



Vacant and abandoned properties, whether residential or commercial, are costly problems for communities of all sizes. They are a drain on budgets, and detract from the quality of life, as well as the economic opportunities of those living around them. These derelict structures are an impediment to individual neighborhoods and, ultimately, deprive its community from achieving any economic development goals. Every day, newspaper and the electronic media report the direct and indirect impact of vacant and abandoned buildings. Reports include fires, vagrant squatting, the deterioration of neighborhoods, and failed attempts to lease and/or sell the properties.

Survey Overview

Over a 4-week period, Geneva Analytics conducted an open survey via five LinkedIn interest groups. Collected from the survey are a combination of 375 responses, representing 27 states.

The survey was designed to identify how vacant and abandoned buildings were being dealt with by local communities. The survey was comprised of eleven (11) questions.



Survey Results

Where are the Buildings?

The vast majority of vacant/abandoned buildings are located in downtowns with 55% of communities responding with inventories of the properties.

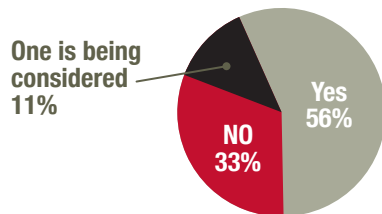
Availability of Tools

In addition to the dangers they pose, vacant and abandoned

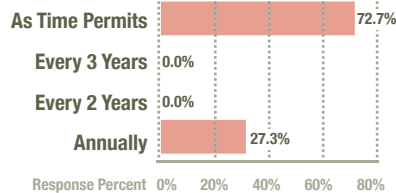
buildings often are signals of a neighborhood in distress or that is not a fit place to live. Such signals, in turn, discourage private investment, thereby stunting community growth. These buildings contribute to a “domino effect” in the loss of a city’s quality of life.



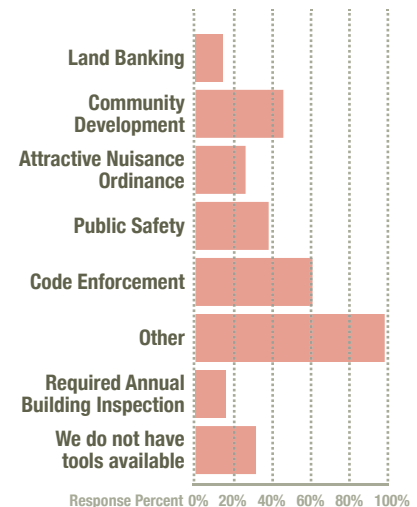
Does Your Community Have an Inventory of Vacant Properties?



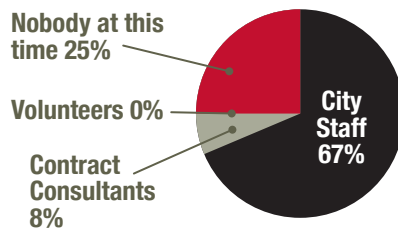
How Frequently is the Inventory Updated?



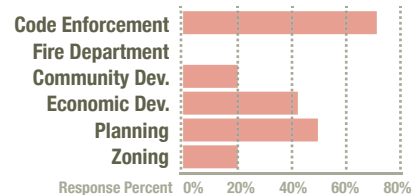
Which Methods Does Your Community Use to Address Vacant Properties? (check all that apply)



Who Performs the Assessments?



If the Assessments are Performed by Staff, which Departments are Responsible? (check all that apply)



Required Building Inventories

Our survey showed that 55.6% of municipalities have initiated mandatory owner registration of the properties and imposed fines.

Over 33.3% of responding communities do not have statutes, codes or resolutions that address vacant or

abandoned buildings with an additional 11.1% considering adoption of such requirements.

In those communities with an inventory and registration, 72.7% of the inventories are updated only as time permits.

Who are Performing These Building Assessments?

Existing city staff are performing the majority of the assessments, however 25% of reporting cities indicated that the job is not being performed at all.

In smaller communities, where staffing is at minimum levels, responses indicate that the assessment of vacant properties is not a priority.

When addressing the vacancy issue, communities utilized several different resources.

Discounting the "other" response, the most frequently utilized was Code Enforcement.

The utilization of enforcement as the primary tool for bringing structures into compliance with safety statutes, identifying and creating an inventory of vacant building is just the beginning.

While critical, and not to be overlooked as a "must do" enforcement does not rent buildings.



Is Economic Impact Considered?

While vacant and abandoned buildings contribute significantly to blight and reduce property values and the community tax base, the number of communities measuring their economic impact is minimal. In a somewhat surprising result, 72.2% of responses said that their

community either did not evaluate vacant or abandoned buildings based on economic impact (33.3%) or 38.9% of responses indicated that the evaluation of vacant or abandoned buildings, based on economic impact, has never been a question that anyone asked.

Impact Areas Being Addressed

Within the responses of those answering “Yes,” the priorities of the assessment vary. While 100% of those responding “Yes” saw community perception of blight as the #1 area of assessment, impact on neighborhoods and vacant

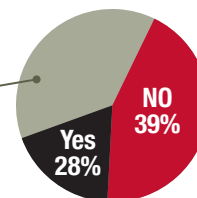
buildings as a public nuisance scored over 85%. From the other end of the spectrum no respondent cited “employment capacity” as a factor and only 4.3 % identified “public safety costs” as a priority.

A Closer Look: What Is the Budget for Assessments?

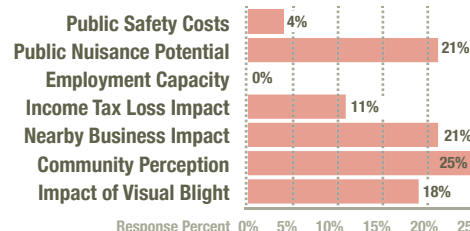
Results requires an investment. With 75% of reporting cities indicating that there is not a line item amount budget for addressing the issue, it should not be surprising that the number and frequency of vacant/abandoned buildings persists and expands.

Does Your Community Evaluate a Vacant Property Based on its Economic Impact?

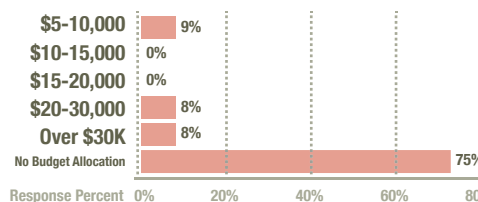
Nobody has asked that question before 33%



Which Areas Are Being Assessed? (check all that apply)



What is the Estimated Annual Budget for Assessments? (including all costs for participating departments)



Factors Bearing on the Issue

There are many factors that create conditions where properties, once vital and occupied, now sit vacant are numerous. Many relate to a local economy, but others can be the result of regional shifts in population, industry and the overall real estate market. The following are a few of the more salient:

Market Conditions

Occupancy rates are almost entirely dependent on local and regional market conditions. Growing local economies have lower vacancy rates that those that are outlying or shrinking. Identification of market trends can be tracked by both the demographic and

psychographic make-up of the area.

Properties are often abandoned as a result of metropolitan-wide trends, such as sprawling development, consumer preference, job loss, and demographic shifts. But on an individual level, the most common reason a property is

abandoned is that the cost of maintenance and operation exceeds the apparent value of the property.

This occurs regardless of “whether the market is intrinsically capable of supporting continued use of the property, or whether market inefficiencies, or inadequate and inaccurate

information, lead property owners to that conclusion.” Most importantly for cities facing abandonment problems, the longer a property remains abandoned, the higher the cost of renovation. This leads to continued abandonment even when market conditions have dramatically improved.

Crime

Vacant properties often become a breeding ground for crime, tying up an inordinate amount of police resources.

The City of Richmond, VA conducted analysis of citywide crime data from the mid-90s. Of all the economic and demographic variables tested, vacant/abandoned properties had the highest correlation to the incidence of crime.

Another study focusing on crime in abandoned buildings

in Austin, Texas found that crime rates on blocks with open abandoned buildings were twice as high as rates on matched blocks without open buildings.

The survey also found that “41 percent of abandoned buildings could be entered without use of force; of these open buildings, 83 percent showed evidence of illegal use by prostitutes, drug dealers, property criminals, and others. Even if 90 percent of the crimes prevented are merely displaced to the

surrounding area, securing abandoned buildings appears to be a highly cost-effective crime control tactic for distressed neighborhoods.”

A crime-prevention tactic, that has gotten much attention in recent years, is directly related to vacant, neglected, and abandoned property. According to George Kelling and James Q. Wilson, “The Broken Window Theory” holds that “If the first broken window in a building is not repaired, then people who like breaking windows will assume

that no one cares about the building and more windows will be broken... The disorder escalates, possibly to serious crime.” Wilson and Kelling suggest that it is the nature of the physical environment that leads to an increase in criminal activity.

While the monetary costs of addressing the crime associated with abandoned buildings has not been calculated, it is clear that vacant properties burden police departments.

Lost Tax Revenue

Vacant properties reduce city tax revenues in three ways: they are often tax delinquent; their low value means they generate little in taxes; and they depress

property values across an entire neighborhood. Lower property values mean lower tax revenues for local governments. According to Frank Alexander, Interim Dean and Professor at Emory University Law School

and an expert in housing issues, “failure of cities to collect even two to four percent of property taxes because of delinquencies and abandonment translates into \$3 billion to \$6 billion in lost revenues to local

governments and school districts annually.” Property taxes remain the single largest source of tax revenue under local control, so this loss of income is substantial.

Conclusion: What Does It All Mean?

By all accounts, vacant properties are a curse. Just ask anyone who lives next to a drug den, a boarded-up firetrap or a trash-filled lot.

But abandonment often seems beyond the control of local officials, and it rarely incites a sense of urgency beyond the neighbors on the block where it occurs.

The evidence, however, shows that vacant properties are an expense that local governments simply cannot afford—and that the expense grows with every year a property remains vacant or abandoned.

Such properties produce no or little property tax income, but they require plenty of time, attention, and money.

There is clear recognition of the impact of the properties on community perception, visual blight, neighborhoods and property value. However, the same level of priority recognition does not seem to apply to direct and indirect revenues derived from jobs, income tax, and jobs-created expenditures.

While the properties, at some level, are being identified and tracked, there do not

appear to be policies or programming in place (nor are they even being considered) to reverse the vacancy or market conditions.

In conclusion, the evidence is clear, from this survey and in ancillary research, that with the absence of time, budgeted resources and policy committed to identifying and implementing pro-active changes, the spread of vacant and/or abandoned buildings will continue to expand.

For more information, call **937.597.3156**
or email fdburkhardt@genevaanalytics.com.