

The Cost of Vacant Property and Solutions You Can Use



Heritage Ohio, Inc Combating Vacant Property Workshop

November 7, 2012

Alison D. Goebel
Associate Director
Greater Ohio Policy Center
agoebel@greaterohio.org



What is the Greater Ohio Policy Center?



- Promote public policies that grow Ohio's economy and improve the quality of life through intelligent land use
- Ohio's "smart growth" organization
 - Preserve agricultural land
 - Protect open and green space
 - Stop urban sprawl by maintaining existing footprints of our communities
 - Revitalize Ohio's downtowns and urban neighborhoods to encourage in-fill development

“Think” tank and “Do” tank: Methods for Advancing Land Use Policies



- Provide **research** findings to state and local policymakers, and the public
 - White Papers
 - Policy Briefs
 - Restoring Prosperity Report (2010)
- **Advocacy** at the Statehouse and with Executive Offices. GOPC advances data-driven recommendations that transcend party lines
- Offer advice and **educate local officials**
- Act as **liaison** between local stakeholders and state policymakers
- Conduct local “pilot” and **“demonstration” projects** to test efficacy of proposed policy reforms

Healthy Properties Initiative



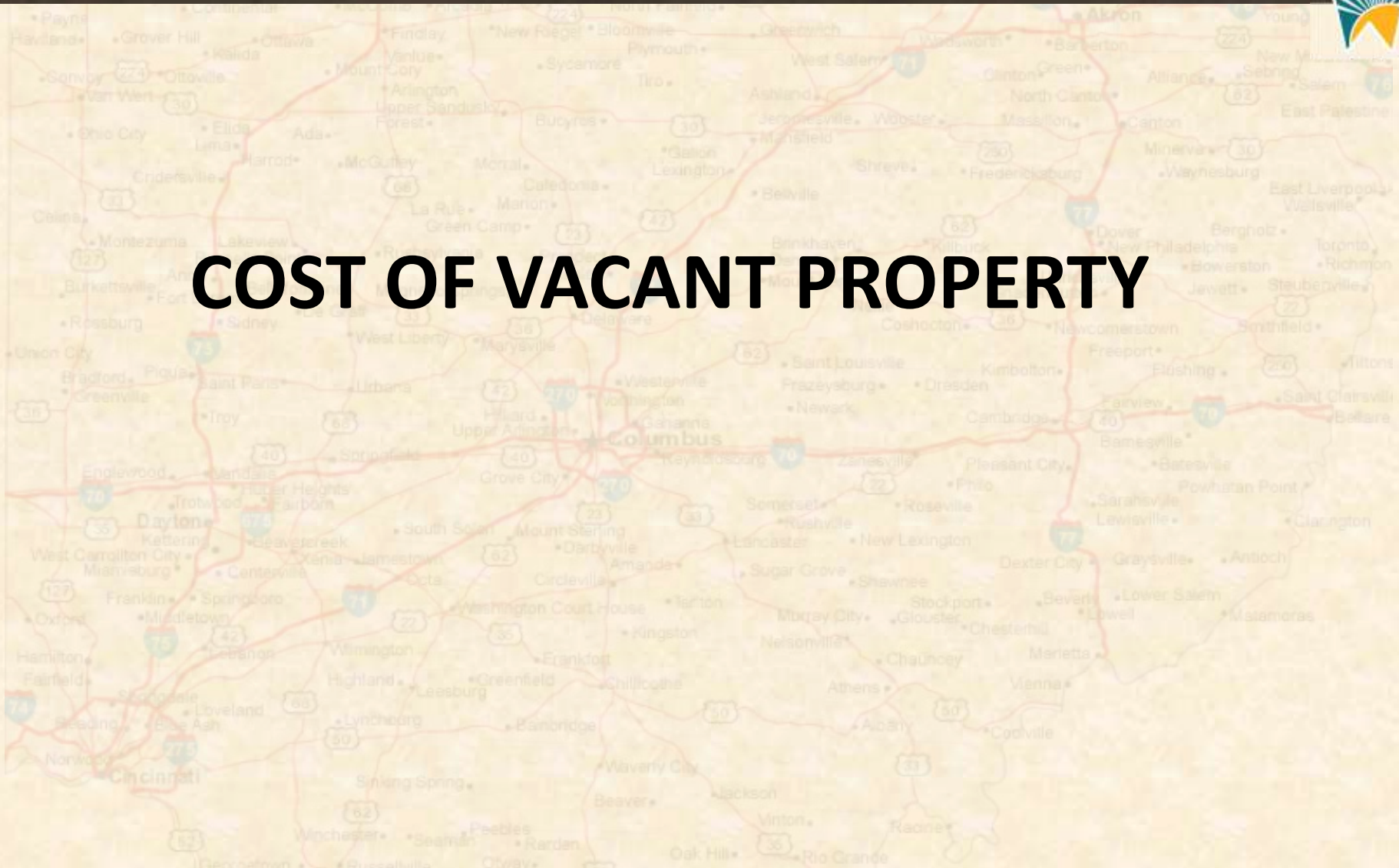
Healthy Properties, Revitalizing Communities Initiative

GOPC's ultimate goal: Curb and mitigate vacant and abandoned properties crisis in Ohio and generate regrowth and density in our urban cores and neighborhoods.

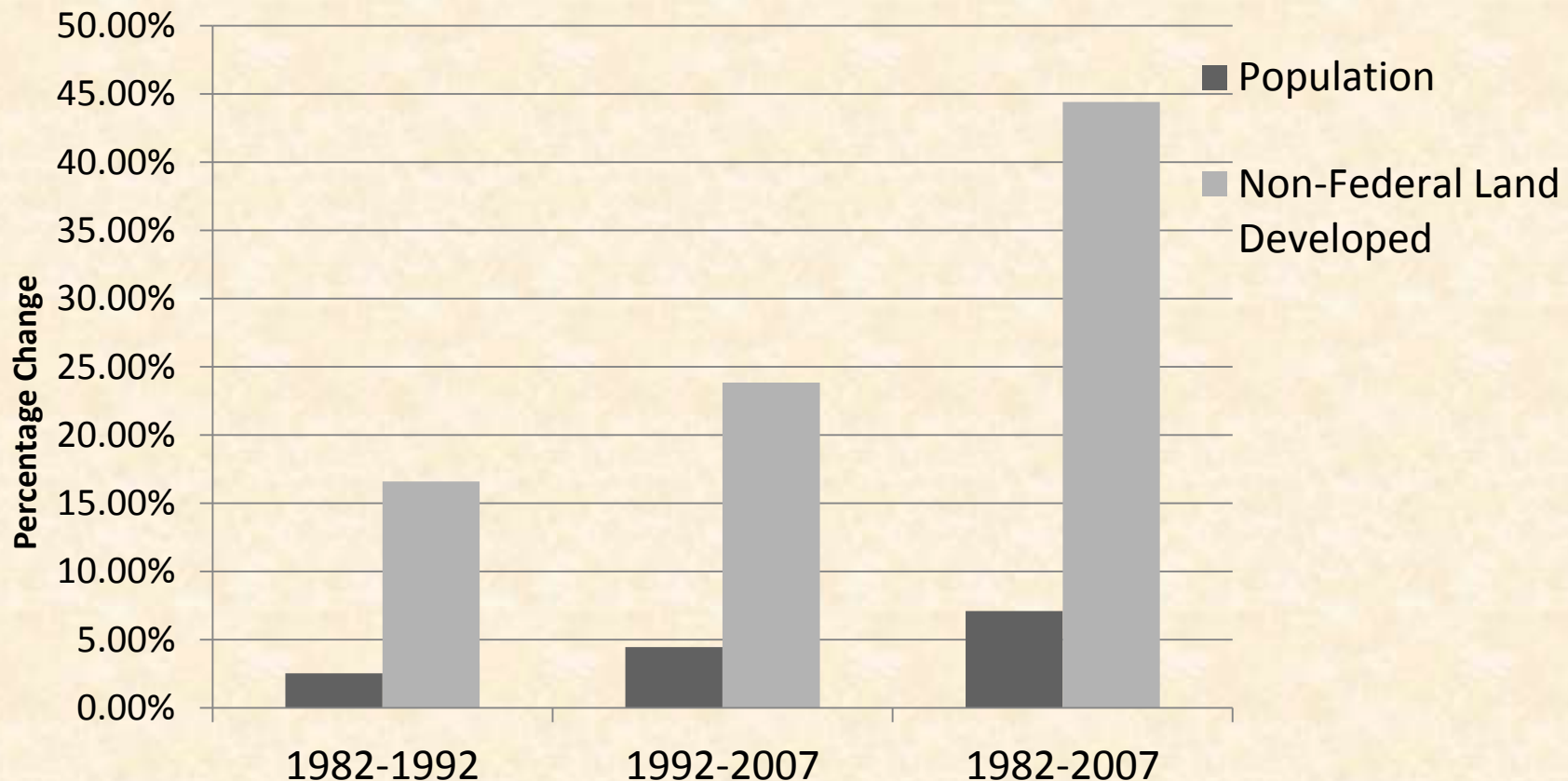
Healthy Communities = Healthy Economy



COST OF VACANT PROPERTY

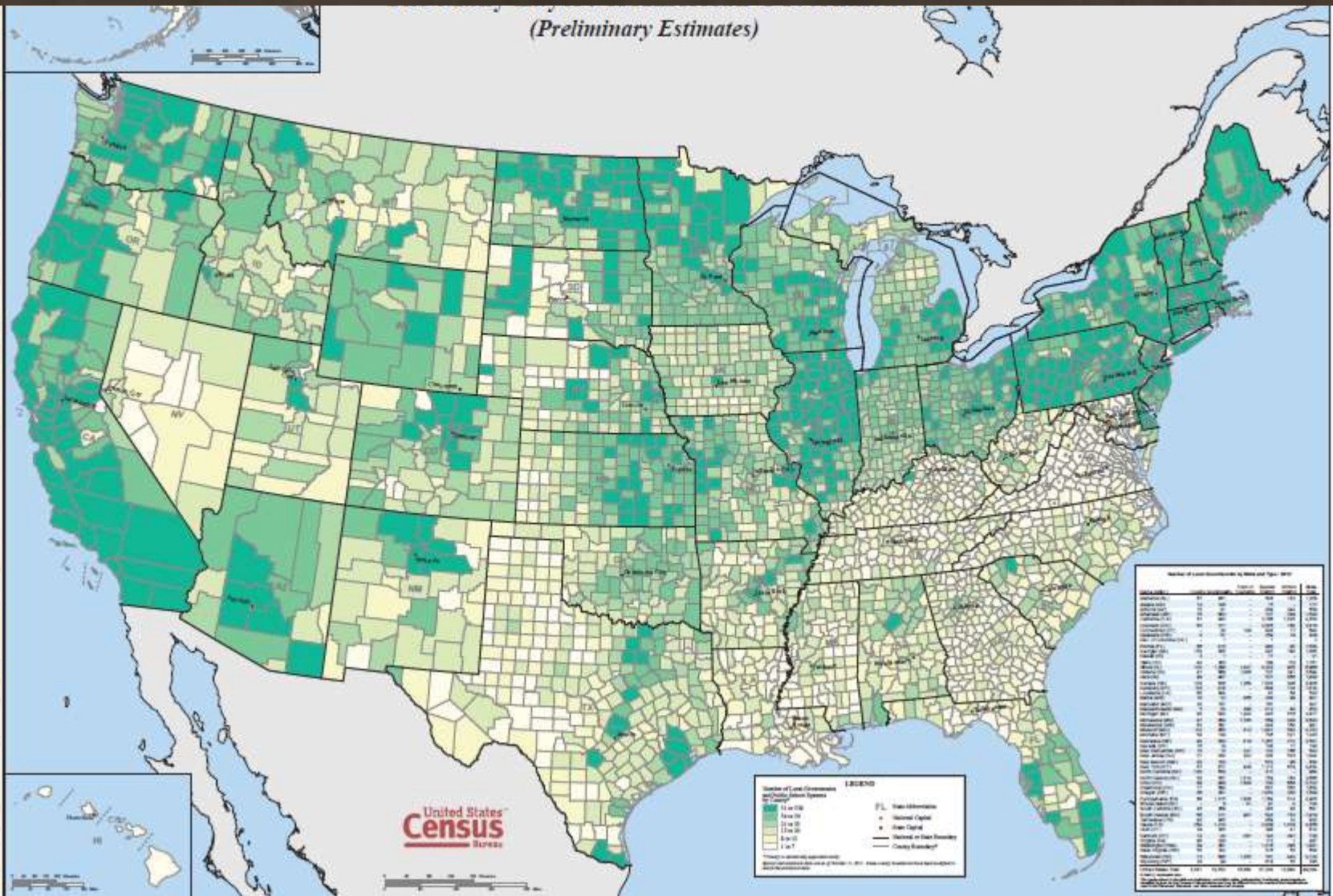


Land Consumption in Ohio has Outpaced Population Growth

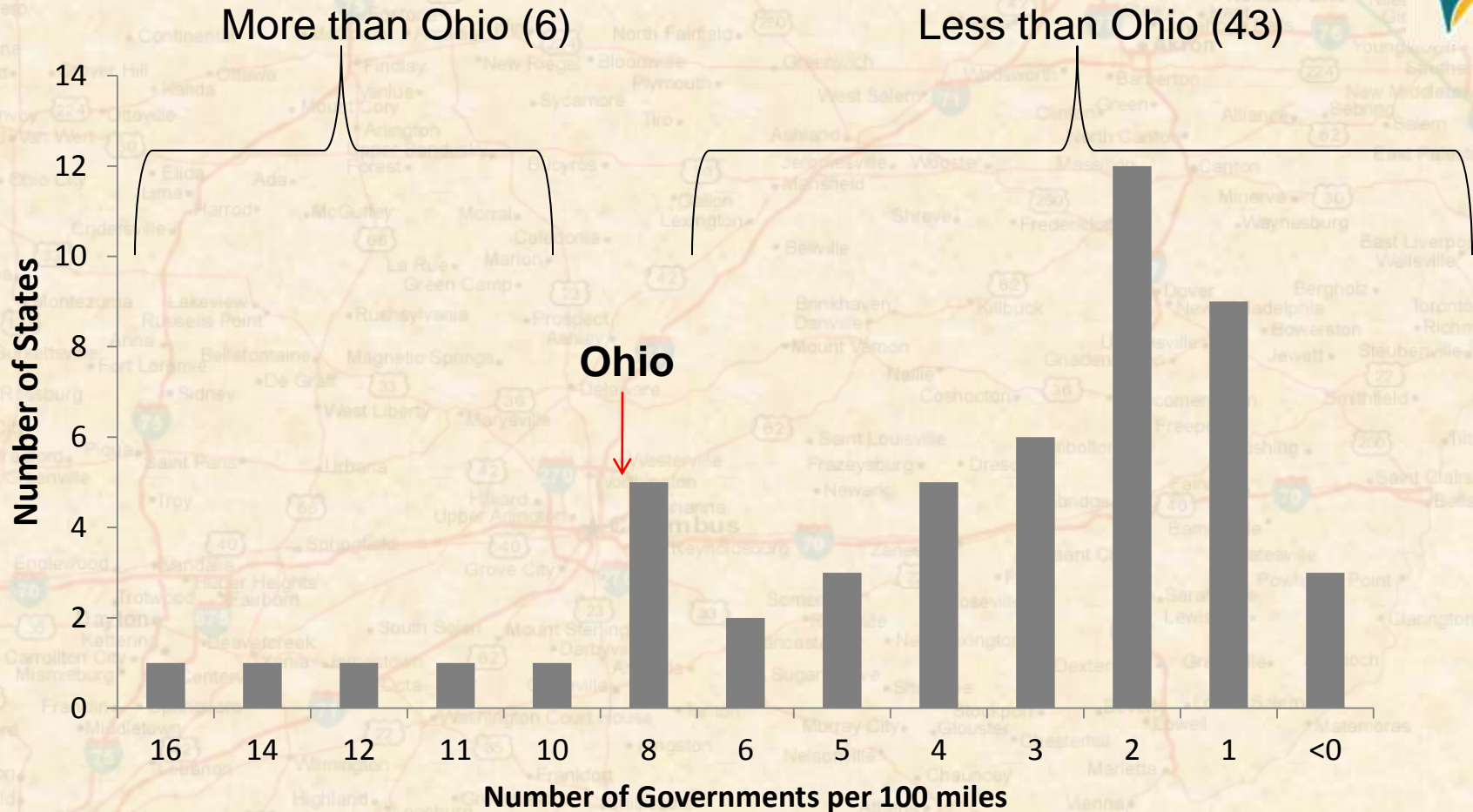


- Ohio is 8th in land conversion, 46th in population growth from 2000-2010

In 2012, we had 42.1 local governments per county compared to the national average of 29.4.



86% of states have fewer governments per square mile than we do

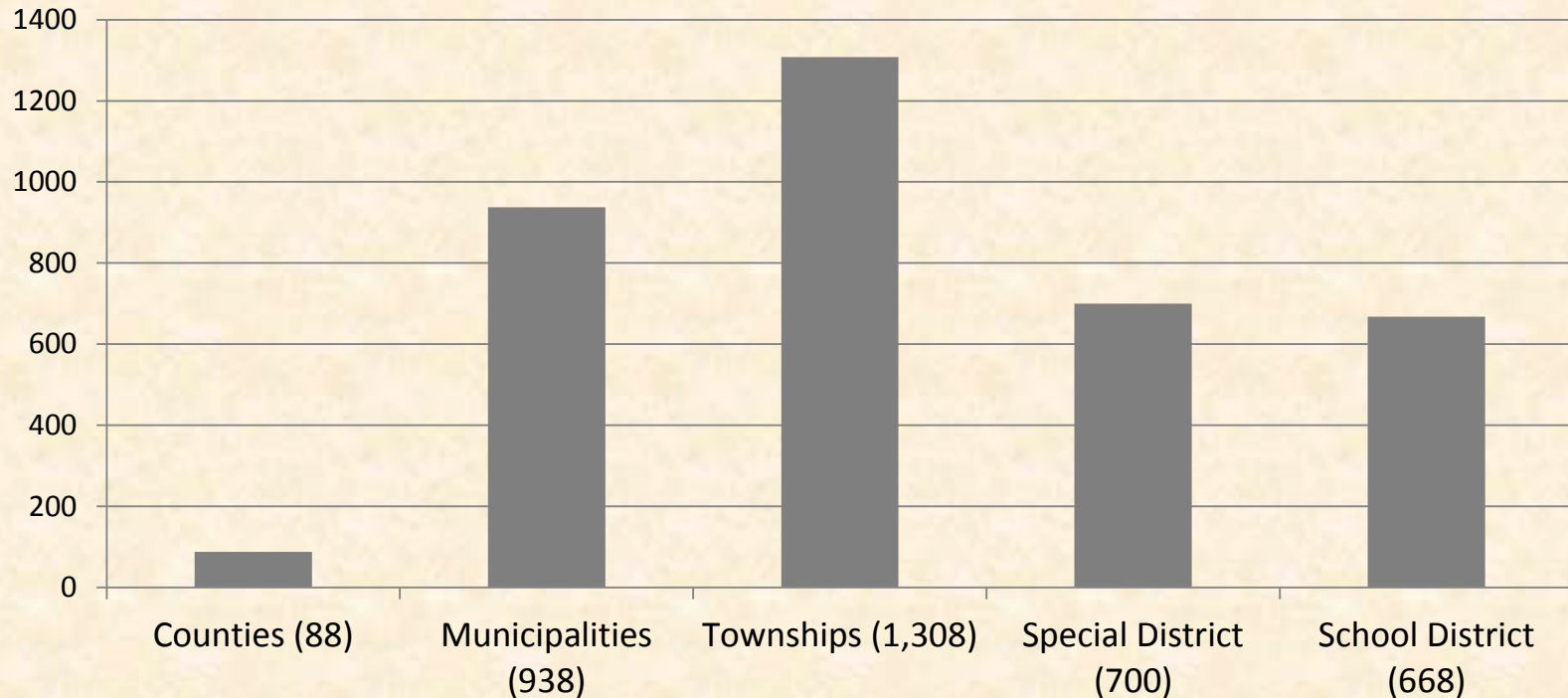


Source: Greater Ohio Policy Center, Census of Governments; Government Organization, 2012

Ohio ranks 7th Nationally in the Number of Local Governments



Numbers and Types of Local Governments



- Ohio has 3,800 local government jurisdictions
- Ohioans have 9th highest local tax burden in the U.S., and the 34th highest for state taxes

Source: Greater Ohio Policy Center, Census of Governments; Government Organization, 2012

Note: All types of local governments unchanged from 2007 data



Limited Resources: Vacant/Abandoned Property Costs

- In 2008, vacant and abandoned properties in 8 Ohio cities* accounted for:
 - **\$15 million** in city service costs
 - **\$49 million** in lost property tax revenues to local governments and school districts
- *(Cleveland, Columbus, Dayton, Ironton, Lima, Springfield, Toledo, & Zanesville)



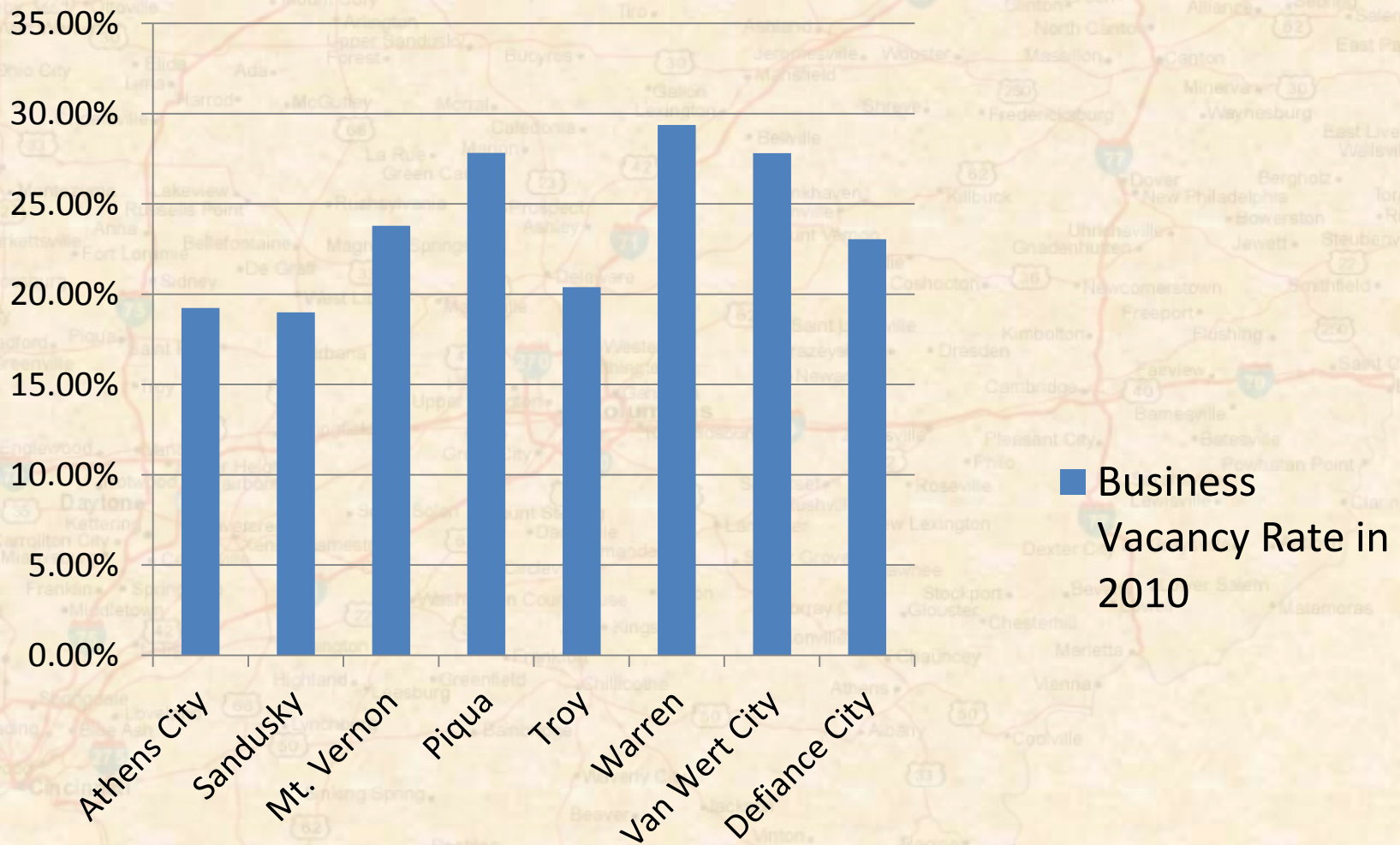
Vacant/Abandoned Property Costs



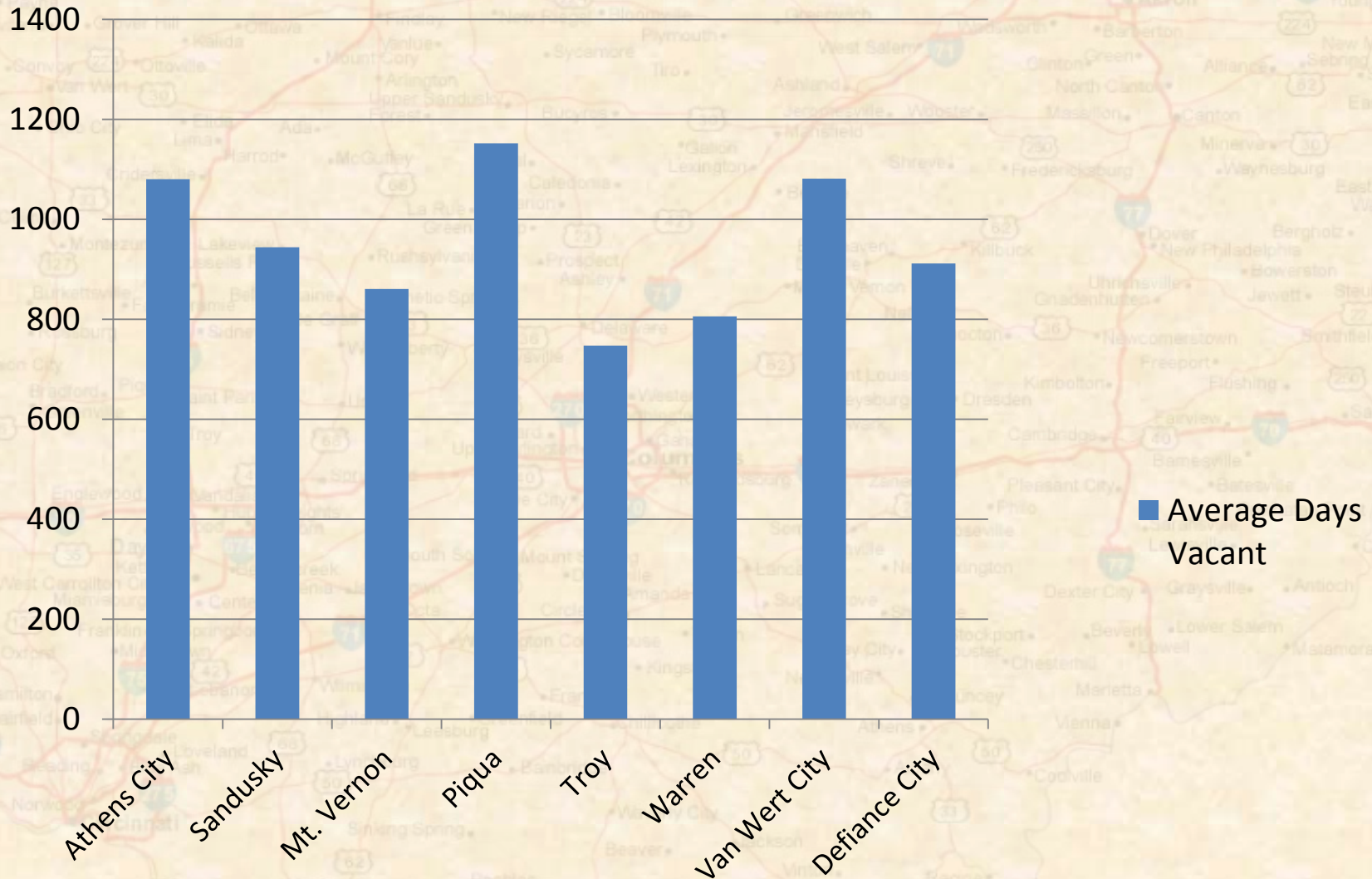
In 2008, City of Lima had

- 38,219 residents
- 467 confirmed vacant residential buildings
 - (3.7% of all buildings)
- 1,400 likely vacant residential buildings
 - (11.2% of all buildings)
- Vacant and abandoned properties cost Lima \$1.8million
 - \$1.4m in lost tax revenues
 - \$400,000 in city services to properties

Business Vacancy Rates in Ohio's smaller cities



Average # of days a commercial building has been vacant



Vacancies by the numbers

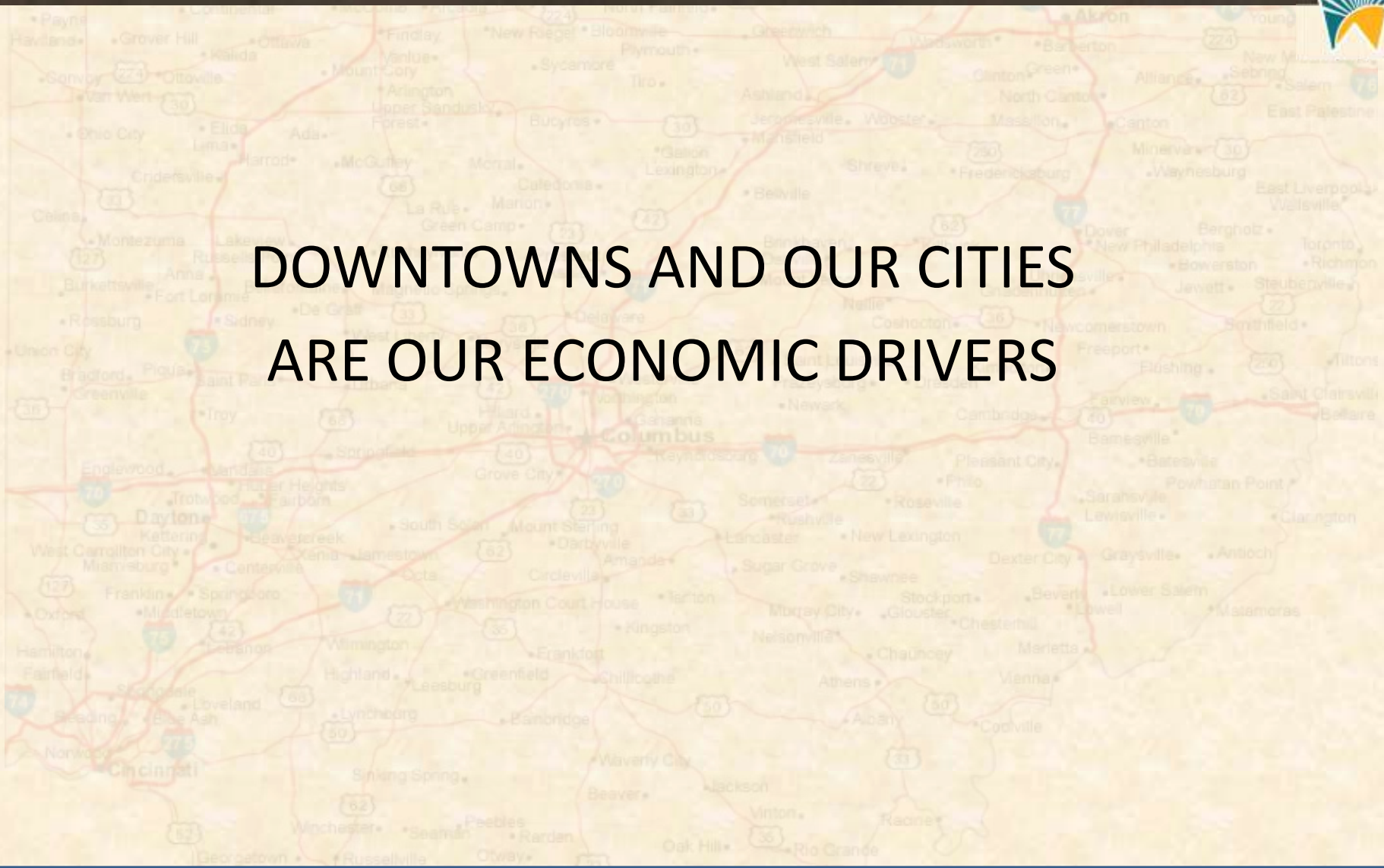


- Vacant residential buildings cost small communities **\$1m+ every year in lost taxes.**
 - We can use residential rates as a proxy for the health of commercial and mixed-used properties
 - GOPC do not currently have the cost of vacant commercial and mixed-use buildings, but hope to by Fall 2013
- Commercial buildings in Ohio's small cities are **vacant for 3+ years.**
- **Commercial vacancy rates are 18%** in Ohio's smaller cities. Often higher in main street neighborhoods

Downtowns and Cities are Ohio's Economic Drivers



**DOWNTOWNS AND OUR CITIES
ARE OUR ECONOMIC DRIVERS**



Downtowns and Main Streets are Ohio's Economic Drivers



Downtowns contribute to making quality places

- Character of a place is often defined by commercial district architecture



Downtowns and Main Streets are Ohio's Economic Drivers



Downtowns contain a number of important assets for sustainable community stabilization and growth

- office space, theaters, churches, university facilities, etc



Downtowns and Cities are Ohio's Economic Drivers



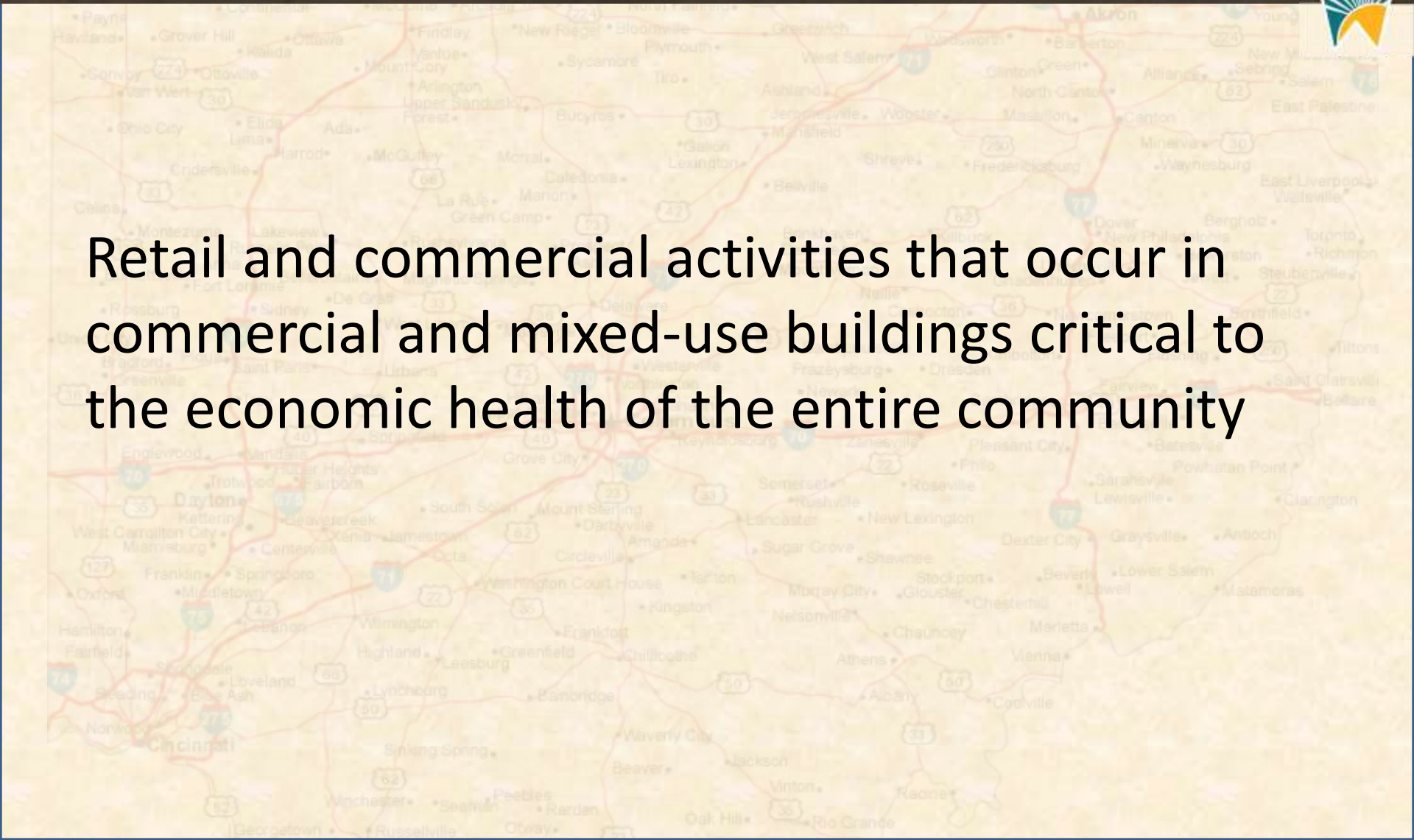
Commercial and mixed-used properties are critical for advancing place-based economic and community development in our downtowns



Downtowns are Pivotal



Retail and commercial activities that occur in commercial and mixed-use buildings critical to the economic health of the entire community



Downtowns are Pivotal



Commercial and mixed use buildings are **assets**:

- Historic and architectural character
- Often do not have the same challenges as industrial buildings (size of footprint, brownfields, etc)
- Location near and in residential neighborhoods (key for walkable neighborhoods)

Downtowns are Pivotal



BARRIERS TO REDEVELOPMENT AND POSSIBLE SOLUTIONS



Barriers to Redevelopment and Possible Solutions



- 1. Inaccessible property**
(irresponsible, unengaged and/or absent landlords)
- 2. Lack of private and public funds for rehabilitation**
- 3. Uncoordinated development**

Barriers to Redevelopment and Possible Solutions



Inaccessible property/ unengaged landlords

- Set up **taskforce** to research who owns the property, use the taskforce to contact the landlord
 - nonprofit partners, like Main Street organizations
 - government partners like county auditor, county recorder, city code department
- Vacant property **registries**
- Utilize **county landbank** (if able)
 - research
 - potential property acquisition

Barriers to Redevelopment and Possible Solutions



Inaccessible property/ unengaged landlords

State policies in development:

- **Amend the Ohio Receivership Statute.** This would clean the title and expand its scope to vacant non-residential properties with nuisance conditions.
- **Stronger municipal foreclosure rights.** Code enforcement and abatement costs can be recovered through **prioritized liens**, and properties can be foreclosed upon directly by municipality (or added to tax duplicate)
- **Nuisance Abatement Liens against owner's primary residence**
- **Require nuisance abatement to received Order of Sale by the Court**

Barriers to Redevelopment and Possible Solutions



Lack of private and public funds for rehabilitation

Local programs:

- Sweat-equity programs
 - Rent free location for rehab work
 - Philanthropic funding to business owners for façade and exterior renovation materials and select labor
- Pop-up stores and temporary uses (in spaces with engaged landlords)
 - Provides space for new entrepreneurs
 - Demonstrates to landlord the value of the property to downtown
- Reallocation of local economic development funds for building rehabilitation

Barriers to Redevelopment and Possible Solutions



Lack of private and public funds for rehabilitation

State of Ohio Programs:

- Ohio Vacant Facilities Fund

Potential/proposed state programs:

- Neighborhood Infrastructure Assistance Program
- Expansion of business incubator programs to include physical development funds
- Create or modify new or existing state programs aimed at supporting small businesses and/or workforce development.
- Modification of existing workforce development and business attraction programs

Barriers to Redevelopment and Possible Solutions



Uncoordinated development occurring throughout community

- **Targeted Neighborhood Investment** is a strategy by which local stakeholders (public, private and nonprofit sectors) deliberately choose to devote extra resources to specific blocks, neighborhoods, or communities.
- The TNI strategy matches neighborhood needs with the right resources to ensure funds are used as effectively as possible.

Barriers to Redevelopment and Possible Solutions



Uncoordinated development occurring throughout community

- Resources can be modest (ex. basic code enforcement)
- The key is that **resources are aligned** and everyone knows what neighborhoods, blocks and/or buildings are being prioritized and when.
- **Pivotal buildings** may be ones with the most recent repairs and regular upkeep, or they may be the ones that are critical to the neighborhood architectural and/or social fabric

Barriers to Redevelopment and Possible Solutions



Uncoordinated development occurring throughout community

Maximize match between reuse and location

- If community wants to grow its food economy—target buildings that have alleyway accessibility for refrigerator trucks
- If city/Main Street org wants to develop arts sector—target buildings that can be easily ventilated for paint fumes, excess heat from pottery kilns, etc. in aesthetically acceptable ways

Barriers to Redevelopment and Possible Solutions



Uncoordinated development occurring throughout community

Address any mismatches between codes and reality

- Work with local officials to change local code ordinance if goals for Main Street redevelopment are stymied by existing building ordinances
- Advocate for reforms to state planning and code statutes
- GOPC is in conversation with Ohio's congresspeople to revise federal interpretations of asbestos abatement

Ongoing research on solutions to commercial property challenges



COMMERCIAL PROPERTY TOOLKIT, include:

- **“How To”** Section that can assist leaders in doing self-assessments that will identify locations to capitalize on
- **Legal templates and model language** for common legal challenges facing local governments, owners and new users of commercial properties
- **Catalogue and evaluation** of best practices from around nation and world
- **Investigate new policies**
- **Pilot of Toolkit**

With support from the German Marshall Fund

Out in Fall 2013

Best Practices



- **GOPC's e-Clearinghouse on Revitalization and Stabilization Practices for Communities**
 - <http://www.greaterohio.org/policy-and-research/best-practices-for-community-revitalization-stabilization>

How Can You Get Involved?



Help us build the Best Practices Repository.

We want to know about what is working in your community.

- How have you made gains?
- Are you doing something innovative the rest of the state should be replicating?
- Have you tried something and it didn't work how you thought it might?

We want to hear your stories of struggle and success!

How Can You Get Involved?



Help Identify Needed State Policy Reforms.

The complexity of the vacant and abandoned property crisis requires a variety of solutions that range from local to state to regional to federal.

- What are state-level barriers that, once removed, could help you?
- Are there currently programs that might be expanded?
- Are there laws or statutes that prevent you from implementing something?

We want to hear your ideas and get your feedback!

How Can You Get Involved?



Help Advance Policy.

When the time comes to move a legislative bill or convince policy makers of the importance of a new program or state-approaches, we can't do it alone.

We hope you will help us educate General Assembly members and administrative officials of the urgency of this crisis and the range of solutions.

QUESTIONS?



Visit our website: <http://greaterohio.org/>

Read our Greater Ohio blog:
<http://greaterohio.org/blog>

Follow us on Twitter: @GreaterOhio

Like Greater Ohio Policy Center on Facebook

Alison D. Goebel: agoebel@greaterohio.org
or 614-224-0187

Policy Development & Advancement



Proposed state support in stabilizing properties :

Examples:

- Create **statewide property tracking system** (*GOPC is developing a feasibility study that would investigate how this could be done*)
- **Enhance existing local code enforcement programs** through a state revolving fund program
- Advocate for the retention of grants in the Clean Ohio Fund's **Brownfields Programs**
- Identify or develop recommendations for **funding sources** that will augment local demolition funding streams
- Identify or develop **programmatic recommendations** that enable transitional reuse of vacant properties