

## ASSESSMENT TOOL:

### Analyzing Existing and Potential Strategies to Prevent Irresponsible Investor Ownership from Causing Neighborhood Decline

This matrix presents 36 strategies that communities can use to promote neighborhood stabilization and responsible reinvestment in high-foreclosure communities, and examples of how they are being implemented. The middle column is left blank so you can use it to assess your current strategies and determine whether there are additional strategies you might consider. For additional information about these strategies see the full report, *When Investors Buy Up the Neighborhood: Preventing Irresponsible Investor Ownership from Causing Neighborhood Decline*, at [www.policylink.org](http://www.policylink.org).

#### Approach 1: Encourage homeowners and responsible investors to buy, rehabilitate and maintain foreclosed properties

Strategy	Status in Your Community	Promising Practices
1. Help qualified homeowners obtain mortgage financing.		<b>Arizona:</b> Provides forgivable, zero percent interest loans for up to 22 percent of the purchase price (up to \$346,000) to low- and moderate-income families purchasing foreclosed homes as their primary residence.
2. Offer tax credits to new homeowners.		<b>Georgia:</b> Gives a 3-year tax credit for purchase of a single family home (the value is the lesser of \$1,800 or 1.2 percent of the purchase price).
3. Partner with nonprofits to build affordable housing.		<b>Sarasota:</b> Offers nonprofits \$10,000 for every foreclosed home acquired, fixed, and sold or rented to income-eligible families.
4. Provide nonprofit lease-purchase and contract for deed models.		<b>Cleveland:</b> Cleveland Housing Network has operated a successful lease-purchase program for low-income residents since 1981 that is financed by Low Income Housing Tax Credits.

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5. Encourage private developer rehabilitation.		<b>Sacramento:</b> Offers no-interest loans and \$30,000 fee to developers (with an emphasis on those who are mission-driven) who buy and rehabilitate vacant homes before selling to low- or moderate-income families.
6. Provide potential agents and homeowner buyers the opportunity to tour foreclosed properties.		<b>Boston:</b> Boston Home Center, a division of Boston's Department of Neighborhood Development, sponsors trolley tours of foreclosed properties, and workshops on purchasing foreclosed property and buying homes that need work.
7. Provide training or financial assistance to landlords, with a focus on "Mom and Pop" landlords.		<b>Portland:</b> Eleven year-old landlord-training program offers a free, 8-hour training on property management, applicant screening and agreements.

## Approach 2: Strategically gain control of foreclosed properties

Strategy	Status in Your Community	Promising Practices
1. Purchase and rehabilitate individual properties and resell them to homeowners.		<b>Los Angeles:</b> The city established Restore Neighborhoods L.A. (RNLA), a holding company to swiftly acquire, rehabilitate, and sell foreclosed properties. RNLA will use an RFP process to hire contractors and offer soft second mortgages to attract buyers.
2. Ask lenders to provide municipalities, nonprofits and owner-occupants with the first option to buy foreclosed properties.		<b>Nationwide:</b> The National Community Stabilization Trust's "First Look" program allows local housing organizations to view and bid on foreclosed properties owned by banks with whom the Trust has negotiated commitments before they go on the open market.

Strategy	Status in Your Community	Promising Practices
3. Create a land bank to acquire, hold and convey properties.		<b>Genesee County, MI:</b> Genesee County Land bank, launched in 2002, has acquired thousands of vacant homes in Flint. The sale of 1,600 land bank properties has funded rehabilitation, demolition, affordable housing, and land assembly.
4. Create or use a community land trust to acquire properties for permanently affordable housing and other community uses.		<b>Providence, RI:</b> The Rhode Island Community Housing Land Trust and two neighborhood housing groups are using NSP funds to acquire foreclosed properties and sell to low-income homeowners as permanently affordable homes.
5. Encourage lenders and servicers to donate foreclosed properties.		<b>Nationwide:</b> Bank of America established a pilot program to donate unsalvageable properties in its inventory to cities in exchange for having them demolished.
6. Use eminent domain to take control of abandoned, blighted properties for redevelopment.		<b>Baltimore:</b> Allows the use of “quick-take” eminent domain to acquire abandoned properties. The city has used this tool to take control of more than 6,000 properties.
7. Determine if demolition and creation of a greenspace or an alternative use makes sense.		<b>Cleveland:</b> Neighborhood Progress Inc., a community development intermediary, is implementing a pilot program in six neighborhoods to identify properties that can be rehabilitated and demolish ones that cannot.

### Approach 3: Hold property owners accountable for property condition

<i>Regulations that Apply to All Buildings</i>		
Strategy	Status in Your Community	Promising Practices
1. Pursue vigilant proactive enforcement of the local property maintenance code.		<p><b>St. Louis:</b> Performs monthly inspections on 4,000 problem properties (driven by resident complaints), charging \$97 per visit. When owners are unresponsive to citations, the city fixes the problems and bills the owner.</p> <p><b>Collier County, FL:</b> E-mails notices of code violations to lenders and property owners.</p>
2. Require property owners to register.		<p><b>New Haven:</b> Ordinance passed in 2009 requires banks and other institutions foreclosing on local properties to register the properties or face fines of \$250 per day.</p> <p><b>Allentown, PA:</b> Amended registration law to impose liability on the local agent, allowing the city to take legal action against agents representing absentee owners of properties with accumulated violations.</p>
3. Impose fines and criminal penalties for repeat property maintenance code offenders.		<p><b>Pennsylvania:</b> Made it a misdemeanor to fail to correct repeated property maintenance code violations. The law imposes a fine up to \$5,000 and imprisonment of up to two years.</p>
4. Obligate purchasers of distressed property to rapidly bring their property up to code.		<p><b>Pennsylvania:</b> Requires purchasers of a building with substantial code violations to bring the structure into code compliance within one year of the date of purchase.</p>

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<p>5. Enforce and enhance nuisance abatement laws.</p>		<p><b>St. Paul:</b> Vacant Nuisance Building Procedure allows the city to abate a nuisance property through demolition or other means if the owner does not take action within a specified time after an inspector cites the violation.</p> <p><b>Ohio:</b> Allows a municipality to add the cost of repairs to abate a nuisance to real estate taxes.</p>
<p>6. Coordinate with prosecutors, municipal attorneys and judges to aggressively enforce relevant state and local codes.</p>		<p><b>Dallas:</b> Partnership activities include tracking down legally responsible parties, assessing fines, penalties and aggressive enforcement on blighted properties and other substandard structures.</p> <p><b>St. Louis:</b> Established a Problem Property Court to hold problem property owners accountable and achieve restoration or sale of the properties as soon as possible.</p>
<p><b>Regulations that Apply to Vacant Buildings</b></p>		
<p>1. Require owner to set and keep a timeline for the rehabilitation and reoccupation of a vacant property.</p>		<p><b>Minneapolis:</b> The city will enter into a restoration agreement with owners of vacant or condemned properties and waive its Vacant Building Registration fee if the property is brought into code compliance within six months.</p> <p><b>San Diego:</b> Buyers of vacant structures must submit a Statement of Intent to bring the property into productive use. Failure to submit is a misdemeanor; penalty for not abiding by the timeline is \$250 for every 90 days it remains vacant.</p>

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<p>2. Charge vacant property fees to finance associated municipal tasks.</p>		<p><b>St. Louis:</b> Charges a fee every six months a property remains vacant.</p> <p><b>Wilmington, DE:</b> Fee for vacant properties progressively increases: \$500 for year 1; \$1,000 for year 2; \$2,000 for years 3-4; \$3,500 for years 5-9; \$5,000 for 10 years; and an additional \$500 for each year after 10.</p>
<p>3. Require vacant property owners to register with the city and obtain an authorized local agent.</p>		<p><b>Chicago:</b> Owners of vacant building must register the building with the city within 30 days of the vacancy.</p>
<p>4. Require buyers to guarantee vacant building will be brought up to code and occupied as a condition of sale.</p>		<p><b>St. Paul:</b> Owners of vacant properties that are declared a nuisance must make improvements before they can sell the property.</p>
<p>5. Require vacant property owners to maintain liability insurance.</p>		<p><b>Chicago:</b> Requires vacant property owners to maintain liability insurance coverage of at least \$300,000 for residential properties.</p>
<p>6. Establish or use a housing court to hold unresponsive absentee owners accountable.</p>		<p><b>Cleveland:</b> Housing Court fines absentee owners of vacant and dilapidated housing \$1,000 for every day they fail to appear in court.</p> <p><b>Buffalo:</b> Housing Court enters default judgments against those who ignore summons for code violations, imposing fines of up to \$15,000, and placing a lien on the property for amount of the fine.</p>

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<p>7. Authorize a receiver to rehabilitate or demolish a property.</p>		<p><b>New Jersey:</b> Under an expansion of the Abandoned Property Rehabilitation Act (2004), if the property owner fails to submit a realistic plan to quickly rehabilitate property, the court can appoint an “entity in possession” to expedite rehabilitation.</p>
<p>8. Hold lenders responsible for maintenance and sale to a responsible owner.</p>		<p><b>Cleveland:</b> Prevailed in a lawsuit against Wells Fargo Bank for neglecting to maintain and secure bank-owned foreclosed properties and selling houses at low cost to speculators.</p> <p><b>Chula Vista, CA:</b> Abandoned Property Registration Program requires lenders to register the property with the City (and pay a \$70 fee), hire a local property management company to maintain it, and post their name and contact number on the property.</p>
<p>9. Raise vacant property owners’ property tax.</p>		<p><b>Louisville:</b> Requires owners to pay triple the amount of their normal property tax bill if buildings have been unoccupied for at least one year and are unsanitary, not properly boarded, vermin-infested or unfit for human habitation.</p>
<p>10. Make ownership information available to neighbors.</p>		<p><b>Chicago:</b> Requires the owner of a vacant property to post a sign with the name, address, and telephone number of the current owner (or the agent for the owner) in a conspicuous location on the building.</p>

**Regulations that apply to rental properties**

Strategy	Status in Your Community	Promising Practices
1. Establish rental registries or a rental license requirement.		<b>Allentown, PA:</b> Revocation of a rental license associated with one property or unit will trigger the inspection of all other properties or units to ensure the entire portfolio of properties meets city code requirements.
2. Adopt a rental housing inspection ordinance to require inspection at the time of sale or change of tenant.		<b>Boston:</b> Requires that property owners have newly rented apartments inspected prior to or within 45 days of rental and certified by the Housing Inspection Division.
3. Partner with the Housing Authority to ensure Section 8 rental property owners keep their property in good repair.		<b>Aiken, SC:</b> City and Aiken Housing Authority have formed a partnership to inspect rental properties that receive Section 8 money from the U.S. Department of Housing and Urban Development in order to improve housing standards.
4. Offer tax abatements for property investments in distressed neighborhoods.		<b>Cincinnati:</b> Offers a residential tax abatement for real property improvements.
5. Charge a sales tax on rents.		<b>Phoenix:</b> Requires owners of residential rental properties to obtain and maintain a privilege (sales) tax license. All amounts paid by the renter to, or on behalf of, the owner are taxable, including utilities, unreturned deposits and pet fees.
6. Adopt a Smart Rehabilitation Code to bring down costs of renovation.		<b>New Jersey, Maryland and New York:</b> Adopted Smart Rehabilitation Codes to bring down the cost and complexity of rehabilitating older housing.