



DEALING WITH NUISANCE PROPERTIES

*Eliminating Blight and Rebuilding Communities
One Property at a Time*

WHAT IS A NUISANCE PROPERTY



A nuisance residential or commercial property creates serious problems for the surrounding community and headaches for the officials who must deal with it. If left unchecked, these blighted properties become a massive drain on the time and resources of cities and counties and adversely impact communities and homeowners by attracting criminal activity and thereby decreasing surrounding home values.

A nuisance is often defined as an interference with the right to use and enjoy real property. Many types of activities may be termed nuisances, especially ones that cause the following:

- Noise
- Odors
- Dust and smoke
- Pollution of air or water
- Bugs, rodents, and other pests
- Explosions and other vibrations
- Illness
- Crime
- Light

According to the Enterprise Foundation, a national, nonprofit housing and community development organization, there are two types of property-based nuisances in America's cities today.

1. Physical: These include violations of local building, housing, health, or sanitation codes and are often described as eyesores, health hazards, or blighted property. At the simplest level, such nuisances are often the result of the owner's lack of maintenance combined with the property users' irresponsible behavior — whether they are owner-occupants, tenants, or visitors.

2. Behavioral: These generally include violations of criminal law. Descriptions range from the merely bad neighbors up to the drug house, gang house, or shooting gallery. Such nuisances

are typically the result of the criminal behavior of a few and the enabling behavior of many who permit the problem to continue.

These types of nuisances often perpetuate a vicious cycle and where one is, another is close to follow. Overgrown lots and garbage-strewn yards can attract drug activity, prostitution, or illegal gang behavior. Criminal behavior can lead directly to specific physical nuisances such as house disrepair and yard maintenance eye-sores.

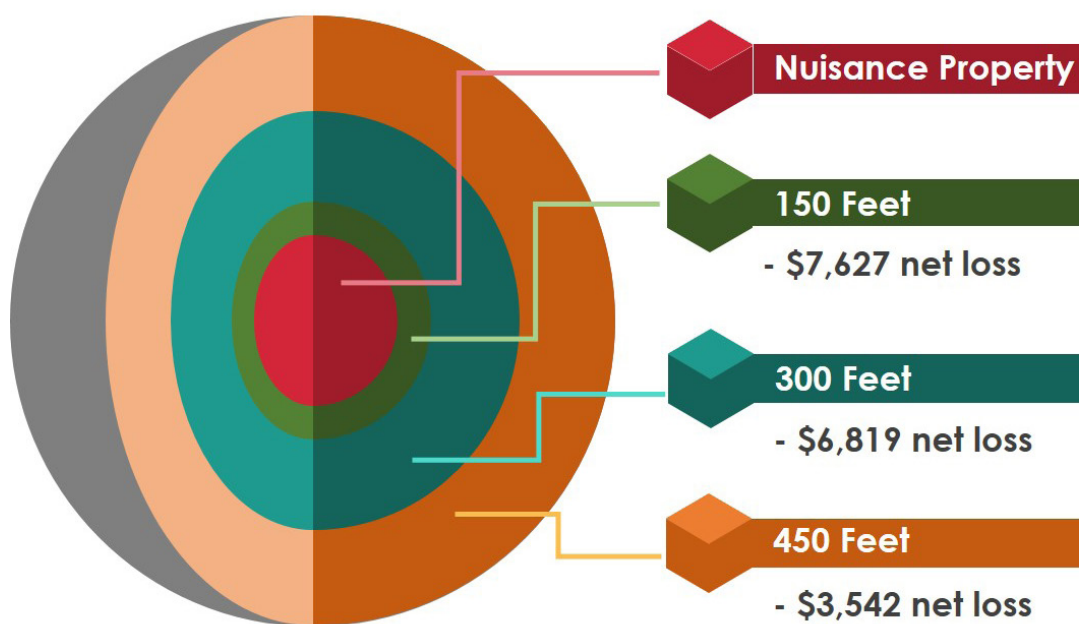
As the behavior continues, neighborhood property values often decline and responsible homeowners are more apt to leave while potential homeowners are likely to look elsewhere.

One bad apple home can have a far reaching and wide negative effects on a community's economic well-being on the whole.

Home Devaluation

Vacant properties generate little in taxes – but, perhaps more importantly, they rob surrounding homes and businesses of their value. In a 2001 study, researchers from Philadelphia found that houses within 150 feet of a vacant or abandoned property experienced a net loss of \$7,627 in value.

Properties within 150 to 300 feet experienced a loss of \$6,819 and those within 300 to 450 feet experienced a loss of \$3,542 (see picture below).



OTHER COSTS ASSOCIATED WITH BLIGHTED AND VACANT PROPERTIES

It's not just adjacent homeowners, city officials, police and fire departments, and health officials are all grappling with these properties and the cost is a staggering weight to many municipalities budgets across the country.



POLICE CALLS

A study in Austin, Texas found that “blocks with unsecured [vacant] buildings had 3.2 times as many drug calls to police, 1.8 times as many theft calls, and twice the number of violent calls” as blocks without vacant buildings. Once a house is reoccupied the crime impacts of the previous vacancy are reduced significantly.



ARSON

More than 12,000 fires break out in vacant structures each year in the US, resulting in \$73 million in property damage annually. Most are the result of arson.



DEMOLITION AND ABATEMENT COSTS

Over the past 5 years, St. Louis has spent \$15.5 million, or nearly \$100 per household, to demolish vacant buildings. Detroit spends \$800,000 per year and Philadelphia spends \$1,846,745 per year cleaning vacant lots.

The longer a property remains abandoned, the higher the cost of renovation. This leads to continued abandonment even when market conditions have dramatically improved.

HOW FAR REACHING IS THIS PROBLEM

The costs range from a reduction in property value for the subject property, the neighbors, and the community to major costs such as increased crime and arson generated from abandoned properties. Abandoned buildings and associated community blight add to the number and cost of foreclosures. Blighted and abandoned properties inevitably beget more and more blighted and abandoned properties. These costs have been shown to linger over time.

Older industrial cities in the Midwest and Northeast are commonly associated with blighted and abandoned properties. In fact, it is estimated that roughly ten percent of residential structures are vacant in Camden (NJ), Baltimore, and Detroit. But this affliction is pushing into other communities as well, and metropolitan areas such as San Diego and Las Vegas are also experiencing pain from the costs associated with blighted and abandoned properties.

The Brookings Institution found that in 60 cities with populations over 100,000, there are an average of two vacant buildings for every 1,000 residents (see the table below).

Region	Number of Cities Reporting Abandoned Property Data	Average % of Vacant Land to Total Area	Average Number of Abandoned Structures per 1,000 Inhabitants
Northeast	7	8.3	7.47
Midwest	10	11.3	3.16
South	20	17.1	2.98
West	23	15.7	0.62
All Regions	60	14.8	2.63

WHAT IS THE SOLUTION?

To summarize: vacant property causes losses of approximately \$150,000 in its first year: \$133,000 from reduced property value for its neighbors, \$14,000 in increased crime and \$1,500 in increased costs for the police and fire departments.

These findings clearly show that mitigating vacant and abandoned buildings is incredibly important to all parties involved, and the sooner the better.

That's where we come in!

Sources:

- A. Klein. Understanding the True Costs of Abandoned Properties: How Maintenance Can Make a Difference. January 2017.
- J. Campbell. Solving Chronic Nuisance Problems: A Guide for Neighborhood Leadership. 2001.
- The National Vacant Properties Campaign. Vacant Properties: The True Costs to Communities. August, 2005.

HOW WE CAN HELP

Our passion is to take these blighted properties and return them back to productivity. With comprehensive rehab and resell, we can effectively reduce crime, create jobs, build the tax base, grow property values, strengthen affordable housing, and transform the community. Together with city officials, we can make our city an attractive and valuable place to live and work again!

Because blight begets blight, nuisance and abandoned properties cannot be ignored for too long. We can expedite the process and make it much easier and less costly for the county.

1. WE HELP THE HOMEOWNER

The homeowner is often ready for a swift remedy, but are either unsure where to go or physically or mentally unable to find it. They are strapped for cash, which is why the property is in such deterioration. They don't have the money or the know-how to fix the problem.

We find the homeowner and then negotiate with them a fair and equitable solution out of their predicament.



2. WE PARTNER WITH MUNICIPALITIES

We then contact the city officials working on fixing the property and offer our expertise. Not only can we rehab the property, turning a blight spot to a bright spot, we can also provide the funds necessary to do so, which means the municipality is off the hook for hiring and paying for the repairs.

3. WE REHAB TO FHA STANDARDS

Not only do we increase the home's value and the neighborhood's overall appeal, we also make sure we can help deserving first-time homebuyers experience the American Dream of homeownership. All of our homes are rehabbed to FHA standards which means not only is the property improved significantly, it's an attractive home to young families.

Through this approach, we can effectively convert the city's most troubled properties and transform them into the most appealing, desirable, and highest valued properties on the street!



CASE STUDY

THE BACKGROUND STORY

Needles and broken glass. Naked people showering outside in broad daylight. A woman getting “beaten by eight people with sticks over stolen peanut butter.”

Those are just a few of the stories neighbors told regarding the chronic nuisance house in their neighborhood.

The owner was taken to jail after police found a syringe with heroin on the premises.

The neighbors and county were fed up and something needed to be done fast!

Since the beginning of 2012, police had received over 200 calls, mostly for drug-related activity.

The city filed suit against the owner, asking the court to order abatement of a public nuisance.

According to the suit, the owner was served with eight notices of chronic nuisance at her house since 2012 and refused to work with officers to clean up the property.

Officials boarded up the house after a judge signed an order declaring the property a drug nuisance.

The owner was desperate. Either she found someone to buy it quick, or she would forfeit it to the city.



WHAT WE DID!

The owner saw our advertisement and asked for our help. We negotiated a price with her and then reached out to city officials to abate the lien. After a process of negotiation, we agreed on a gameplan which included a reduction of liens from the city in exchange for a performance clause that stated we would bring the house up to FHA standards within 9 months.

We gutted the entire house, getting rid of all the drug paraphanelia and health hazards and immediately got to work on the rehab. We installed a brand new kitchen and bathrooms, new flooring, new paint, and put on new siding and porches outside.

After 4 months, we had it on the market. We beat the performance clause and delivered a beautiful house on time. A house we bought for \$26,000 sold for \$135,000 to a retiree who loved the end-product! The neighbors commented that “It’s been more peaceful, calm,” while the senior manager with the city’s department of Community, Housing and Human Services remarked, “It worked beautifully.”



