



Vacancy, Blight and Local Governments

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In Your Community



- An empty office building?
- Dilapidated apartment complex?
- Hotel/Motel/Extended Stay with high level of vacancy?
- A large tract of undeveloped land?

Negative spillover impacts of vacant and/or abandoned homes

- o In a study of [Columbus, Ohio](#), Mikelbank (2008) found that vacant properties reduced the price of nearby homes by more than \$4,000.
- o In a similar study of [Flint, Michigan](#), Griswold and Norris (2007) determined that each vacant structure within 500 feet a home reduced the home value by over 2 percent.
- o In a study of [Baltimore](#), Han (2014) also found that vacant homes had a negative effect on nearby property values. Vacant properties are also associated with higher crime rates.

Negative spillover impacts (continued)

- o Crime and foreclosure data in Pittsburgh found that violent crimes within 250 feet of a foreclosed home increased by more than 15 percent once the foreclosed home became vacant, with similar effects on property crime.
- o Branas, Rubin, and Guo (2012) found that vacant property is among the strongest predictors of assault among a dozen demographic and socioeconomic variables.



Realities of the Situation

- o These are examples of troubled property-property that is a definite **financial burden** to continue to hold but which also is **unattractive** property to some residents.
- o The timing now seems increasingly right for investors to obtain troubled property at bargain prices.
- o The pressure on owners and lenders with troubled property to get out from under the on going burden is also high.
- o The result is that syndicates have been formed to seek out and buy up troubled properties.

“Protect the Quality of Life”

- o Difficult to define –means different things to different people
- o “your personal satisfaction (or dissatisfaction) with the cultural or intellectual conditions under which you live (as distinct from material comfort)”
- o Overall wellbeing/enjoyment of life
- o Broken Windows Theory

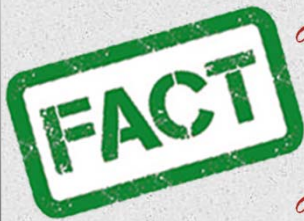


Broken Windows



- First introduced by social scientists James Q. Wilson and George Kelling in 1982, it suggests that a broken window left unrepaired leads to others being broken and sends the signal that nobody cares.
- In such environments, the theory goes, community controls break down, leaving a neighborhood wide open to crime.

Fact of the Matter



- In any market, good or bad, there are always problem properties
- Most are only troubled or problem properties because of the current ownership
- Some may be neglected only because the present owner has failed to do fairly simple things that can solve the problems.

The Problem



- As neighborhoods sink under the shadow of vacant and abandoned properties, regional leaders are trying tactics that have worked in other cities
- Vacant property and the blight that usually follows have emerged as a crisis for cities and suburbs alike.

The Problem (continued)

- Shifting, aging or declining population, flagging housing markets, deteriorating housing stock, crime, underperforming schools and other factors that make some communities less than desirable places to live all contribute to vacancy and blight.
- Recently, high mortgage foreclosure rates, unemployment, and other consequences of recession have exacerbated the problem.


Cause for Concern

- o Most municipalities confronted with high rates of vacancy and blight are struggling.
- o Recently, more government officials, community leaders and neighborhood organizations have seen the light in terms of understanding the severity of the crisis.
- o The amount of vacant property in some communities is impossible to ignore.



- o The census counts vacant housing units, but not lots, and the data include dwellings such as apartments in between tenants and vacation property not occupied at the time of survey.
- o Not surprisingly, the trouble spots include poor urban neighborhoods, older industrial areas that have experienced steady economic decline, and more recently, places stung by high rates of mortgage foreclosure.
- o In other words, the places shouldering the biggest burden of vacant and abandoned property are usually the most economically fragile and the least likely to have the resources at hand to do something about it.

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Impact

- o The impact of vacant property extends beyond economic loss. Its role in **unraveling the quality of life in a neighborhood** and **dimming the outlook** of its residents is well documented.
- o Nothing signals **neglect and disinvestment** more than a street peppered with empty, overgrown lots and abandoned houses.
- o Not only do neighborhood residents get the message, but the larger community gets it as well. And once that happens, restoring community pride and engagement and convincing others to come in and invest becomes a much taller order.

Negative Effects of Vacant Properties

- o First, vacant properties, especially those in poor condition, **impose direct service costs on code enforcement units, police departments, fire departments, court systems, and other governmental agencies.**
- o Second, vacant properties – especially poorly maintained ones – can impose negative **“spillover” costs on nearby neighborhoods, including lower property values and higher crime rates.**

Court Gould (executive director of Sustainable Pittsburgh)

- o “Any community that has blighted and abandoned properties and sees them only as a strain and a drain is undervaluing the real estate,”
- o “We need to be thinking about those properties as stranded economic assets, and municipalities as having a role beyond tax collection that includes trying to figure out how to take ownership of those properties, remediate them, put them back on the tax rolls and turn them into community amenities.”

Liabilities to Assets

- o The flip side of vacant and blighted properties is that under the right circumstances **they can actually be used to advance the renewal of the neighborhoods** to whose decline they contributed.
- o The opportunity for **both public and private sector** interest is growing in reclaiming vacant property to add elbow room and a little green to crowded urban neighborhoods.
- o With a lot of liabilities, your only option is to eliminate or reduce them. **To be able to turn a liability into an asset is a unique opportunity.**
- o Vacant property provides us with such an opportunity.

Government Responsibility



- The responsibility for abating these public nuisances and then either rehabilitating or demolishing them rests with local governments.
- When city and county staff first field citizen complaints about the hazards of vacant properties, they often respond by exercising their code enforcement authorities and abatement powers to clean up and secure the sites.

*The more rules you make,
the more rule breakers
you create!*

Government Responsibility

- o Local governments also encounter internal coordination challenges. In the short term, the primary mission for local law enforcement and code departments is to abate the public nuisances and stabilize the sites.
- o In older urban communities, the demand for abatement of vacant properties significantly exceeds the capacity of staff and resources. Many places find it difficult to strategically integrate the abatement of vacant properties with other departments that administer rehabilitation resources, housing programs, and long-term land use planning.
- o What should a municipality do?

Government Responsibility

- o Because nearly all such properties are privately owned, however, local governments must follow strict procedures to abate them. Plus, only under certain circumstances (for example, tax delinquency or lien foreclosure) can a locality actually become the owner of a vacant and abandoned building.
- o Instead of transferring vacant properties, local governments often must find creative ways to persuade, cajole, and encourage property owners to maintain their buildings consistent with the minimum standards of habitability and decency.
- o All too often, a small group of owners ignores such responsibilities, allowing properties to deteriorate and blight an entire neighborhood.

What's the best action plan or management strategy to combat vacant property?



ACTION

Five steps are needed at the local level before the problems can be effectively addressed.

1. The most immediate public safety need is a program to compel the securing of buildings that are open to trespass (by boarding if necessary).
2. The city needs to establish defensible standards for declaring properties a "public nuisance." Vacancy alone is usually not a sufficient reason. However, criminal or drug activity, an extended period of boarding, and severe fire damage are examples that have been upheld in some jurisdictions as triggering the process.

“Public Nuisance”

- o It is my interpretation that the usage of the term is meant to convey the idea that the municipality can take “action” due to whatever conditions are found during an inspection, therefore the language (definition of public nuisance) should be easily interpreted by enforcement personnel and subsequently by legal staff.



“Public Nuisance”

- o In DeKalb County, the term nuisance(s) is described as “such activities and conditions that cause a demonstrable adverse impact on the community. These activities and conditions may be associated with illegal criminal activity that has also been proven to have a demonstrable adverse impact on community residences and results in neighborhood blight”.

“Public Nuisance”

- o In St. Louis, Missouri, a "Nuisance" is defined as “a continuing act or physical condition which is made, permitted, allowed or continued by any person or legal entity, their agents or servants or any person or legal entity who aids therein which is detrimental to the safety, welfare or convenience of the inhabitants of the City or a part thereof, or any act or condition so designated by statute or ordinance”.

Proposed Definition

- o PUBLIC NUISANCE: A condition, obstruction or use of property allowed or continued by any person, legal entity or agent, that interferes with the comfortable enjoyment of life and property by the neighborhood, community, or members of the public; or which can cause hurt, damage, inconvenience or affect or offend an ordinary, reasonable person.

Five steps are needed at the local level before the problems can be effectively addressed.

- 3. In theory, the cost of boarding properties and abating nuisances can be recovered from the owner, or at least assessed, then collected with the property tax.
- In reality, owners in distressed neighborhoods often disregard city bills, fail to pay property taxes, and effectively abandon the property, except to collect rent where they can.

Five steps are needed at the local level before the problems can be effectively addressed.

- 4. Programs are needed to provide below-market lending assistance for property owners seeking to renovate their buildings.
- 5. The last essential step is to assure that zoning and housing code standards are up-to-date and have a practical enforcement mechanism. If the local courts are swamped with business, the establishment of an administrative program that imposes a civil penalty should be sought.



- o The idea of greening vacant property, which is gaining traction in troubled housing markets across the country, is about more than improving aesthetics.
- o Researchers at the Wharton School of the University of Pennsylvania, for instance, report that housing values surrounding empty lots turned into gardens, parks or other green amenities rise by as much as 30 percent.

Summary

- o In any market, good or bad, there are always problem properties
- o Some may be neglected only because the present owner has failed to do fairly simple things that can solve the problems.
- o Vacant properties—dilapidated housing, abandoned buildings, and vacant lots—present communities with a complex problem and a compelling opportunity for neighborhood revitalization.

Summary

- o In some local governments, the problem may be an isolated house or apartment building that deteriorates to the point where the property owner decides to evict the tenants yet fails to board up the windows.
- o The responsibility for abating these public nuisances and then either rehabilitating or demolishing them rests with local governments.
- o When city and county staff first field citizen complaints about the hazards of vacant properties, they often respond by exercising their code enforcement authorities and abatement powers to clean up and secure the sites.

Thank You



Any Questions?

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