

Community Development via Trackhoe

HOW SMALL CITIES CAN
DIRECTLY IMPACT THE
DOWNWARD SPIRAL OF
BLIGHT IN THEIR COMMUNITIES



Outline

- ▶ Preface
- ▶ Social Impact
- ▶ Financial Impact
- ▶ Small Cities CAN
- ▶ Must Haves
- ▶ Helpful Hints



Preface

- ▶ Large cities across the state and the nation clearly recognize the cumulative costs of blighted housing. Many great programs have been successfully devised and implemented to halt, stabilize and even reverse the problem, especially in larger cities.
- ▶ Small cities with blighted housing face an even larger challenge. Without the vital resources (money, staff, and legal capacity), small cities often do not prioritize rectifying blight.
- ▶ Not being extremely proactive can have dire consequences to a city's real estate market, its tax base, its revenues, its crime rate, its vitality and its standard of living.
- ▶ The costs associated with the downward spiral of blight cannot be underestimated.
- ▶ Small cities CAN do something about it.

Social Impact

- ▶ Consider for a second the daily impact of a blighted property on the psyche of neighboring property owners.
- ▶ Their largest investment can become worth less or worthless.
- ▶ Looking at blighted adjacent properties day after day they can become isolated, angry, and fractured from the community. They can feel forgotten. As they begin to bear a disproportionate tax burden, they can develop a negative opinion of the city and their tax contribution.
- ▶ They live in proximity to a very real likelihood of crime, including drugs, prostitution, arson, vandalism, etc. which puts them at greater risk of becoming a victim.
- ▶ One blighted property leads to another and to another, the Spiral of Blight. As property values decline, residents and businesses flee, and the blight worsens.

Financial Impact

- ▶ Blight properties contribute little if anything to tax revenues.
- ▶ Blight properties require disproportionate expenditures of city revenues on perpetual cleaning / mowing / crime prevention / etc.
- ▶ Spiral of Blight destroys tax base, the single largest source of revenue under local control. Lowers appraisals of all proximate properties.
- ▶ Destroys real estate market. Can become impossible to buy / sell.
- ▶ Remaining citizens bear disproportionate burden.
- ▶ Tax payers leave city.
- ▶ Derelict rental market expands.
- ▶ Neighborhoods die.

Small Cities CAN

- ▶ The City of Etowah 2010 census population was 3490 with approximately 2200 parcels of land and 1400 homes.
- ▶ In 2010 the real estate market in Etowah was stagnant. There were blighted properties on every other block. The Spiral of Blight was clearly evident even in this small community.
- ▶ In under 5 years with 1 staff position covering the Community Development / Codes Enforcement / Building Inspection function, the City of Etowah has been responsible for the demolition of 46 derelict structures. **That is an average of 1 demolition every 27 working days.**
- ▶ Our efforts have spawned community and market reactions ranging from dozens of professional rehabs of former slum properties into new home mortgages, to a reversal of slumlord-ism, to a vital real estate market, to new constructions in central neighborhoods untouched in over 40 years, and most importantly a renewed pride in property ownership.

Must Haves

- ▶ BE DETERMINED! You have a responsibility to protect the health, safety and welfare of your community. Derelict housing actively breeds just the opposite. Make this a #1 PRIORITY. It cannot be ignored or under prioritized.
- ▶ STUDY YOUR CODES! You will stay out of trouble if your codes are accurate, non-conflicting, updated, and followed precisely. It won't always turn out perfectly but making progress is the most important.
- ▶ MAKE A LIST! One of the most helpful tools our City has to battle blight is "THE LIST". "THE LIST" is a hit list of condemnable properties and is prioritized by worst first. Absentee owners, slumlords, abandonments and all the nearby neighbors know about the list. Beyond demolitions, "the list" has been responsible for more rehabs than HGTV.

Must Haves

▶ STRONG CODES ENFORCEMENT!

- ▶ How does a structure get on the list? How do you prioritize? “You’re picking on me” and “Why me and not him” can actually be legitimate arguments in court.
- ▶ The answer lies in meticulously organized, methodical, linear, determined and extremely active Codes Enforcement. You must have a clear methodology before you start.
- ▶ Codes Enforcement / Building Inspection is the chief tool with which to abolish blight in your community however in many small communities this function lacks the will, the authority, and/or the skill to accomplish what they must accomplish to be successful in ameliorating blight.
- ▶ Do you know that your Codes Enforcement Official has more authority to enter a home than does a Police Officer in many cases? Because blight and crime go hand in hand, so should your Codes Enforcement and your Police Dept.

▶ BUDGET!

Helpful Hints

- ▶ Check your Municipal Code. Make sure that your Slum Clearance, Overgrown and Dirty lots, Property Maintenance and Building Code statutes are very clear, up to date, and as easy to use as possible.
 - ▶ Q: You have almost certainly adopted the various 2012 International Codes Council (ICC) codes. If so, does your municipal code have any earlier slum clearance, overgrown and dirty lots, property maintenance or building codes that conflict with ICC 2012? If you haven't specifically repealed anything in conflict, then you may have conflicting codes.
 - ▶ Q: Can you serve the property owner with a **citation** for not demolishing a condemned structure? Many municipal codes only allow the placement of a lien on the property after the city rectifies the situation. That lien is virtually useless and will likely never be collected.
- ▶ In condemnation appeals, the courts need to see a solid record of **citations**. Violation notices have to be served but **citations** are what the courts truly understand.

Helpful Hints

- ▶ Adopt the Administrative Hearing Officer Ordinance.
 - ▶ Changes the TN Constitutional \$50 fine per day per occurrence to a \$500 fine per day per occurrence.
 - ▶ Third Party AHO decisions are more defensible in court.
 - ▶ The AHO ordinance will necessitate a change in several other codes including the Slum Clearance codes and any codes that have an appeals process that you want handled by the AHO. All these codes must be updated.
 - ▶ Have your attorney contact MTAS. This is a fairly new and confusing process to get started, and it is evolving.

Helpful Hints

- ▶ It is always best if the violator is forced to do the demo, pay the bills and maintain ownership of the properties. Out of 46 demolitions, the City of Etowah is currently out of pocket on 13 (3 were old city buildings, 2 are making payments, 1 signed over deed, 3 are abandoned, and liens were placed on 4).
- ▶ Clerk and Master deeds are often not marketable. There is a 1 year redemption period before the property transfers into the city's name, then up to 10 years before title insurance is available.
- ▶ When necessary, demolitions are relatively easy and inexpensive to do. Your Public Works Department is most likely able to do most demolitions necessary. This lessens the financial impact on everyone. The City of Etowah can demolish a standard residential home leaving a level building lot for approx. \$3500.
- ▶ Work out a deal with your local landfill. Landfill fees are the largest component of demolition cost. The City of Etowah gets 50% off landfill fees for demolition debris.

Helpful Hints

- ▶ Plan for in-filling. The City of Etowah has been actively working on a plan for in-filling these newly vacant lots since day 1. There are many options including contractor incentives, homeowner incentives, side-yard programs, non-profit home building programs, passive parks programs and many others. Learn what the State of TN, THDA, Rural Development and your local Development Districts have to offer.
 - ▶ In-filling is the 2nd step and can be very challenging but also very rewarding.
 - ▶ The City has currently donated 3 parcels of property to our Development District and 1 parcel to Habitat for Humanity for new home building. We are looking forward to our first home build in the very near future.
 - ▶ Warranty deeds are necessary in order to get title insurance for new builds.
 - ▶ Consider the option of purchasing the properties (thereby obtaining warranty deed) from the property owner prior to tax sale. It may be cheaper long term.

Before and After



Before and After



Before and After



Before and After



After

