Schreck as the city began enforcement of a law that allows it to apply triple taxes on properties unoccupied for at least one year, unsanitary, not properly boarded, vermin-infested, unfit for habitation or tax-delinquent for three years -- almost 1,500 on the city's 2008 list
- Without identifying the owner of a property, the neighbors or city/county often bear the cost and responsibility of maintaining that property.
- Knowing the true owner of a property may provide the possibilities of access to the property, assistance with maintenance and repairs, and financial reimbursement.

Determining Property Ownership

- Spectrum of Data Sources for Property Ownership Information
 - County Treasurer/Property Tax Division
 - County Register of Deeds
 - City Property Tax Division
 - State of WV Online Business Entity Search
 - Title Search – costs around \$150-\$250, however some local title companies will offer lower prices to nonprofit/government entities for a public purpose
 - Mortgage Electronic Registration Systems (MERS)

Preventing Damage to Vacant Properties to Retain Home Values

- Damaged and blighted properties lower home values, decrease security, and affect the general feeling of well-being in a neighborhood.
- When vacant properties are open to trespass because of broken windows and doors, they become breeding grounds for squatting and illegal activities.
- In addition, these properties further destabilize safety and property values.
- Louisville, KY spent more on public safety services for vacant properties, due mostly to frequent fire and police calls, director Leonard said, adding that some 12,000 fires in vacant buildings nationwide cost taxpayers an average of \$73 million a year.

Preventing Damage to Vacant Properties to Retain Home Values

- Preventing damage to existing vacant properties and addressing damage quickly must be a goal of any strategy.
- Possible approaches to prevent damage to vacant properties may include:
 - Hiring paid security
 - Creating volunteer security patrol/code enforcement patrol
 - Installing motion detectors and solar powered lighting
 - Hanging curtains
 - Planting flowers and hanging holiday decorations
 - Mowing lawns
 - Moving trash containers
- Gaining lawful entry into the home may not be easy. Mortgage companies often hire Field Servicers or property preservation companies to provide boarding and maintenance services on vacant properties owned by the mortgage company. Agreements with the field servicers or property preservation specialists can make it possible for community members to gain lawful access to the vacant properties in their neighborhoods. To identify a field servicer use the MERS system at www.mers-servicerid.org/sis/

Preventing Damage to Vacant Properties to Retain Home Values

- Once a vacant house is open to trespass, it is important that the community utilize local code enforcement authorities to prevent crime.
- Some common code violations include:
 - Failure to remove snow and ice from sidewalks
 - Inoperable windows
 - Rat infestation
 - Illegal dumping
 - Presence of solid waste
 - Failure to maintain exterior of property
 - Early bulk placement at the curb
 - Open and dangerous structure

Preventing Damage to Vacant Properties to Retain Home Values

- Neighbors should contact local code enforcement authorities to ask them to secure and board properties in a timely manner. Residents could make the boards more attractive by painting them to match the house or with murals.
- If it is believed that squatters are living in the home, immediately report the house to the local police. Communities that succeed using this process advise having multiple people contact the same police district office and if possible, the same police officer until the situation is resolved.
- If a neighbor believes that someone is illegally using electricity in the home, they should notify the local electric company

Obtaining Control of Vacant Properties

- Some communities want to be able to exert some control over vacant properties in their neighborhoods.
- This control can take a variety of forms but in essence allows a community to control the condition of vacant properties and act immediately when conditions deteriorate.
- This helps stabilize the community ensuring its attractiveness and preserving home values.

Obtaining Control of Vacant Properties

Four common tools include:

1. Nonprofit/CDC programs – if managed successfully, this is a good strategy for obtaining control of vacant property but requires careful thought and consideration. A community must be sure that it has adequate information and money to hold properties over time.
2. Land Bank – if an organization is interested in purchasing such properties, it is important to examine sources such as land banks, which have the authority to extinguish taxes and other types of liens on a property. Under Home Rule, City of Huntington has recently established the first Land Bank in WV.

Obtaining Control of Vacant Properties

2. Land Bank (continued)– The primary inventory of properties entering a land bank comes through the tax foreclosure process. In many states, however, the law that govern this process allow property to sit vacant for years before it can be foreclosed upon. In the context of considering land bank legislation, it may be helpful to analyze the state’s tax foreclosure laws and determine if they are accidentally promoting blight. Michigan has one the best land bank legislations which allows the land banks to recapture 50% of the property tax revenues for the first five years after transfer of a property to a private party, which provides an ongoing revenue stream for the Land Bank. It also permits land banks to borrow money, issue tax exempt financing, and select properties to acquire from tax delinquency roles. As a result the Genesee County Land Bank in Flint, MI has transferred 700 lots as side yards, 90 affordable rental units and 80 single family homes have been reconstruction.
- <http://www.vacantproperties.org/strategies/documents/LBpolicy-package.pdf> - Excellent website for state enabling legislation guidance
 - *Land Bank Authorities: A Guide for the Creation and Operation of Local Land Banks* Download the report for free at lisc.org/content/publications/detail/793

Obtaining Control of Vacant Properties

3. Nuisance Abatement Enforcement – communities can utilize nuisance abatement statutes to work with local authorities in controlling the condition of vacant properties. This involves calling appropriate authorities early and often regarding deteriorating properties in a neighborhood. Once a property has entered the nuisance abatement enforcement process, the community should stay involved and be proactive by providing current information about the property and communicating with government officials to ensure compliance with nuisance abatement statutes.

Obtaining Control of Vacant Properties

4. Legal Remedy of Receivership – one form of control successfully used in other states is the legal remedy of receivership. While not true ownership, receivership allows the interested party to step into the shoes of the property owner for the purpose of correcting code violations. Receivership can potentially allow neighbors or other interested parties access to the property and the ability to make repairs as needed.

Getting Vacant Properties Reoccupied

- The ultimate goal of most residents will be to get vacant properties in their neighborhoods reoccupied.
- For some communities that are losing population and gaining vacant properties this may be a difficult task.
- “right sizing” may be appropriate

Getting Vacant Properties Reoccupied

- Preferred Realtor Campaigns – communities in partnership with realtors, participated in the formation and implementation of a neighborhood marketing campaign. The realtors worked with residents of designated communities to highlight their most attractive homes, schools, churches, recreational centers, grocery stores, shopping and other assets in the area while marketing vacant properties.
- This approach shows the potential of vacant homes in the area and commitment to the neighborhood.
- Some communities work with particular realtors who have agreed to utilize the marketing plan. The communities designated these realtors “preferred realtors” and recommend them to anyone inquiring about purchasing property in the area.
- Neighborhood associations should consider a neighborhood-wide clean up or beautification project prior to kicking off a marketing program.

Demolishing Vacant Properties to Protect Home Values

- Homes that are substantially burned or otherwise in a severe state of disrepair present a major obstacle to communities attempting to manage their vacant properties.
- These homes substantially influence the value of surrounding homes and often present a threat to public safety.

Demolishing Vacant Properties to Protect Home Values

- The demolition of these buildings is integral to preserving home values and safety and must be part of the community's Vacant Property Plan.
- **A recent study by the University of Michigan found that a \$3.5 million investment in demolition over 3 years resulted in an increase in surrounding property values of more than \$112.5 million.**
- The WV Housing Development Fund offers a Demolition Program that provides cities and counties with resources to acquire and remove vacant and dilapidated properties from their communities. To be eligible, cities and counties must have code enforcement in place and the structures to be razed must constitute health and safety hazards. Assistance is provided in the form of very low interest rate loans repayable over a maximum term of five years usually from proceeds of the sale of lots created.

Demolishing Vacant Properties to Protect Home Values

- Some factors that would make a structure appropriate for demolition include:
 - Missing doors
 - Missing windows
 - Structure is open to elements and/or dangerous in some other way
 - Unstable outer structure such as collapsing roof, deteriorating bricks, siding that is coming off of the structure
 - Structure has been partially or fully burned

Managing Vacant Lots

- Vacant lots can either be a liability or an asset to a neighborhood depending upon how neighbors or organizations manage them.
- Turning vacant lots into an area of cohesiveness, strength, and pride is a new goal of many communities.
- Ideas include green spaces, dog parks, side lot donation, community gardens, etc.

Building Neighborhood Capacity

- Successfully implementing a Vacant Property Strategy requires capacity within a neighborhood or organization
- Neighbors must commit to their neighborhood and to their neighbors
- Neighborhood organizations help keep this type of commitment strong.

Retaining Residents

- Taking steps to retain residents helps slow the tide of vacancy in a neighborhood.
- Helping neighbors identify sources to obtain funding for needed repairs and stabilizing the rental housing in a community helps retain the residents currently living there.
- In some neighborhoods, neighbors pool supplies, resources, and money for need property repairs. Neighbors can also donate their own labor to help with repairs.
- Residents can check with the “big box” hardware stores to see whether they offer assistance or donation programs in the area.

A Note on Code Enforcement

- Effective enforcement of building and housing codes and nuisance abatement ordinances is a key ingredient in many neighborhood revitalization efforts.
- Community developers have found that the long-term success of their revitalization work often hinges on cleaning up or redeveloping problem properties that deter investors, frustrate existing residents and generally contribute to an environment of fear, disorder and crime.

Why Bother With Code Enforcement?

- Code enforcement should be in your community development toolbox if the problems in your neighborhood include:
 - Unsightly properties covered with trash, weeds, graffiti, abandoned vehicles, etc.
 - Poorly maintained properties that may have substandard or dangerous conditions like leaky roofs, broken plumbing, vermin, etc.
 - Nonconforming or non-permitted nuisance businesses such as auto repair and junk yards
 - Overcrowded properties
 - Criminal activities of owners and tenants, such as drug dealing; or
 - Vacant and abandoned property

Why Bother With Code Enforcement?

- Good ideas for code enforcement partnerships can be found in the Met-Life Foundation publication “Leveraging Code Enforcement for Neighborhood Safety – Insights for Community Developers.” .
<http://www.lisc.org/content/publications/detail/5648>