

# **Vacant and Abandoned Housing**

## **Developing a Strategic Approach**

**May 19, 2009**

## Housing Occupancy Spectrum

Occupied	Transitional Short-Term	Transitional Mid-Term	Distressed	Abandoned
<ul style="list-style-type: none"> <li>• Occupied</li> <li>• Occupied for Sale</li> <li>• Occupied for Rent</li> </ul>	<ul style="list-style-type: none"> <li>• Unoccupied for Sale</li> <li>• Unoccupied for Rent</li> <li>• Unoccupied rehabilitation</li> </ul>	<ul style="list-style-type: none"> <li>• Probate</li> <li>• Foreclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Utilities disconnected for 1 or more years</li> <li>• Health &amp; Hospital Vacant/ Boarding Orders</li> </ul>	<ul style="list-style-type: none"> <li>• Property that is tax delinquent and not bought at the tax sale (County Surplus)</li> </ul>

### Definitions

**Occupied** – occupied housing is the lowest end of the occupancy spectrum. Generally, occupied housing units are stable and pose the least risk to neighborhood health, unless those units are in violation of zoning or Marion County Health & Hospital code. The exception to neighborhood stability is “problem” housing units which have a high frequency of crime and/or illegal activities.

**Transitional Short-Term** – housing units which are unoccupied and transitioning from vacant to occupied. These units generally pose little risk to neighborhood health, however, units with long periods of vacancy may pose a greater crime risk.

**Transitional Mid-Term** - housing units most likely transitioning from vacant to occupied that have a longer vacancy rate due to factors such as foreclosure or probate. These units most likely pose little risk to overall neighborhood health, however, longer periods of vacancy may pose a greater crime risk. Large concentrations of these units in small geographic areas can contribute to a decrease in neighborhood stability.

**Distressed** – distressed housing units are those units which are vacant, generally for long periods of time, primarily due to factors such as utilities disconnected for one or more years and Marion County Health & Hospital Corporation vacant/boarding orders. Distressed housing units pose a great risk to neighborhood stability and health and have a greater likelihood of crime.

**Abandoned** – abandoned housing units are at the extreme high end of the occupancy spectrum. Abandoned units are those which are not bought at the Marion County Treasurer’s Tax sale for delinquent taxes and become County surplus property.

## Expanded Definition of Distressed Housing

The original definition of “distressed” housing focused solely on the physical aspects of the housing spectrum. For neighborhood redevelopment purposes, distressed housing has been expanded to include both “physical” and “financial” characteristics.

### *Physical*

- Properties with utilities disconnected for one year or more.
- Properties with a Marion County Health & Hospital Corporation vacant/boarding order.

### *Financial*

- Foreclosures.
- Tax delinquent properties in the Marion County Tax Sale.

The combination of the physical and financial characteristics of distressed housing broadens the potential base of problem properties, providing the City with an expanded list of properties to monitor. This combination makes it easier to predict neighborhood stability by looking at where clusters of problems are located and allowing the City to focus its resources in high-priority areas.

## Use of Distressed Housing Data Indicators for Predictive Analysis

Distressed housing data indicators – long-term utility disconnects, vacant/boarding orders, foreclosures, and tax sale properties - provide a base, along with crime data, for the prediction of general neighborhood stability. Spatial analysis using GIS (Geographic Information Systems) is critical for identifying distressed housing. GIS also allows for the identification of clusters, or concentrations, of distressed housing.

For spatial analysis purposes, distressed housing can be mapped into four categories: Code Red, Code Orange, Code Yellow and Watchlist. The categories are assigned to each property based on the total number of distressed housing data occurrences. For example, if a property has a vacant/boarding order, long-term utility disconnect, foreclosure and is in the tax sale, it is assigned the highest category, code red, because all four of the distressed housing data indicators are present. The four categories are described below:

**Code Red** – All four distressed housing indicators are present.

**Code Orange** – Three of the four distressed housing indicators are present

**Code Yellow** – Two of the four distressed housing indicators are present.

**Watchlist** – One of the four distressed housing indicators are present.

## **Existing Tools**

- Code Enforcement (Local)
  - Zoning Compliance
  - Code Enforcement Demolitions
  - Health & Hospital Repair Orders
  - Health & Hospital Vacant/Boarding Orders
  - Health & Hospital Demolition Orders
- HOME/CDBG/Hope 6 Funding (Federal)
- Historic Tax Credits (Federal)
- Neighborhood Stabilization Program (NSP) for Foreclosures (Federal/State - temporary)
- Community Reinvestment Act (Federal)
- Low Income Housing Tax Credits (State)
- Neighborhood Assistance Program Credits (State)
- Housing Trust Fund (Local)
- Health & Hospital Unsafe Buildings Administrative Law Judge (Local)
- Tax Abatement (Local)
- TIF Districts (Local)
- Redevelopment Areas (Local)
- Receivership (RICO)
- Community Development Corporations

## **New Ideas/Suggestions for Discussion**

- Urban Pioneer Program (package several ideas together)
- Partner with banks to subsidize loans
- Loan guarantee from the City
- Let the free market work
- Give the homes away
- Spot eminent domain
- Create designated artist live/work districts with no taxes.
- Partner with neighborhood Associations
- New housing construction moratorium
- Waive property taxes
- Voucher to any school if you move into a distressed home
- Partner with several organizations to provide a “bigger bang for the buck” – i.e. CDC’s, Habitat for Humanity, IPIC, Neighborhood Groups, City, Private Business, etc.
- Market Study
- Reconvene the Abandoned Housing Task Force and create subcommittees with subject matter experts to focus on implementation
- State law requiring banks to notify local communities at the beginning of the foreclosure process
- Long-term (over one year) vacant building special assessment (fee)
- Landlord registration system with penalty for failure to register.
- Rental permit fee
- Reduce tax rates in Center Township to attract new business.

## Questions & Concerns

- What constitutes an “abandoned” house? Is “distressed” a better definition?
- Are demolitions a short term strategy?
- What is the cost/benefit of demolitions in relation to loss of property tax revenue?
- What is the likelihood a new home will get rebuilt on the site of a demolished home?
- Has crime been reduced from demolitions?
- What is the strength of the overall market/sub-market?
- Are some sub markets actually “failed markets?”
- Should the City promote homeownership versus renting?
- What is the root cause of distressed housing?
- What happens when gap financing for new construction where costs exceed property value?
- How has crime migrated in the last 10 years?
- What percent of crime occurs in vacant versus occupied houses?
- Are elderly and/or poor overburdened by H&H violation fees, taxes and mortgage/rent payments? Specifically in Center Township.
- Are banks negligent in maintenance of and transfer of foreclosed properties?

## Issues

- Lack of financial resources
- Weak housing market
- Easy to migrate
- Irresponsible investors
- School perception
- Crime
- Bad tenants

## Unhealthy Neighborhood Factors

- Physical characteristics
- Social characteristics
- Economic characteristics
- Bad Land Use
- Perception of bad investment
- Lack of good neighborhood retail
- Lack of parks and public space

## **Action Steps**

Action steps can be classified into one of two categories, macro or micro.

Macro action steps are part of a broader effort to determine and possibly predict neighborhood health and stability. A Neighborhood Health Indicator System can be created by incorporating and analyzing existing data.

Micro action steps focus on individual housing units/structures with the goal of removing the problem.

### **Occupied Housing**

There are not enough labor and financial resources to actively monitor every occupied housing unit in Marion County. Local government code and law enforcement procedures are the best methods for monitoring occupied housing units, specifically:

- Continued zoning inspections by the Office of Code Enforcement
- Continued inspections by the Marion County Health & Hospital Corporation
- Continued IMPD patrols
- Institution of a “problem/nuisance” property inventory by IMPD
- Creation of a Problem Property Reporting website that is easily accessible to citizens

### **Transitional Short-Term Housing**

The procedure of transitioning from vacant to occupied housing unit is a process that is most likely impossible to track, especially the rental market. The focus should be on properties for sale.

- Obtain and monitor MIBOR data for properties with long periods of vacancy on an ongoing basis

### **Transitional Mid-Term Housing**

Data on housing units in foreclosure are readily available. The availability of data on housing units in probate is not known.

- Obtain and monitor foreclosures on an ongoing basis as part of a Neighborhood Health Indicator System (Macro)
- Determine the availability of housing units in probate
- If available, obtain and monitor housing units in probate as part of a Neighborhood Health Indicator System (Macro)

### **Distressed Housing**

Data on Health & Hospital vacant/boarding orders and utility disconnects are readily available.

- Monitor vacant/boarding orders as part of a Neighborhood Health Indicator System (Macro).
- Monitor utility disconnects as part of a Neighborhood Health Indicator System (Macro).
- Address these specific problem properties as part of a concentrated community redevelopment effort (Micro)

## **Abandoned Housing**

Data on abandoned housing are readily available.

- Monitor abandoned housing as part of a Neighborhood Health Indicator System (Macro).
- Address these specific problem properties as part of a concentrated community redevelopment effort (Micro)

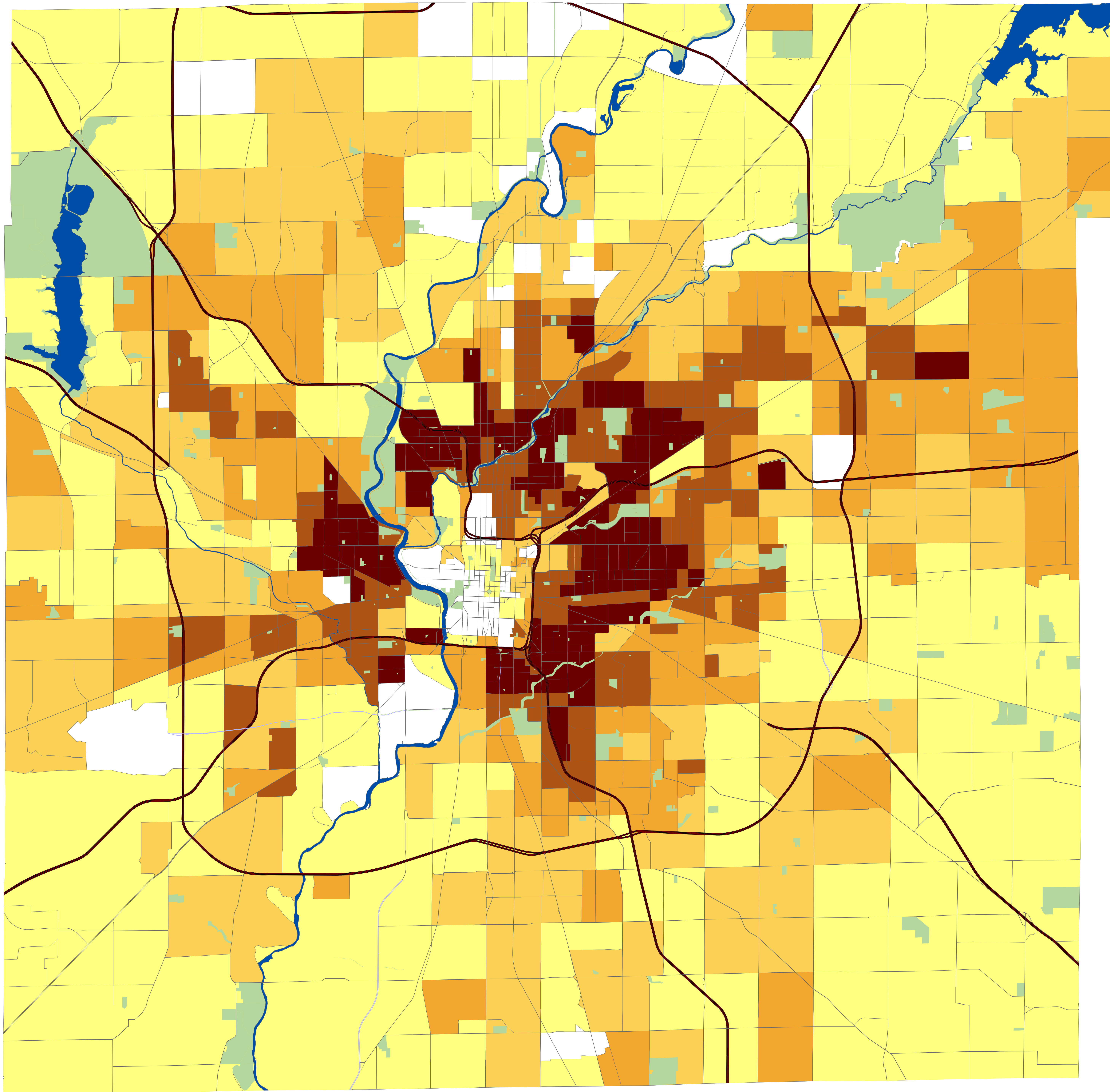
## Recommendations

- Use long-term utility disconnects, vacant/boarding orders, foreclosures and tax sale property as the primary indicators for distressed and/or abandoned properties. These should be the properties where efforts are focused (micro). Concentration of distressed housing, along with crime data, should be used to determine broad areas of community redevelopment focus (macro).
- Problem properties should be inventoried and continually monitored.
- Create a Problem Property Reporting website that is easily accessible to citizens.
- Develop a Neighborhood Health Indicator System, which includes housing occupancy indicators, to track neighborhood health and stability current conditions, trends and predict potential problem areas.
- Create a centralized data warehouse of information, including neighborhood health indicators. This database would be the core infrastructure for all government business intelligence.
- Forge multi-disciplinary planning efforts with other City/County agencies, neighborhoods and private businesses to spur new, innovative ideas for tackling abandoned housing.



# Marion County

## Distressed Property and Vacant Parcels



### Legend

- Park
- River

### Distressed Property Per Square Mile

- 0.88 - 9.9
- 10 - 26
- 27 - 75
- 76 - 220
- 230 - 1100

