

COMMUNITY FORUM FOR ECONOMIC
DEVELOPMENT

NEIGHBORS SAVING NEIGHBORHOODS

USING A COMMUNITY-BASED APPROACH
TO ADDRESS
VACANT AND ABANDONED HOUSING

SOUTH BEND, INDIANA
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Introduction

South Bend's "Vacant & Abandoned Properties Task Force Report" was released in February of 2013. Since then, this issue has been widely debated, not just by elected officials and City Government employees but also by community residents, especially from neighborhoods where these properties are concentrated.

In 2011, a South Bend Code Enforcement survey identified 1,900 properties as vacant, with 1,275 of those also abandoned. Although these properties can be found throughout the City, they are concentrated on the West Side, especially in the residential area between Portage Avenue and Lincoln Way West (LWW) and a large portion of the area between LWW and Western Avenue. Within these areas are neighborhoods, communities of people with common experiences and histories, who have been dealing with the social and economic effects of empty and deteriorating housing for a long time.

During the past eight months, more and more Community Forum members and supporters have discussed and investigated the challenge of vacant and abandoned housing. We've learned from the experiences of real estate investors and contractors, from City officials and from community development organizations, and especially from residents of the neighborhoods where these properties are concentrated. Based upon these discussions, we offer the following community-based approach to solving the problem of Vacant and Abandoned Housing.

Saving Neighborhoods

The Vacant & Abandoned Task Force Report focused on the disposition of properties, but the problem we are addressing involves more than empty buildings and lots. It concerns the residents of these neighborhoods and their ability to remain in their communities and maintain their homes. We believe that good public policy should try to save and rehabilitate as many vacant and abandoned homes as possible and should develop strategies to prevent the creation of additional vacant and abandoned properties.

Fair Distribution of Resources

Private and public efforts to increase resources for rebuilding neighborhoods are a priority and opportunities must exist for the involvement of community residents in all aspects of the improvements. All public resources, current and new, must be distributed fairly to all parts of the city, especially those areas most in distress, and public policy should be formulated with equity in mind. In the past, City policy has been to concentrate public resources, especially federal grant monies, in several targeted areas. Large portions of the City, especially on the West Side, have not benefited from these federal grants. Funds have primarily been funneled through large non-profits that devote little or no attention to neighborhoods outside their areas of concentration.

Use of Multiple Resource Strategies

Acknowledging the need for additional funds to supplement federal funding, the Task Force Report outlined a number of resource strategies, including working with financial institutions to establish revolving loan funds for housing rehabilitation. These programs should be developed to ensure that homeowners, small investors and contractors can access the funds they need for rehab projects.¹

Municipal resources should also be used to support rehabilitation efforts. South Bend's current budget contains a million-dollar line item to address the problem of vacant and abandoned housing.ⁱⁱ This money can be spent for rehabilitation as well as for demolition. Currently, a court can order demolitions to be completed by the City and billed to the owner of the demolished property (if not paid, penalties can be added to the tax bill for the property). Similarly, would it not be possible for the city to preserve vacant buildings by using court orders to correct code violations that could be completed by a non-profit or individual through a vacant property receivership procedure?ⁱⁱⁱ

Opportunities for Community Involvement

City officials should support and assist residents in economically-stressed neighborhoods to acquire and rehabilitate houses that are vacant and abandoned. Residents are willing to invest in order to preserve or improve the quality of life in their neighborhoods. For them it's about more than making a profit; it's about strengthening a community.

The public debate that has taken place since the Task Force Report was released has focused primarily on the demolition of V&A properties. In order to build trust, the City should develop specific programs to make it clear that it is interested in rehabilitation as well as demolition and that it is not attempting to displace low-income residents and promote gentrification.^{iv}

When is Demolition Necessary?

Although there is agreement that properties presenting an imminent threat to public health and safety should be demolished, there is not always agreement about whether a particular property fits that category. Some of these disagreements flow from the experiences of those participating in the discussion. Residents living next to an empty house where drug activity is being conducted want to get rid of that activity – and often the building that is providing cover for the drug dealers. An entire neighborhood is affected by multiple unsightly and neglected properties and the easiest solution may appear to be demolition. However, a number of misconceptions may obscure the situations in which rehabilitation may be a better alternative:

- First, it is important to understand which properties are "vacant and abandoned." A *vacant property* is one that has not been occupied for at least 90 days. An *abandoned property* is vacant AND has a code violation that has not been addressed for more than 30 days. Abandoned properties are vacant but not all vacant properties are abandoned, and "abandoned" does not mean that the property has no owner.
- Second, owners of abandoned properties may or may not be out-of-town (or foreign) speculators. They may, in fact, be easily identified and be local residents. For example, the long-time owner of a property may move into a nursing home and her family does not sell the home, intending to rehab it for another family member. The roof must be replaced but they don't yet have the money. They receive a code violation for the roof, and if they can't raise the money in time they may have their home designated as vacant and abandoned.

- Third, not all vacant and abandoned homes are too expensive to rehabilitate. Some properties have not been adequately secured and have, over time, been stripped. However, this is not true of every property designated as vacant and abandoned. There also are differing evaluations of the cost of rehabilitation. Each building has unique conditions that determine its profitability, and local, smaller contractors may price a job at a lower, more responsible rate.

Need for Safe and Affordable Housing

An argument has been made that South Bend doesn't need more houses and that a population decline, combined with the expansion of City boundaries, are actually contributing to the number of vacant and abandoned properties in the central areas of South Bend. But a different story is told by institutions and non-profits that work with returning veterans, the homeless and ex-offenders; teachers who can document the effects of housing instability on their students' success; and the many social service providers who are working to facilitate those transitioning from poverty to self-sufficiency. Many of those families and individuals need and want homes – small though they may be! There is a need for affordable housing, both for purchase and for rental. We need to build a city for the people who already are here, as well as for the people we hope to attract.

Conclusion

If the challenge of vacant and abandoned properties is to be addressed in a meaningful way, we need public policy dedicated to saving homes that combines the efforts of all potential stakeholders – the City, non-profits, financial institutions, both large and small private developers, potential investors, contractors, and residents - especially those from the areas impacted. We also need to tie solutions to the vacant and abandoned property problem to strategies that might move us towards increasing opportunity and access for those most in need in our community.

For additional information, contact:

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E N D N O T E S

ⁱ Some of the strategies that have been used in states and localities to enhance funding for housing preservation efforts can be seen at the Center for Housing Policy:

<http://www.housingpolicy.org/toolbox/strategy/policies/preservation.html?tierid=189>

ⁱⁱ The proposed 2014 City Budget doubles that amount to \$2 million.

ⁱⁱⁱ See, e.g., “Vacant Property Receivership,” Center for Community Progress.

<http://www.communityprogress.net/tool-3--vacant-property-receivership--pages-259.php>

^{iv} As a beginning, and given its importance, this could be presented to the City Council in a resolution format.