Systemic Vacancy: Community Costs and a Pathway Forward

National Association of REALTORS®

Policy, Practice, Process: Transforming Neighborhoods through Equitable Revitalization

Liz Kozub – Associate Director of Leadership and Education, Center for Community Progress

Tuesday, March 16, 2021; 2:00-3:00pm ET
## Center for Community Progress

<table>
<thead>
<tr>
<th><strong>Mission</strong></th>
<th>To foster strong, equitable communities where vacant, abandoned, and deteriorated properties are transformed into assets for neighbors and neighborhoods.</th>
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<tbody>
<tr>
<td><strong>Services</strong></td>
<td>Technical assistance, education and training, and research. Focus on systems-level change, emphasis on racial equity and justice.</td>
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<tr>
<td><strong>Snapshot</strong></td>
<td>Since 2010, provided TA to +250 communities in +30 states. Supported policy/programmatic change in dozens of communities, reached 5,500 through education, distributed 1000s of publications</td>
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</tbody>
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Presentation Outline:

- The Cycle of Vacancy
  - The connections between historical and current day policies that lead to widespread vacancy
  - Community costs
- Pathway Forward
  - The need for a comprehensive approach
  - Key tools used by local government in the field of vacant property revitalization
- What’s Next
- Questions
Is the community you serve….?

• Rural
• Suburban
• Urban
• Other
What do we mean by VAD?

- Vacant Buildings
- Vacant Lots
- Substandard, Occupied properties

VAD Properties

Harms individual and community wealth, health, wellness

<table>
<thead>
<tr>
<th>Vacancy Rate</th>
<th>Description</th>
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<tbody>
<tr>
<td>Under 4%</td>
<td>Low vacancy</td>
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<tr>
<td>4%–7.99%</td>
<td>Reasonable vacancy</td>
</tr>
<tr>
<td>8%–11.99%</td>
<td>Moderately high vacancy</td>
</tr>
<tr>
<td>12%–19.99%</td>
<td>High vacancy</td>
</tr>
<tr>
<td>20%–29.99%</td>
<td>Very high vacancy</td>
</tr>
<tr>
<td>30% or more</td>
<td>Extremely high vacancy</td>
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Hypervacancy
How prevalent are vacant and abandoned (unoccupied) properties in your community?

- We don’t have any!
- A handful
- Concentrated to one or two neighborhoods
- Widespread
- Other
How do you engage in addressing vacant properties? (Select all that apply)

• I am fairly new to this
• Policy advocacy
• Perform property rehabs
• Participate on local committees or task forces focused on vacancy
• Partner with local governments to develop new programming
• Support community groups working on neighborhood initiatives
• Lead initiatives and planning efforts to address vacancy
• Other – add it to the chat!
The Cycle of Vacancy & Community Costs
Cycle of Vacancy

VIBRANT NEIGHBORHOOD

EQUITY CHALLENGES
- Intergenerational Poverty
- Systemic Racism
- Unjust Land Use
- Discriminatory Lending
- Inequitable Policies

TRIGGERS
- Economic
- Natural Disasters
- Government Decisions

MARKET SHIFT
- Demand Changes
- Market Declines
- Consumer & Investor Confidence Decreases

IMPACTS
- Property Vacancy, Abandonment, and Deterioration
- Community
- People
- Housing
- Economy

INCREASED VACANCY

Impacts create triggers causing the cycle to continue.
Impacts fuel neighborhood challenges and the cycle of vacancy.
Equity Challenges

Urban Renewal

Gentrification

New Investment

Clean Up

Blight

Redevelopment
Big Concept Definition

We can define large important concepts or introduce quotes from authoritative articles and references with this slide format. This would make room for text-heavy explanations that support the "leave behind" function of these slide decks.

Redlining

Exclusionary Zoning

Racial Exclusion

Block Busting & Racial Steering
Urban Renewal

There are a total of 1,887 parcels in the Hill District comprising 682.36 acres. In 2012, over half the parcels in the Hill District were either a vacant lot or had a vacant building.

261, or 53%, of all Hill District properties are vacant. However, vacant properties only occupy 20% of the total neighborhood acreage or area. The majority of vacant properties are empty lots with only crime containing vacant buildings.

Vacant land is scattered across the entire neighborhood, sometimes in large groups of parcels and sometimes as individual empty lots between occupied homes. It is a mix of undeveloped blocks, vacant lots, and entire blocks where houses once stood. Some properties have never been built on due to the deep fissures, and some areas where buildings have been demolished may not be suitable for redevelopment because of undermining and deep fissures.

Image: Hill District Vacant Property Strategy Hill District Consensus Group
Albany, New York

Albany, New York Redlining Map, 1939

Albany County Land Bank Inventory, 2017
Disasters Trigger Vacancy

• Economic
  • Great Recession
  • COVID

• Natural
  • Hurricanes
  • Flooding
  • Earthquakes
  • Fires

All of these can cause property damage resulting in properties being unusable and often infeasible to restore.

Photo Credit: Architect Magazine
The Role of Markets

Supply & Demand

• Location
• Physical Condition
• Market obsolesce
Community Impacts

Ways Vacant, Abandoned, and Deteriorated Properties Negatively Impact Communities

PUBLIC HEALTH
- Creates unsafe environment for occupants (e.g., lead, asbestos)
- Creates unsafe environment for neighbors (e.g., attracts crime, rodent harborage, physical threat)
- Harms mental health

INDIVIDUAL WEALTH
- Lowers surrounding property values, threatening homeowners’ investment
- Property deterioration exceeds cost-effective repair
- Higher insurance premiums

COMMUNITY FISCAL STABILITY
- Lowers property values, reducing tax base
- Contributes to future property vacancy
- Increases municipal service costs
Addressing VAD Properties
Traditional Response to Remove VAD Properties
Traditional Response to Remove VAD Properties
Traditional Response to Remove VAD Properties

... I could really use a little help!
Traditional Response to Remove VAD Properties

WHY ISN’T THIS WORKING?

... I could really use a little help!
Property Revitalization Framework
Equitable Revitalization Framework

Systemic Vacant, Abandoned, and Deteriorated Properties

Ensure Lasting Community Benefit
Cultivate Property Owner Compliance
Transition Property to New Ownership
Temporarily Hold and Maintain Property

Vacant, Abandoned, and Deteriorated Property Remediation and Prevention

Policies, Practices, Processes

Equitably, Effectively, and Efficiently

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Comprehensive Approach

Uses a Diverse set of Tools both supportive and punitive to address a variety of challenges related to market conditions, ownership issues, legal issues, etc.

VAD properties touch many local departments and people – from housing and building code enforcement to tax collection to police; all need to be brought into collaborative, solution driven discussions.

Considers various stages of property deterioration and vacancy and uses comprehensive strategies to develop various pathways to revitalization.

Occupied  Vacant  Deteriorated  Abandoned  Unmaintained lot
A Need to Center Equity & People

- Helps entire neighborhoods recover from disinvestment through intentional, supportive approaches to reinvestment.

- A collaborative approach improves community conditions and ensures ALL people live in strong, equitable communities where vacant, abandoned, and deteriorated properties no longer exist.

- Acknowledges different situations demand different approaches.
Equitable Revitalization Framework

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Ensure Lasting Community Benefit

Cultivate Property Owner Compliance

Transition Property to New Ownership

Temporarily Hold and Maintain Property

Vacant, Abandoned, and Deteriorated Property Remediation and Prevention

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Cultivate Property Owner Compliance

Goal: Prevent Property Decline

Goal: Enable Property Compliance
Property Compliance

**Tools: Code Enforcement Education and Procedures, Rental Regulation**

- Established property maintenance standards
- Dangerous Building and Nuisances Abatement standards
- Provide education to homeowners and tenants
- Resources for vulnerable homeowners and landlords
- Home repair grants/loans incentives

*Filling the Gaps: Helping Struggling Property Owners Connect to Rehab and Repair Resources*
Property Compliance

Tools: Property Tax Assessment, Incentives, Exemptions; Property Tax Enforcement Procedures

- Property tax incentives and exemptions *e.g.* homestead exemptions, *Neighborhood Homes Investment Act*
- Property tax relief, education, and resources for vulnerable homeowners
- Property tax enforcement procedures
Equitable Revitalization Framework

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Transition Property to New Ownership

**Goal:** When compliance measures have failed; tools are needed to enable a transfer of the property to new, responsible owners.
Transition Property to New Ownership

Tool: Property Tax Foreclosure

Lien/Delinquency → Accrual of Penalties and Interest → Notice/Opportunity To Redeem or Dispute

Property Transfer ← Enforcement Event(s)
Transition Property to New Ownership

Tools: Code Lien Foreclosure, Receivership

- Where the existing delinquent tax enforcement system is insufficient, explore local government’s authority to leverage key housing and building code enforcement to compel transfer
  - Ex., *Alternative Strategies for an Equitable, Efficient, and Effective Code Enforcement System in Mobile, Alabama* (Community Progress, June 2016)

- Explore use of eligible third parties to abate problems at properties
  - Ex., Baltimore City’s [Vacants to Value Program](#); Chicago’s [Troubled Buildings Program](#)
Transition Property to New Ownership

Tool: Public & Private Entities for new responsible stewardship

- Develop network of end users (CDCs, private developers, public entities, mission driven organizations) in place to transfer properties to that will be responsible owners for different property types (1-4 family, multiunit residential, commercial, vacant lots and land).
Equitable Revitalization Framework
Temporarily Hold & Maintain Property

**Goal:** Ownership that is responsible for the maintenance of properties to prevent further decline and neighborhood harm.
Temporarily Hold & Maintain Property

Tool: Code Compliance

• Enforce property maintenance standards
• Dangerous Building and Nuisances Abatement standards
Temporarily Hold & Maintain Property

**Tool: Land Banks**

- A land bank is a public authority or nonprofit that focuses on the conversion of vacant, abandoned, tax-delinquent, or foreclosed properties to support equitable community development outcomes. Powers include:
  - Acquisition of Tax Foreclosure properties
  - Property assembly
  - Tax exemption
  - Disposition below market value
Equitable Revitalization Framework

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Ensure Lasting Community Benefit

**Goal:** New ownership and use of properties that aligns with community goals
Ensure Lasting Community Benefit

Tool: Community Visioning; Planning & Zoning; Vacant Land Management; Innovative Ownership Models

- Develop clearly articulated community visions and goals to serve as guidance for property end use
- Revisit plans and zoning to ensure allowable use of properties to serve community needs
- Develop vacant land management plans that enable long term use of land as a community asset
- Look to community land trusts, land conservancies, affordable housing developers and other community innovations for reuse of properties which support communities
Ensure Lasting Community Benefit

Tool: Funding & Financing for Structure Repair, Rehabilitation, Redevelopment, and Land Management & Reuse; Property Tax Exemptions

- Evaluate existing public funding program (CDBG, HOME) and how they can be used to support community goals
- Dedicate funding to repairs and reuses of properties
- Property tax incentives and exemptions e.g. homestead exemptions, TIFs, Neighborhood Homes Investment Act
Equitable Revitalization Framework

Systemic Vacant, Abandoned, and Deteriorated Properties

- Ensure Lasting Community Benefit
- Transition Property to New Ownership
- Cultivate Property Owner Compliance
- Temporarily Hold and Maintain Property

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Next Steps
Where to Start?

Gather your partners

Start with Data
To understand the problem & identify the opportunities
Who needs to be at the table?

Public Leaders
• Building Inspections
• Code Enforcement
• Legal Department
• Community and Economic Development Department
• Tax Assessors
• Housing Authority
• Public Works
• Office of the Courts
• Elected Officials
• State Housing Agency

What they bring:
• Data on problem properties
• Knowledge of owners
• Understanding of legal process
• Political leadership
• Overlaying and assembling data to show patterns, uncover new information, and ensure an efficient approach is taken
Who needs to be at the table?

Private Partners
• REALTOR®
• Bankers
• Homebuilders
• General Contractors
• Architects
• Designers
• Home Improvement Retailers
• Appraisers
• Local Business Owners
• Major Employers
• Media

What they bring
• Deep knowledge of real estate market trends
• Form the network of end users to transfer properties to that will be responsible owners
• Understanding of repair cost
• Ability to develop political pressure for change
• Resources
Who needs to be at the table?

**Community Partners**
- Community Members
- Nonprofit Housing developers
- Market-Rate Housing Providers
- Supportive Housing Providers
- Homeowner Repair Providers
- Educators
- Academia
- Artists
- Resident-Based Investors

**What they bring**
- Community members need to be centered in conversations
- Access to resources and supportive services
- Bridge connections and trust between government and neighbors
- Form the network of end users to transfer the property to that will be responsible owners
Next Training

Using Data to Identify Opportunities
April 20, 2021
2:00 – 3:00 PM ET
Speakers: Danielle Lewinski, Center for Community Progress & Austin Harrison, Innovate Memphis

Engaging Community in Developing Equitable Solutions
May 18, 2021
2:00 – 3:00 PM ET
Speakers: Sara Toering, Center for Community Progress & Fred Holley, Community Activist Dayton, OH
Questions?

Thank you!

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Center for Community progress

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