

PANEL 4 | Strategies for Low-Value Properties

Moderator: Tamar Shapiro, Center for Community Progress
Panelists: Karla Henderson, City of Detroit
Paul Graziano, City of Baltimore
Raven Malloy, Federal Reserve Board
Thomas Fitzpatrick, Federal Reserve Bank of Cleveland

The final panel of the day aimed to highlight how communities are developing solutions specific to the challenges of low-value properties and markets. Moderator Tamar Shapiro framed the discussion around the need to understand the market context in which low-value properties exist, the influence private investment has on public policy choices, and which solutions are proven or promising.

Raven Malloy of the Federal Reserve Board opened the discussion with findings from her analysis of long-term vacant housing units across the nation, describing where and how properties are concentrated in various census tracts and metropolitan areas. According to Molloy, half of all long-term vacant units are concentrated in only 14 percent of census tracts. She noted that these units are concentrated in three types of neighborhoods, which she categorized as poor-urban, poor-suburban, and housing-boom areas. Most metropolitan areas have a noticeable number of each of these different types of neighborhoods.

The City of Baltimore has developed a comprehensive strategy to address 16,000 long-term vacant units through a nationally known program called “Vacants to Value,” which was the subject of Housing Commissioner Paul Graziano’s presentation. Graziano outlined the six strategies of the initiative and described the city’s progress in several of them. The first two strategies involve streamlining the disposition process and code enforcement by creating a \$900 vacant-notice citation. “It’s like a parking ticket” in terms of disincentives, commented Graziano—albeit an expensive one. The third strategy is to analyze opportunity through cluster analysis and housing market typology. The goal of this effort, he noted, is to help the city determine places of strength and encourage development near those places. Fourth, the city is offering homebuyer incentives for people to buy the vacant properties. “The goal is to attract new residents to the city with \$10,000 grants,” Graziano explained. Fifth, Baltimore is supporting large-scale redevelopment in cluster areas. And, the sixth strategy of Vacants to Value involves maintaining, clearing, and land-banking properties with redeemable value, while demolishing properties with little to no future value.

Countering several comments made earlier in the program, panelist Karla Henderson asserted that although Detroit has a number of significant challenges, the city is making tangible progress on a number of fronts. Henderson indicated that Detroit, using a market-value analysis conducted by The Reinvestment Fund, has started using data to make decisions, segmenting neighborhoods into various market types and employing different strategies of redevelopment depending on the market segmentation. Among other strategies, she described a “white picket fence” program that gives vacant lots to neighbors and a land assembly program utilizing public-private partnerships. Finally, with more

than 38,000 vacant properties across Detroit, some posing considerable danger to nearby residents and neighborhoods, Henderson highlighted a private demolition program the city is piloting that has significantly reduced its demolition operating costs.

Tom Fitzpatrick from the Federal Reserve Bank of Cleveland focused his remarks on how communities can address unhealthy speculation in low-value markets. He described an analysis of investors in the Cleveland housing market that found many unprepared investors transacting in the low-value market who end up walking away from low-value properties 70 to 80 percent of the time. Fitzpatrick also shared how the community is using data through Case Western Reserve's NEO CANDO to map trends and develop appropriate policy responses. The Cuyahoga County land bank has used this data to help attract private capital by helping to isolate places ripe for investment. The data system was also used to help create a triage system for deciding what to do with vacant properties.