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NEIGHBORHOOD STABILIZATION IN WATERBURY, CONNECTICUT:

Recommendations to Build a More Proactive and Comprehensive Approach to Vacancy and Abandonment

Center for Community Progress Report to the City of Waterbury on behalf of
the Harold Webster Smith Foundation

A Center for Community Progress Technical Assistance Report



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ABOUT CENTER FOR COMMUNITY PROGRESS

The mission of Center for Community Progress is to foster strong, equitable communities where vacant, abandoned, and deteriorated properties are transformed into assets for neighbors and neighborhoods. Founded in 2010, Community Progress is the leading national, nonprofit resource for urban, suburban, and rural communities seeking to address the full cycle of property revitalization. The organization fulfills its mission by nurturing strong leadership and supporting systemic reforms. Community Progress works to ensure that public, private, and community leaders have the knowledge and capacity to create and sustain change. It also works to ensure that all communities have the policies, tools, and resources they need to support the effective, equitable reuse of vacant, abandoned, and deteriorated properties. More information is available at www.communityprogress.net.

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I. EXECUTIVE SUMMARY

In the summer of 2017, the Harold Webster Smith Foundation (“Foundation”), with the support of the City of Waterbury (“City”), retained the Center for Community Progress (“Community Progress”) to provide an assessment of the existing systems, policies, and tools used to address vacant and abandoned properties in Waterbury, Connecticut. The first step in such an assessment is to identify and define the type of properties that have the most negative impacts on the health, public safety, and general morale of neighbors and neighborhoods in a community.

After initial discussions with the City and the Foundation, it was determined that the emphasis of this assessment should be on vacant and *abandoned* properties in Waterbury, meaning those vacant properties left to deteriorate as opposed to those vacant properties that are well-maintained and monitored. These types of properties present a logical starting point on which to focus when developing a comprehensive approach to neighborhood stabilization because these properties are often the ones that cause communities the most harm.¹

Stakeholders interviewed throughout this engagement, which include City, community, and resident partners, also identified as a City priority a broader subset of properties that contained “blight” or “nuisances,” which, when those terms are used in this assessment, refer to those properties with minor exterior housing and building code violations or yards with accumulated debris, high weeds, or abandoned vehicles.² Many of these properties identified as nuisance properties are also occupied properties, and most of those occupied nuisance properties were described to Community Progress as substandard occupied rental properties. Substandard occupied properties are referenced throughout the assessment because of the impact they have on residents, but the City’s approach to occupied properties is largely beyond the scope of this engagement. This is because vacant properties generally require a different set of strategies and tactics for public intervention than do occupied properties.

¹ A growing body of literature seeks to quantify the harm caused by vacant properties in terms of the financial impact they have on communities. These studies are often referred to as “Cost of Blight” studies. Community Progress has produced two such studies, one for Atlanta, Georgia, and one for Toledo, Ohio. See those reports on the Community Progress website at http://www.communityprogress.net/filebin/Cost_of_Vacant_and_Blighted_Immergluck_FINAL_02.17.16.pdf (Atlanta) and at http://www.communityprogress.net/filebin/160630_TASP_LCLRC_Toledo_Cost_of_Blight_Study_Final.pdf (Toledo).

² The term “nuisance” is used throughout this assessment in place of the word, blight, to describe housing and building code violations related to the exterior of property in Waterbury as defined above. This is to avoid confusion with the phrase “blighted premises,” a legal term defined in § 150.63 of the Waterbury Code of Ordinances (“WCO”) (Amlegal 2016) that broadly defines a number of property conditions that would subject property to the City’s Blight Elimination Ordinance, §§ 150.60 through 150.66 of the WCO.

This assessment provides the City and the Foundation with a series of observations and recommendations for improvement and better alignment of public systems and practices that impact the life-cycle of vacant and abandoned property. The City systems and practices reviewed by Community Progress include: data collection and management practices, housing and building code enforcement system, delinquent property tax enforcement system, and current property acquisition and disposition practices.

The observations and recommendations detailed throughout this assessment are supported by:

1. A preliminary review of relevant state and local law, research into the organizational structure of the City, and an examination of other available documents and sources related to the systems and practices.
2. Three site visits, during which Community Progress met with an extensive set of stakeholders, a complete list of which can be found in the *Appendix*.
3. Phone interviews and email exchanges with various City and community stakeholders from both the public and private sectors.

Every aspect of this assessment and the research that supports it was made possible with the support of Mayor Neil O’Leary’s office, as well as the continued guidance of the Foundation. As a result of the access provided by the Mayor’s administration and the Foundation to City officials, staff, local leaders, and other stakeholders and resources, Community Progress developed **Six Key Takeaways** regarding the City’s approach to vacant and abandoned properties:

1. **City leadership has the political will to prioritize neighborhood stabilization and revitalization.** The Mayor has shown tremendous leadership in driving investments in parks and youth programs, and rallying leaders in the private, philanthropic, and nonprofit sectors to support his ‘parks and youth’ agenda. While the Mayor has already shown a strong commitment to addressing vacant and abandoned property and nuisances, from annual budget allocations in support of demolitions to the launch of the Blight Task Force, now is the time to announce a bold, multi-year agenda, in which the City moves from a reactive approach to a proactive systemic approach to tackle vacant and abandoned properties in support of healthier neighborhoods for all. The City’s 2015 Comprehensive Plan of Conservation and Development (“2015 Plan”) already recognizes this priority in its fourth goal, which is to “[p]reserve and promote livable and sustainable neighborhoods.”³
2. **The City has developed an excellent foundation for cross-agency collaboration.** The City has made impressive strides in its approach to nuisance properties in Waterbury, both occupied and vacant. A key reason for this success is that City leadership has prioritized the most critical (and often, overlooked) component to a successful citywide approach: consistent, cross-departmental communication, as evidenced by weekly meetings of a dynamic and committed Blight Task Force made up of representatives from the Mayor’s Office; the Waterbury Development Corporation (“WDC”);

³ See the 2015 Plan on the City’s website at: <http://www.waterburyct.org/content/9569/9605/9615/40024.aspx>.

the Blight Team, which is a group of four officers from the City’s Police Department (“Police”) and five civilian staff; the Department of Planning and Zoning (“Planning”); the Department of Public Health (“Health”); the Department of Public Works (“Public Works”); the Fire Department (“Fire”); the Litter and Beautification Commission; and the Corporation Counsel’s office.⁴

3. **There is a critical need for better parcel data collection and management practices to inform efforts to address vacant and abandoned properties.** Despite multiple requests of virtually all stakeholders, Community Progress never received a reliable or uniform estimation of the number of vacant or vacant and abandoned buildings that exist in Waterbury. Dedicating IT staff to conduct ongoing data integration, mapping, and analysis—and serving as a resource to the Blight Task Force—is important not just for the purposes of more proactive housing and building code enforcement, but also to help develop neighborhood plans and inform strategic property acquisition and disposition. While members of the Blight Task Force might manage isolated data sets effectively, there is a pressing need to collect more comprehensive data sets that can inform proactive decision-making (short term and long term) as it relates to policies, programs, and the allocation of resources in stabilizing and revitalizing distressed neighborhoods.
4. **Complaints to the City regarding vacant and abandoned properties are addressed, but challenges in the most distressed neighborhoods persist.** Community Progress heard in multiple stakeholder interviews two key and somewhat conflicting statements—first, that complaints about vacant and abandoned properties are addressed adequately with existing tools, and second, that the problem of vacancy and abandonment persists. The Blight Task Force and representatives from the State of Connecticut’s Division of Criminal Justice, Office of the Chief State’s Attorney report that approximately 95% of property owners brought to court for housing and building code violations comply. And yet, vacant and abandoned properties are reported and visible in each of Waterbury’s most distressed neighborhoods. There is reportedly no backlog of properties identified for demolition, but residents and Aldermen interviewed mentioned multiple structures in their communities that need to be demolished, and the Fire Marshal shared that his office maintains a list of nearly 200 plus dangerous buildings, almost half of which could be torn down. The conclusion is that vacant and abandoned properties that are *reported* to the City are mostly addressed, but a more *proactive* approach to vacant and abandoned properties is needed to identify and address all properties that present a problem.
5. **The City’s reluctance to own property is a barrier to developing a more comprehensive approach to vacancy and abandonment.** The City’s reluctance to acquire vacant and abandoned properties that will not generate bids or offers at the tax auction or on the open market alters how the City approaches housing and building code enforcement and delinquent property tax enforcement. If an end goal of acquisition and transfer of vacant and abandoned properties to responsible ownership is not systematically

⁴ The Blight Task Force (the group of various City departments that come together once a week) and the Blight Team (a team of Police officers and civilians that enforce various housing and building code standards for the exterior of properties in Waterbury) are two separate entities.

contemplated by the City, then the tactics and strategies that can be used to enforce housing and building code violations or delinquent property taxes are narrowed and limited. The City already owns the problems that vacant and abandoned properties present, since it must respond to public complaints, board vacant and unsecured properties, mow overgrown weeds, and remove abandoned vehicles and accumulated debris from these properties. Given this investment, the City should consider strategic acquisition of vacant and abandoned properties that more effectively guides properties back to responsible ownership and productive use.⁵

- 6. There is a need for more intentional resident engagement in planning and neighborhood stabilization strategies—and a need for more neighborhood planning.** The City has only one professional Planner on staff, which in Community Progress' experience is unusual for a city this size. Lacking capacity, the City is unable to meaningfully engage residents in neighborhood planning initiatives and therefore leaves untapped a critical resource—social capital—that can play a central role in redefining a neighborhood's prospects and future. Also, given the broad history of redlining, urban renewal, and gentrification, there is a very real anxiety within communities of color about a government's interest to "address blight" and "renew neighborhoods." Particularly for those neighborhoods that are disproportionately impacted by vacant and abandoned properties, such as the North End and the South End, the City should proceed with a strong commitment to transparency, communication, inclusion, and engagement.

These key takeaways were gleaned from the research and interviews conducted by Community Progress throughout this engagement and were used to inform short and long term recommendations for systemic improvements to the City's approach to vacant and abandoned properties. The assessment begins by providing some important historical context related to public finance and neighborhood stabilization efforts in Waterbury over the last few decades and thoughts on how the City can build on recent progress made on those fronts. Second, the assessment describes how current data collection and management practices impede the ability of the City to craft a strategic approach to vacant and abandoned property, and how changes might be made to improve those practices and inform market-appropriate strategies. Third, the assessment examines housing and building code enforcement, including highlighting the good work that is already being done and offering considerations for additional strategies to address vacant and abandoned property. Fourth, the delinquent property tax enforcement process is examined in detail, and a number of points throughout the process are highlighted for additional and more strategic City intervention. Finally, the assessment examines land reuse policies and procedures currently in place in Waterbury, and offers suggestions for how those policies might be expanded and infused with additional and critical resident engagement. A high-level visual of how these systems might be aligned to inform a more proactive and comprehensive approach is displayed in *Figure 1*.

⁵ Some stakeholders expressed interest in establishing a land bank as an alternative to City ownership of problematic properties. Absent comprehensive statewide legislation, a City land banking program would still mandate expanded use of the City's acquisition (and disposition) authority. This issue will be further explored in Section VI of this assessment.

Figure 1: Improved Approach to Vacant and Abandoned Property in Waterbury



The recommendations offered in each section of this assessment are presented as a menu of options for the City to contemplate in order to reverse the negative impacts that vacant and abandoned properties have on Waterbury residents, housing values, and neighborhoods. For ease of reference and to provide a framework for stakeholders to consider next steps, recommendations are organized into short term and long term goals. These recommendations are offered from Community Progress' outside perspective based on experience working with communities and systems around the country, and are subject to the advice and guidance of local legal counsel.

II. SETTING THE STAGE: BACKGROUND AND CONTEXT FOR CURRENT STATUS OF VACANT AND ABANDONED PROPERTIES IN WATERBURY

The impact of vacant and abandoned properties in Waterbury can be attributed to various challenges that have developed over decades. As important as it is to identify and understand those challenges, it is much more critical to know that these issues can be overcome with time, patience, and strong leadership. Transformative change will require the willingness of City leaders and community leaders to invest in and try new and innovative approaches, and to not be afraid of failure.

A. ROOT CAUSES OF VACANCY AND ABANDONMENT

As with many cities across the country, Waterbury has struggled to replace a loss of manufacturing jobs over decades with the kinds of jobs that pay a decent and livable wage. Indeed, Waterbury, still known today as the “Brass City,” has never fully recovered from the gradual loss and ultimate collapse of the brass industry in the 1970s and 1980s.⁶ Moreover, according to those interviewed for this assessment, mismanagement of the City’s finances and pension obligations led to near-bankruptcy in 2001; a precipice from which the City was pulled back thanks to a State-sponsored bailout.⁷ After the bailout, the City was subject to five years of State oversight, and State audits continue to occur every five years.

⁶ See, Brooke, James. *For the Brass City, An Era Has Ended*. New York Times, March 6, 1985.

⁷ See, Zielbauer, Paul. *House Passes Waterbury Bailout Bill*. New York Times, March 9, 2001

Throughout the past two decades, the City has tried various tactics designed to improve its financial situation, including at one point selling all liens for unpaid taxes to a single private entity to collect and enforce. This venture failed to provide a financial benefit that outweighed the City's loss of leverage to force the transfer of tax delinquent properties and in 2011 the City bought back the entire digest of delinquent tax liens from the private entity.

The financial health of the City has begun to improve, but residents struggle to afford the cost of living – which has likely had a direct impact on both the quality of available housing and on the number of vacant properties in Waterbury.⁸ In fact, the demand for quality affordable housing in Waterbury likely outstrips the supply. Based on the U.S. Census Bureau's 2011-15 American Community Survey ("ACS"), nearly 35 percent of Waterbury households have a median annual income of less than \$25,000. The ACS also revealed data showing that the median Waterbury household income of \$40,467 is more than 42 percent less than the median Connecticut household income of \$70,331.⁹

When asked to explain the challenges that contribute to vacant and abandoned property in Waterbury, stakeholders interviewed had a number of different answers. There was the usual list of challenges: racist federal, state, and local policies that undermined neighborhood development and increased the wealth gap between majority white suburban communities and communities of color beginning after World War I; major loss of manufacturing jobs; and an increase of residents facing poverty. There were also a number of other challenges identified by stakeholders, some of which were more specific to Waterbury: a lack of investment in distressed neighborhoods over decades that has left some residents feeling marginalized and neglected; unsustainable pension obligations meaning less public money to invest in stabilization efforts; lack of capacity to carry out meaningful neighborhood planning initiatives; lack of accurate, reliable, and integrated data to inform strategic investments in those neighborhood markets where it is likely that government intervention will stimulate impactful and neighborhood-appropriate private investment; a housing stock that is obsolete and aged ("triple deckers");¹⁰ and a pronounced shortage of quality, affordable rental units that can accommodate families (3 bedrooms or more).

⁸ The 2015 Plan noted that roughly 23 percent of the total housing units in Waterbury qualified as affordable, defined in the 2015 Plan as housing "for which persons and families pay 30 [percent] or less of income, where such income is less than or equal to 80 [percent] of the area median income." See Part II, page 84 of the 2015 Plan.

⁹ To access data from the ACS, visit the U.S. Census Bureau's website at: <https://www.census.gov/programs-surveys/acs/>. The ACS information used in this assessment was acquired through a subscription plan to PolicyMap. For more on PolicyMap, visit: <https://www.policymap.com/>.

¹⁰ Triple deckers are essentially three separate apartments stacked right on top of each other, most with little or no parking for even one family. While this type of building served the population of manufacturing employees decades ago, when few people had cars and could walk to work, it no longer meets the needs of today's residents.

B. PUBLIC FINANCE STABILIZATION AND THE NEED FOR ADDITIONAL INVESTMENT IN NEIGHBORHOOD STABILIZATION

According to City officials, the City's finances have vastly improved over the last several years. Though the City is still haunted by past decisions related to pension obligations, the Director of Finance for the City reports an A+ bond rating with a positive outlook from Fitch, and that the budget is balanced. Population has slightly increased over the last ten years, according to the ACS, and the fair market value of property in Waterbury has remained steady.¹¹

It is commendable that the City has been able to continue on a path toward financial stabilization while simultaneously prioritizing efforts to address vacancy, abandonment, and nuisances. Examples of these efforts include building an effective Blight Task Force to address nuisance properties and providing funding for demolition. Because this foundation has been laid, the time is now ripe for the City to review and augment the public systems of data collection and management, housing and building code enforcement, delinquent property tax enforcement, and public land acquisition and disposition in order to advance a more comprehensive and strategic approach to vacancy and abandonment.

Improvements made to the systems discussed in this assessment will only go so far without significant additional investment of City resources. This will require reallocating City budgets, adding additional staff, and developing City programs that support neighborhood planning, resident engagement, building the capacity of responsible, long term, local property owners and Community Development Corporations and other nonprofits (as opposed to speculative investors or irresponsible landlords), and property acquisition and management strategies. The purpose of these investments is to increase livability, affordability, safety, and ultimately, property values, but this is not a process that will happen overnight.

¹¹ To access data from the ACS, visit the U.S. Census Bureau's website at: <https://www.census.gov/programs-surveys/acs/>.

III. THE NEED FOR DATA TO INFORM PLANNING, CODE ENFORCEMENT, TAX ENFORCEMENT, AND PUBLIC ACQUISITION AND REUSE STRATEGIES

Access to accurate, timely, and robust parcel data sets—and understanding how to interpret this data—is key to reforming and better aligning public systems and strategies to address the problems imposed by vacant and abandoned properties. Parcel data and market data are essential to guide systemic reform and proactive neighborhood stabilization strategies. Key data points to inform such strategies include, for example, property condition, vacancy status, code violations, police and fire calls, property tax payment status, home sales, foreclosures, and investment activity, like building permits. *Figure 2* below presents a chart of sample data sets that would ideally be available to local governments considering reform to public systems and strategies to address vacant and abandoned properties.

Figure 2: Sample Data Sets Related to Vacant and Abandoned Properties

CATEGORY	KEY DATA	POSSIBLE DATA SOURCE
Basic Property Information	Basic property characteristics (number of taxable properties, number of units, property condition, land use) Ownership Assessed value Conveyances (date, sales price, buyer and seller, type of deed) Mortgage foreclosure filings/status	City Assessor Town Clerk
Vacancy and abandonment	Utility shut-offs Mail stops and forwarding Visual evidence of neglect	Public utilities US Postal Service Surveys or citizen reports Finance Department
Housing and Building Code Enforcement	Types of properties subject to enforcement Complaints Cases referred to Court Enforcement outcomes Orders to Demolish Nuisance abatement	Police Department (Blight Team) Fire Department and Fire Marshal Department of Public Health Department of Planning and Zoning Connecticut Division of Criminal Justice, Office of the Chief State's Attorney
Property Tax Information	Tax delinquencies (number, time delinquent) Tax warrants Redemptions Properties offered/sold at tax auction	Office of the Tax Collector State Marshal's Office
Crime and Fire	Crime and fire calls at specific addresses and by block State Fire Prevention/Fire Safety Code violations	Police Department Fire Department

Data points captured at a single point in time will do a good job of highlighting the properties that may be a problem today. As data is consistently and routinely collected over time, however, the data will begin to highlight trends. When integrated and mapped, robust parcel and market data will offer City and community leaders an opportunity to visualize and even predict where local efforts to intervene are most needed and will have the greatest impact.

A. OVERVIEW OF CITY'S CURRENT APPROACH TO DATA COLLECTION AND MANAGEMENT

“How many vacant properties are in your City?” This question is often the first that Community Progress asks of people interviewed in our engagements across the country in order to establish a baseline understanding of the scope of vacancy and abandonment in a community, and to determine what, if any, reliable and integrated data exists to support anecdotal accounts of the scope of vacancy and abandonment. Answers to this question from stakeholders interviewed in this engagement ranged from “I have no idea,” to “maybe 400 or 500,” to guesses of “as many as 1,000.” Most stakeholders generally understood the question to refer to vacant buildings and not to vacant lots. Those with intimate knowledge of the City’s enforcement approaches estimated that there are somewhere around 400 to 500 “zombie properties,” a term that was used to refer to vacant buildings that had at one point been subject to an action for mortgage foreclosure and are now stuck in limbo because the foreclosing entity failed to either complete the foreclosure action or the entity took title to the property and has failed to maintain the property and transfer the property out of its inventory.

In addition to questions primarily used to assess vacancy, Community Progress asked various questions about the availability of the various ideal data sets identified in *Figure 2*, such as that data related to property condition, properties where housing and building code violations were present, properties with unpaid property taxes, properties with water services terminated, and other related data points. After several weeks of data requests, Community Progress was able to compile some preliminary numbers to help understand the scope of property conditions in Waterbury. Some of those key data points are captured in *Figure 3*. The gold highlighted rows in *Figure 3* indicate those data sets identified in *Figure 2* that are unavailable.

Figure 3: Available Data Related to Vacancy and Abandonment in Waterbury

CATEGORY	DATA SET	NUMBER	SOURCE
Basic Property Information	Approx. Taxable Parcels (2017)	34,500	City Assessor
Basic Property Information	Avg. Assessed Value - Residential (2017)	\$100,000	City Assessor
Basic Property Information	Conveyances, Foreclosure filings	Available, but difficult to refine/sort	City Assessor, Town Clerk
Vacancy and abandonment	Vacant Lots (2017)	4,133	City Assessor
Vacancy and abandonment	Vacant Lots Owned by City (2017)	141	City Assessor
Vacancy and abandonment	Vacant Buildings	Unknown	N/A
Vacancy and abandonment	Visual Evidence of Neglect	Unknown	N/A
Vacancy and abandonment	Total Housing Units (homes, condos, apts.)/ Percent Vacant	47,356/15.08%	2011-15 U.S. Census' American Community Survey (PolicyMap)
Vacancy and abandonment	Utility Shut Offs > 6 Months	Unknown	N/A
Housing and Building Code Enforcement	Total Housing and Building Code Complaints Reported to City (2016)	5,383	QAlert, ¹² Blight Team
Housing and Building Code Enforcement	Total Housing and Building Code Cases Referred for Prosecution (2016-17)	224	State's Attorney
Housing and Building Code Enforcement	Vacant and Unsafe for Occupancy per Fire Dept. (2017)	181	Fire Marshal
Property Tax Information	Properties Estimated Tax Delinquent (2016)	1,800	Office of the Tax Collector
Property Tax Information	Properties Offered and Sold at Tax Auctions (2016)	114	Office of the Tax Collector
Property Tax Information	Properties Chronically Tax Delinquent ¹³ (2017)	584	Office of the Tax Collector
Property Tax Information	Properties Chronically Tax Delinquent that have Structures (2017)	74	Office of the Tax Collector
Crime and Fire	Number of Police/Fire Calls to Vacant Property	Unknown	Police/Fire (info available for specific properties)

¹² QAlert is a citizen request management system through which resident complaints about property or other requests for City services are made. This includes complaints about housing and building code violations.

¹³ The term "chronically tax delinquent" is used here to refer to properties where taxes have not been paid for more than 3 installments (about 1.5 years), have not been offered for sale at the tax auction or sought for tax lien foreclosure, and the taxes remain unpaid. A more detailed review of the delinquent property tax enforcement process is highlighted in Section V of this assessment.

Although the above numbers helped to put the scope of the problem in perspective, they also revealed two key findings: *there is little evidence to support an accurate, reliable count of the total number of vacant buildings in Waterbury AND it is extremely difficult to compare or overlay data from multiple departments.* This led to the conclusion that almost all data related to the City’s involvement with vacant and abandoned properties in Waterbury is either (i) stored in pieces across one of several different databases; (ii) tracked outside of databases in paper files or single electronic spreadsheets; or (iii) not currently tracked.

i. Data stored across multiple databases

Data collected by the City, including data related to the enforcement of housing and building codes, is generally stored separately within each department that enforces housing and building codes. The fragmentation of that data across several databases that are not equipped to mine information from the others presents a challenge when seeking to develop a more proactive approach to vacancy and abandonment or to engage in a meaningful neighborhood planning process.

A more detailed review of the City’s housing and building code enforcement process will be examined in the next section, but it is important to recognize that at least seven City departments, all of which participate in the Blight Task Force, play a role in the enforcement of City code violations related to property: Police, through the Blight Team; Fire and the Fire Marshal; Health; Buildings; Planning; the Corporation Counsel’s office; and Public Works. In addition, prosecution of housing and building code violations is conducted by the State of Connecticut’s Division of Criminal Justice, Office of the Chief State’s Attorney (“State’s Attorney”). While information is routinely shared between the State’s Attorney’s office and the Blight Task Force, many data points are not captured or tracked by the Task Force once the case is referred for prosecution, like the final disposition of the case. Each of these various departments and agencies store data in a different manner.

For example, the Police officers and civilians tasked to the Blight Team primarily use the QAlert system, a citizen request management system, to track their code enforcement cases. The Blight Team supplements that practice by maintaining their own internal documents and spreadsheets to track enforcement. Buildings, Planning, and a few other departments use a database called CityView to track enforcement actions, but each uses the system slightly differently and no department can view the others’ information without being granted specific access. Health has its own internal system to track enforcement, as does Fire with its system, Firehouse. None of these systems appear to currently have access to information stored in the others.

Other property-related information is stored throughout various data systems in the City. The City Assessor’s system, which is widely accessible to City staff and the public, tracks property assessment values and displays photographs of the property, as well as makes available a vast amount of GIS data, property tax information, and other data. The Office of the Tax Collector and the Waterbury State Marshal’s office (“State Marshals”) are both engaged in the practice of collecting delinquent property taxes, but each maintain separate mechanisms for tracking properties through that process.¹⁴

¹⁴ The roles of the Office of the Tax Collector, which is housed in the City’s Department of Finance, and the State Marshals in the delinquent property tax enforcement process will be fully discussed in Section V of this assessment.

This is not to say that these various City departments do not communicate well with each other, nor that they do not routinely share information; they do. The Blight Task Force meets once a week and does an excellent job of coordinating cross-departmental approaches to specific problem properties in Waterbury. But the fragmentation of data collection and storage means that it is difficult for anyone who does not attend the Blight Task Force meetings, and even for those who do, to truly understand in what way each department is or has been involved with certain properties. Data fragmentation also largely prohibits the City from being able to sort or proactively and strategically target subsets of properties based on common data points or from being able to effectively conduct informed neighborhood planning.

ii. Data tracked outside of electronic databases

There are a number of City data sets that are tracked solely by standalone spreadsheets or, in a few instances, only on paper. The City does place liens against certain properties for which it performs some clean up services, like the removal of junk or debris or the mowing of high grass. These activities are tracked by the Blight Team, who create a lien for the work done and deliver the lien to the Office of the Tax Collector for filing and possible collection. The records for these liens are added to a “lien book” maintained by the Office of the Tax Collector and are not added to, or tracked within, any existing data system.

Another example of data being tracked in a way that is difficult to access is data related to the provision of water services to private property in Waterbury. The fact that water is shut off to a particular building can be an indication that the property is vacant, especially if the water has been shut off for six months or more. The City tracks information on water shut offs and can identify if and when a particular property had the water shut off, but cannot easily organize the data to determine how many properties have had the water shut off for six months or more without an in-depth analysis of existing data.

iii. Data not currently tracked

The number of vacant buildings in Waterbury remains unknown because that data point is simply not reliably tracked. Vacancy status is not a data point collected by members of the Blight Task Force on their inspections of property suspected to be in violation of housing and building codes. In addition, even though it was reported that a number of vacant zombie properties might exist in Waterbury as a result of either lengthy or incomplete mortgage foreclosure, it is impossible to know if those properties are vacant because the City does not require owners or foreclosing entities to register properties as they become vacant.

B. RECOMMENDATIONS FOR AN IMPROVED APPROACH TO DATA COLLECTION AND MANAGEMENT

SHORT TERM

1. **Appoint a high-level City executive or existing City committee to oversee an expanded focus on property-related data collection and management.** The individual or committee appointed should have the authority to hold departments accountable to continue to track the data highlighted in this assessment, as well as additional data points that might become relevant over time.
2. **Reach consensus on a common and uniform geocoded property identification number, that will set the stage for improved integration, mapping, and analysis and task dedicated IT staff to support code enforcement efforts.** The Blight Task Force requires dedicated Information Technology (“IT”) staff that can help respective departments ensure data is collected with a uniform geocoded data point (e.g., tax parcel ID number) that will enable easier integration and more efficient mapping and analysis. As the IT staff continue to support these efforts and as more and more data sets feature this common property identifier, dedicated IT staff should also play a more involved role in Blight Task Force meetings to demonstrate and share improved understanding of neighborhood trends, priority properties, and most effective approaches.
3. **Make maps a more integral feature of the Blight Task Force meetings.** Visualizing data is powerful, and the use of maps by interdepartmental task forces can spark more engaging and informative dialogue among those involved. Even basic maps with a couple of parcel data points indicated can be helpful to change a task force’s perception from addressing individual properties to understanding broader trends (and opportunities) in a neighborhood. As indicated above, an IT staff highly competent in GIS mapping should be dedicated to serve the Blight Task Force for these purposes, which will also lead to a much deeper understanding of how systemic reforms to data collection and management practices could improve the City’s approach.
4. **Use mapping to determine key data points that overlap.** Consider developing a map showing all properties, with indications of whether they are vacant lots or lots that contain a building, that are: (a) vacant, (b) chronically tax delinquent, (c) on the Fire Marshal’s list of unsafe buildings, and (d) have been referred to the State’s Attorney for prosecution of a housing and building code violation in 2016 or 2017. Consider developing another map which includes all properties in either the North End or South End neighborhoods that have been sold at the tax auction in the last four years. This second suggested map could then be compared with all properties that have been chronically tax delinquent in the same area over the past four years to illustrate the impact of delinquent tax enforcement in distressed neighborhoods.

5. **Consistently and routinely track existing data that might indicate vacancy.** Some important data points to track that can help to determine whether a property might be vacant: (a) water shut offs of longer than six months, (b) other utility (electric, gas) shut offs, and (c) U.S. Postal Service vacancy data through the Department of Housing and Urban Development (<https://www.huduser.gov/portal/usps/index.html>).
6. **Examine how and whether existing data systems might be used to help define and locate the most problematic properties in Waterbury.** The City Assessor’s data system, much of which is publicly accessible, tracks property ownership, assessment information, property valuation data, and even photographs of property. Further, the Assessor has detailed records about the number of vacant lots in Waterbury and has a strong GIS mapping arm for much of its data points. If the Assessor’s data was paired with data related to open or closed code enforcement efforts and property tax delinquency, this could be a powerful starting point to map and identify the characteristics or common data points among the most problematic properties in Waterbury. In addition, Fire maintains a list of what it calls “dangerous buildings,” which could be the foundation of a future citywide ranked list of problematic vacant properties or an “unsafe property list.”
7. **Create a priority “Unsafe Property List” using the Fire list of dangerous buildings as a starting point.** Identify data points that would qualify a property for such a list, including, for example, those properties that are either on the current list of dangerous buildings maintained by the Fire Department *or* that have been issued a notice by the Building Official for structural violations *or* have been issued two or more blight violations in the last 12 months, *and* where one of the following is true: the water has been shut off, a mortgage foreclosure has been filed, or the property has been tax delinquent for at least one installment in the past year. Properties on this list could be regularly monitored for further deterioration by the Blight Task Force particularly during the fall and winter seasons, when requests for service are down. Many communities around the country have taken the proactive step to utilize data to create lists that are tracked and monitored to better identify and address current and potentially future unsafe properties. *Figure 4* below provides a summary of the example described in this recommendation.

Unsafe Properties are...

- On Fire’s list of dangerous buildings; **OR**
- Issued a notice of violation by the Building Official; **OR**
- Have been issued **2 or more** blight violattions in previous 12 months, *and* one or more of the following is true: (a) water has been shut off for six months or more, (b) a mortgage foreclosure has been filed, and (c) delinquent for at least 1 property tax installment in the past year.

Figure 4:
Example Data Points
for Potential “Unsafe
Property List” in
Waterbury

8. **Survey the new “Unsafe Property List” and rank the properties to prioritize enforcement.** A survey of these properties might look for the following information: the condition of the property (e.g., poor, fair, good, or excellent); the proximity of the property to a school, park, or public gathering place (e.g., within 500 feet or not); and vacancy status. The list should be routinely inspected and tracked by the Blight Task Force, particularly during the fall and winter when enforcement requests start to decrease. This should give the Blight Task Force a more proactive tool to identify those properties that are likely to deteriorate.
9. **Create a simple, central system to track cases sent to court and outcomes.** The status of those code enforcement cases referred to the State’s Attorney for prosecution and the outcomes of those cases are not tracked closely by the City. The City should consider inputting the information on the reports received from the State’s Attorney on those cases into their own database(s). Where not supplied, the City should ask for additional data points from the State’s Attorney, including whether or not there was compliance or whether a fine was paid and collected.

LONG TERM

10. **Conduct a citywide windshield survey of property conditions in Waterbury.** Determine the total inventory of vacant or problematic properties in Waterbury by conducting a citywide windshield survey. Such a survey could incorporate some of the limited surveys already conducted by the City, such as those Fire inspections of vacant properties that are in violation of the Fire Prevention Code. Additionally, neighborhood volunteers could be deployed with a checklist provided by the City to walk the neighborhoods. The information could be used to rate or grade property health and condition, providing a baseline to be updated and tracked over future years. The Gary Counts survey in Gary, Indiana, provides an example of how a City can engage residents and volunteers to conduct such a survey.¹⁵ The city of Flint, Michigan, leveraged a modest philanthropic investment to engage residents in conducting an ongoing survey of problematic properties which has helped to build good will with residents.¹⁶ Other examples of similar surveys that have been conducted can be found in the cities of Atlanta, Georgia,¹⁷ and Toledo, Ohio.¹⁸

¹⁵ See the Gary Counts platform at: <http://garycounts.org/>.

¹⁶ See *Flint Mapping Makes City Planning a Team Effort*, on the Next City website at: <https://nextcity.org/daily/entry/flint-mapping-neighborhood-inventory-project-grants>.

¹⁷ See the City of Atlanta’s website at: <https://www.atlantaga.gov/government/departments/planning-community-development/office-of-housing-community-development/sci-report>.

¹⁸ See the Lucas County website at: <http://co.lucas.oh.us/2783/The-Toledo-Survey>.

11. **Establish uniform methods for tracking property data on all inspection forms across all departments that enforce housing and building related violations.** At a minimum, all inspection reports should clearly mark whether a property is (a) vacant; (b) occupied; (c) owner-occupied (if known); (d) tenant-occupied (if known); or (e) unlawfully occupied (if known). For those situations where the public safety responders such as Police or Fire are called to a property, consider including this information in Police or Fire's respective reports.

12. **Find and develop a dashboard that can harness the information available across multiple City databases to display and sort property-related data, including code enforcement data, utility data, tax delinquency data, assessor data, and market data, if available.** A dashboard refers to an online interface through which a user can search various data points and display results in a helpful way, such as in a sortable list or on a map. The City has in place at least three existing data systems that might house such a dashboard. First, the City Assessor's system already tracks a number of data points and, almost as important, interacts with a GIS platform to map existing data points. The City has also invested in CityView, a software product designed to better support local government licensing and inspections processes and tracks various code enforcement related data. And, finally, most City departments involved with housing and building code enforcement utilize the QAlert system, which tracks incoming requests for service and reports of violations. The City should examine each of these existing systems and identify the most appropriate platform to house a dashboard to display and sort enforcement and property related data. At a minimum, such a dashboard should be able to access the following types of data: vacancy, property condition, number/type/result of housing and building code enforcement actions, ownership information, tax delinquency (including number of installments delinquent), and water shut offs of six months or more. If none of the existing platforms can be utilized for such a dashboard, or if the capacity does not exist to support it, explore whether a third party vendor might be worth the investment.¹⁹

13. **Ensure any property data dashboard has a public-facing component.** Where possible, the benefits of improved data collection and management should also be passed on to the public to ensure transparency, build trust, and provide taxpayers with useful and relevant data for their own purposes. The Toledo, Ohio, survey mapping tool previously referenced provides an example of the type of dashboard that might be helpful for City officials to consider, and the Toledo tool also features a strong, public-facing access point.²⁰

¹⁹ For a list of some vendors that might be able to provide this kind of interface for the City to consider, see Appendix B of Community Progress report *Laying the Foundation: Building an Improved Approach to Problem Properties in Rockford* (September 2016) at: http://www.communityprogress.net/filebin/Rockford_Report_9.22.16_Final_updated.pdf.

²⁰ See the Lucas County website at: <http://co.lucas.oh.us/index.aspx?NID=2783>.

14. **Conduct and develop an in-house neighborhood market analysis.** To inform policy decisions related to strategic housing and building code enforcement, property acquisition, redevelopment, and planning, consider assessing the housing market in each neighborhood based on available data. The Youngstown Neighborhood Development Corporation (“YNDC”) has developed such a plan based on data that includes, for example, vacancy rates, mortgage ratios, sales ratios, median sales prices, and calls for police services.²¹ Another example for the City to consider is the “market oriented assessment” of Trenton, New Jersey, neighborhoods that Community Progress and New Jersey Community Capital provided to the city of Trenton, which assessed neighborhood market conditions as well as other factors that affected housing demand and neighborhood stability.²²

²¹ See the YNDC website at: <http://www.yndc.org/planning/market-analysis>.

²² See *Laying the Foundation for Strong Neighborhoods in Trenton, NJ*, on the Community Progress website at: http://www.communityprogress.net/filebin/Trenton_Report_Full_Final_Copy.pdf.

IV. HOUSING AND BUILDING CODE ENFORCEMENT TO STABILIZE AND REVITALIZE NEIGHBORHOODS

An improved approach to data collection and management can help the City to incorporate a more proactive and strategic approach into the City’s efficient (but mostly reactive) efforts to enforce housing and building codes. The phrase, “housing and building code enforcement,” or “code enforcement,” is used in this assessment to refer to the system of laws, policies, and programs that require property owners to maintain their property in accordance with local and state standards. It is also used to describe the system by which local governments ensure those standards are met.

Code enforcement systems should strive to be efficient, effective, and equitable. An **efficient** system is one that achieves voluntary compliance from the owner of the property in as little time as possible, and usually is one which imposes liability on the property (*in rem*) as opposed to the person or owner (*in personam*). An **effective** system is one that tailors enforcement strategies based on the likelihood of compliance, recognizing that where compliance is likely, simple notice should be enough, and that where compliance is unlikely, the enforcement process should seek to compel the possible transfer of the property to a new, more responsible owner. Finally, an **equitable** system is one that recognizes that different types of properties and owners require different approaches and that, at a minimum, an equitable approach should differentiate between properties that are owner-occupied (paying particular attention to vulnerable, low income homeowners and renters), properties that are occupied by renters, and all other types of property.²³

²³ For a more in depth discussion of an efficient, effective, and equitable system of code enforcement, see the Community Progress report, *Alternative Strategies for an Equitable, Efficient, and Effective Code Enforcement System in Mobile, Alabama*, at: http://www.communityprogress.net/filebin/FINAL_Strategic_Options_for_Mobile_Alabama_Code_Enforcement_June_2016.pdf.

A high-level example of an efficient, effective, and equitable system is the “Fix it Up, Pay it Up, Give it Up” approach. Property owners must correct code violations that exist on their property in accordance with local standards – “Fix it Up.” If the owner cannot or will not make those repairs (recognizing financial hardship programs should be in place to assist those who want to remedy the violation but may lack the resources to do so), the local government should do whatever work is required to ensure the impact of that property has a minimal negative effect on the community and the owner should reimburse the taxpayers for the costs expended correcting the problem – “Pay it Up.” If the owner fails to “Fix it Up,” and fails to “Pay it Up,” then the last resort is a potential forced transfer of the property to a new, more responsible owner – “Give it Up.”

Code enforcement activities can be grouped into two categories: reactive enforcement and proactive enforcement. Reactive code enforcement (including demolition) is demonstrated where the local government is responsive to specific complaints from citizens, neighbors, Aldermen, or even City staff about a specific property. Proactive code enforcement identifies those properties that might soon become a problem and implements tools and strategies designed to prevent further deterioration.

A. OVERVIEW OF CITY’S CURRENT APPROACH TO CODE ENFORCEMENT

i. Summary of City’s Cross-Departmental Coordination

The City’s approach to code enforcement is almost entirely reactive, but it meets many of the elements of an efficient and effective system for those properties in which it intervenes. City officials reported that almost all enforcement happens because a complaint was made about a certain property, or because an inspector observed a violation while in the process of inspecting a neighboring property. Complaints of potential housing and building code violations are received by the City and distributed to the various enforcing City departments through QAlert, a software platform that tracks and manages workflow for municipal service requests. *Figure 5* below highlights each of the primary departments that enforce housing and building related codes for the City, the types of codes they enforce, and the general enforcement methods they use. This Figure is not intended to provide a summary of *all* of the City’s housing and building code enforcement efforts, only those efforts that were reviewed for this assessment.

Figure 5: Enforcement Across Multiple City Departments in Waterbury

Department/Division	Type of Codes Enforced	Enforcement Method
Police Department/Blight Team	Violations of Blight Elimination Ordinance, ²⁴ which includes mostly exterior violations, often including accumulated garbage and debris, junk cars, and high weeds, etc.	Forward for criminal prosecution to State's Attorney if non-compliant.
Department of Inspections/Building Official	Structural problems/ violations of State Building Code, permitting violations	Generally, just send notice. Very rarely forward for criminal prosecution to State's Attorney if non-compliant. Has the authority to condemn and order demolition.
Department of Public Health (Environmental Safety Division and Housing)	Problems that affect the health of building occupants, like lead paint abatement and mold, Housing Code Violations	Forward for criminal prosecution to State's Attorney if non-compliant. Also has the power to condemn.
Fire Department/Fire Marshal	Violations of State Fire Prevention Code/Fire Safety Code	Forward for criminal prosecution to State's Attorney if non-compliant.
Department of Planning/Zoning	Violations of Zoning Code	Largely coordinated with other Health or Blight Task Force violations. Some cases forwarded for criminal prosecution to State's Attorney.

Although *Figure 5* shows that there are a number of City departments that enforce code violations, enforcement activities are generally well coordinated under the direction of the Blight Task Force. The Blight Task Force was formed at the direction of Mayor O'Leary in 2012 and meets once a week to share information related to housing and building code enforcement among the various City departments and commissions charged with such enforcement. The meeting is usually attended by anywhere from 15 to 30 people.

Community Progress attended one of the Blight Task Force meetings and came away impressed by the efficiency of the meeting, as well as the coordination between various City departments. The meeting was well led, and each person in the room was given an opportunity to provide updates

BLIGHT TASK FORCE MEMBERS

- Blight Team (Police/Civilian Staff)
- Building Official
- Corporation Counsel
- Fire
- Health
- Litter and Beautification Commission
- Planning
- Public Works

²⁴ Waterbury Code of Ordinances ("WCO") Sec. 150.60, *et seq.*

on key properties subject to enforcement, as well as related program updates, like the program intended to use social media and magic shows to educate residents on the importance and use of 30,000 new recycling carts from the City's Recycling Coordinator.

Most members of the Blight Task Force report a high rate of compliance following initial violation notices against properties suspected to be in violation of housing and building codes. For example, data from QAlert showed that over the last five years, only 123 "Blight Service Requests" remain open of the more than 9,200 requests received. "Blight Service Requests" refers to complaints of a nuisance that are addressed by the Blight Team, and the term "open" is used to describe those cases where there has not been compliance and the City is continuing to seek resolution.

There are opportunities for improvement for the Blight Task Force to consider. As referenced in the previous section, there is little focus on shared data collection or mapping various enforcement efforts, making the implementation of more proactive approaches difficult. Although the Recycling Coordinator and the representative from the Litter and Beautification Commission highlighted programs designed to educate residents on recycling and environmental matters, there was little evidence of any similar outreach to educate property owners on what it means to be a responsible building owner. In addition, the Blight Task Force maintains a high rate of compliance with notices sent, but the Task Force does little to communicate or promote its successes, which would be helpful to establish trust with residents.

ii. Mechanisms to enforce housing and building codes in the City

Though a number of different departments enforce housing and building codes, the primary enforcement mechanisms available to the City in Connecticut State Law ("State Law") largely boil down to: criminal enforcement, civil enforcement, nuisance abatement, and demolition. The vast majority of code enforcement matters where the owner fails to correct the violation indicated in the City's initial notice are forwarded to the State's Attorney for criminal prosecution. Alternatively, State Law allows cities to adopt ordinances for civil enforcement. The City has adopted these ordinances, but has abandoned this civil approach for the reasons explained below. The City also takes advantage of State Law that allows the City to abate certain nuisances, like high weeds or accumulated trash and debris, and file a lien against the property. Finally, State Law grants the City, primarily through the Building Official, the power to condemn property and order it to be demolished.

1. *Criminal enforcement of housing and building codes: City's current approach*

If a Waterbury property owner fails to comply with a notice from the Blight Team, the Fire Marshal, or Health, most matters are forwarded to and enforced by the State's Attorney in Connecticut Superior Court. Police officers tasked to the Blight Team report that if a property owner fails to comply with an initial notice of violation, it can issue a summons and have the matter heard by the Connecticut Superior Court in as little as ten days from the day the violation was observed. Criminal penalties for violations are threatened at prosecution, and those penalties, if assessed, may include a fine of up to \$250 for each day the violation exists and jail time of up to six months for non-compliance.

The State's Attorney reports that the vast majority of their cases, estimated at around 95 percent, do not result in a conviction or fine and that most property owners comply.²⁵ Unfortunately, these outcomes are not consistently tracked by the City. When penalties are actually assessed by the Connecticut Superior Court, they are enforced *in personam*, or against the owner, and may not be assessed as a priority lien *in rem*, or against the property.

2. Possible civil enforcement of housing and building codes

Although criminal enforcement is the City's primary method of enforcing housing and building codes, the Waterbury Code of Ordinances ("WCO") details procedures for civil enforcement that are based in State Law. The procedures outlined in the WCO for civil enforcement are administrative in nature, meaning that the process is primarily conducted outside of the Connecticut court system. Enforcement processes detailed in the WCO for zoning violations, building code violations, and for housing code violations, for example, allow the City to issue notices of violations to property owners, provide an opportunity for compliance, issue a citation for failure to comply, and provide for hearings to be requested in front of a hearing officer. A judgment issued by the hearing officer or official may be appealed to the appropriate local board or commission or to the Connecticut Superior Court. Certain judgments, including judgments for violations of the WCO's Blight Elimination Ordinance, can result in fines of up to \$100 per day and, if unpaid, a lien for the unpaid amount can be placed against the property. This lien is junior to only property tax liens in priority and can be collected along with the property tax bill.

According to City officials, the City decided several years ago to abandon this administrative approach because it lacked the capacity to effectively carry it out to completion. City officials report that the current process of referring cases for prosecution to the well-resourced State's Attorney results in strong rates of compliance in a minimal amount of time. In our conversations with local officials, however, it seems the vast majority of cases referred to the State's Attorney are for occupied properties, or for those properties where the City can find the owner or a responsible party.

3. Clean and liens: Nuisance abatement

For those cases where the City cannot find a property owner, such as cases where the owner is likely deceased or where there is an out-of-state owner, the City may decide to "clean and lien" the property. In these cases, the violations are often for high weeds on an established lawn or for the accumulation of trash or garbage. The City will do the work, draft the paper work to create a lien against the property, and forward the matter onto the Office of the Tax Collector for collection. It was reported by Blight Task Force members that there were only roughly 30 of these clean and liens conducted in the past three years. All clean and liens were sent on for collection but very few, if any, have been paid.

²⁵ The State's Attorney reports that a majority of property owners who comply and are first offenders are issued a "nolle" by the state prosecutor. A nolle in this context essentially means the prosecutor agrees to drop the case against the property owner, but if the property owner fails or refuses to cooperate timely in completing the required work, the case is prosecuted as needed to achieve full compliance and a conviction may be sought.

4. Demolition

The City's approach to demolition, a blight elimination tactic, also deserves attention. According to a demolition map provided by the WDC, it appears that 81 parcels of property (which included 109 buildings) were demolished with City funding between 2012 and 2017, which represents a major increase in activity over prior years.²⁶ However, it does not seem that there is a coherent or transparent set of criteria and priorities for determining which properties are appropriate for demolition. Stakeholders interviewed for this assessment provided conflicting statements on demolition policies and procedures. Some City officials stated there is no backlog of properties that need to be demolished, while the Fire Marshal identified nearly 100 structures in need of demolition, and residents and Aldermen from the South End and North End described numerous properties in their communities that have been empty and in need of demolition for many years. In two instances, it was suggested to Community Progress by City officials that a factor in determining whether a building was appropriate to demolish was whether the taxes were being paid.

B. RECOMMENDATIONS FOR AN IMPROVED, PROACTIVE APPROACH TO CODE ENFORCEMENT

SHORT TERM

1. **Educate residents and property owners on responsible home ownership.** A key strategy to prevent deteriorating property conditions is to ensure that education is readily available to owners that describes exactly what is needed to comply with local housing and building codes, what happens if there is no compliance, and what resources might be available to support rehabilitation or compliance for qualified, low-income homeowners. The Blight Task Force could develop a resource guide or a website, like those available in New Orleans, Louisiana, or in Fort Myers, Florida, to educate property owners.²⁷ Effective ways to disseminate the resource guide to the public might include requiring landlords who register their properties under the City's non-resident landlord registration ordinance to sign a certification that they have received and read the resource guide. Another way might be for all parties who bid on property at the tax auction to be given a copy of the same.
2. **Organize neighborhood clean-up days in distressed neighborhoods.** Brand the City's Blight Task Force and code enforcement in general as a resource to support neighbors and neighborhoods, not just as an adversarial party. Most of those charged with code enforcement in the City report strong relationships with residents. Consider building on those relationships and have a City-sponsored day where crews go into a neighborhood

²⁶ WDC's demolition map can be found online at <http://www.wdconline.org/filestorage/100/1731/WDCDemo.pdf>.

²⁷ See the New Orleans Housing Code Enforcement Handbook at: <http://www.nolacitycouncil.com/docs/resources/HousingCodeHandbook.pdf>. Also see the City of Fort Myers, Florida has developed a superhero character, Code Man, to educate and inform property owners – the Code Man Hero website is available at: <http://www.codemanhero.com/>.

on a weekend morning. No enforcement, just a chance to learn about what properties most trouble residents, educate property owners on what needs to be done, and provide some resources to help remove trash or mow grass. This would be an excellent opportunity to partner with local nonprofits, resident-led associations, or housing agencies.

3. **Promote Success!** There is a need to demonstrate to the residents of Waterbury the good work being done by the Blight Task Force so that residents feel confident that when violations are reported to the City, something is done. The Blight Task Force might consider starting a social media campaign, like a Facebook page, and rebrand the work done as nuisance abatement. It might also make sense to rename the Task Force as the “Waterbury Nuisance Enforcement Team,” and the Facebook campaign could focus on promoting successful interventions as being “Caught in the N.E.T.” The City’s Recycling Coordinator and the Litter and Beautification Commission have promoted programs and engaged in successful resident outreach over social media for various environmental programs, like the “E-Waste” day for residents to drop off used electronics to be recycled. These efforts can serve as a blueprint for how to promote the successes of the Task Force.
4. **Establish a process for seeking civil judgments for vacant property.** It was reported to Community Progress by City officials that obtaining civil judgments for code violations was a drain on City resources, as opposed to the criminal enforcement method which allows the City to shift enforcement to the State’s Attorney. Obtaining a civil judgment does require the City to provide the following: a) notice and an opportunity to be heard, b) hearing officers, c) an avenue for appeal, and d) various other responsibilities. However, the process could also confer additional benefits, like providing the City better leverage in addressing repeat offenders or dealing with vacant properties. For example, at least for violations of the Blight Elimination Ordinance, a civil approach could result in a judgment against the property (not the person, like the criminal approach) that, if not paid, can become a lien against the property with a priority just below that of property taxes. This gives the City leverage to either encourage payment of fines or costs associated with the violation, or to compel the transfer of those problematic properties to new, more responsible owners. This might be a particularly useful strategy for those vacant and abandoned properties owned by out-of-state owners, corporate entities, or by deceased parties for which no heirs can be found.
5. **Be more intentional about the use of “clean and liens.”** If the City abates a nuisance, State Law allows the City to place a lien against the property that is junior only to unpaid property taxes and therefore can likely be collected and enforced as part of the property tax bill. This gives the City a powerful tool to ensure its costs are reimbursed with respect to those problematic properties where the taxes are being paid – but only if those liens are enforced by adding them to the property tax bill. Depending on the cost of the work done or on the number of existing liens, this process might also give the City an additional leverage point to compel the transfer of property to a new, more

responsible owner. The Blight Task Force and the Office of the Tax Collector are already looking at ways to better track these liens – they should also look at ways in which these liens could be systematically added to the property tax bill. An essential, equitable element of this tactic must be to ensure that vulnerable homeowners, including low-income or elderly homeowners, are given ample opportunity to comply, or directed to resources or assistance to make repairs. This element is necessary to ensure such an approach does not have the unintended effect of either displacing vulnerable residents or encouraging the abandonment of property.

- 6. Identify and prioritize for demolition those properties that are structurally unsafe and causing the most harm.** Identify and prioritize demolition candidates among those properties on the potential “Unsafe Building List,” mentioned in Recommendation 7 in the previous section, regardless of tax paying status as part of a more comprehensive effort to improving the health and safety of neighborhoods. Decisions should also reflect broader neighborhood redevelopment goals and land reuse opportunities in order to maximize the impact, both short term and long term, of limited demolition dollars.

LONG TERM

- 7. Use improved data to target efforts designed to force the possible transfer of certain problem properties to new owners in those neighborhoods that make the most sense from a market/impact perspective.** Currently, the sole focus of most of the City’s code enforcement is compliance. If code enforcement is tied more closely to outcomes, such as neighborhood planning and available and practical land reuse strategies, enforcement can be strategically carried out to ensure that those properties that continue to be non-compliant have a path to new, responsible ownership and productive reuse. To effectively target those strategies, improved data management and analysis is a necessity. For example, the use of the civil judgment process for vacant properties in violation of the Blight Elimination Ordinance may make sense in certain neighborhoods where the City has a plan in place to assemble properties for a larger affordable housing development and the lien could be used as leverage to acquire the vacant property through the delinquent property tax enforcement process if it is not paid.
- 8. Clarify lien priority in State Law.** This assessment has referenced two types of code liens that can be enforced in Connecticut on a priority level just below that of property taxes: liens for blight violations, and liens for the abatement of certain types of nuisances. Where there is a violation of the State Building Code, Fire Prevention Code, Fire Safety Code, and local housing codes, it is less clear whether a civil judgment could be enforced in the same way. This may be an area for city and state leaders to examine for legislative reform.

9. **Explore whether a change to State Law to elevate the lien priority of code liens could also allow the City to foreclose on its code liens in a manner similar to the foreclosure of tax liens.** The process of code lien foreclosure is one that is used in New Orleans, Louisiana, to enforce unpaid code liens,²⁸ and recent legislation was passed in Alabama that allows the City of Mobile to enforce unpaid code liens through *in rem* judicial foreclosure.²⁹ Such a foreclosure process could give the City an additional point of leverage to compel either payment of the City's enforcement costs or the potential transfer of those properties where an owner may be irresponsible as to the condition of the property but where property taxes are current.

²⁸ See the City of New Orleans website at: <https://www.nola.gov/code-enforcement/fighting-blight/>.

²⁹ See Sections 11-40-60 through 11-40-69 of the Code of Alabama of 1975 (Westlaw 2017).

V. DELINQUENT PROPERTY TAX ENFORCEMENT AS A TOOL TO COMPEL MORE RESPONSIBLE OWNERSHIP

Examination of the City's enforcement of delinquent property taxes is important in the context of this assessment for two primary reasons. First, the presence of delinquent property taxes is one of the most common indicators of vacancy and abandonment across the country. Second, an efficient and effective process of delinquent property tax enforcement can provide a clear path to new, responsible ownership of delinquent property, which is especially important for those delinquent properties that are vacant and abandoned and have a negative impact on a neighborhood.

The mechanisms used by local governments to collect unpaid property taxes are often complex, lengthy, and inefficient. Nevertheless, delinquent property tax enforcement systems provide local governments with a key point of leverage to transfer delinquent properties to new and hopefully more responsible owners. This is possible because unpaid taxes often represent the highest priority interest someone other than the owner can have in a property. The legal interest of unpaid taxes due to the local government is higher than that of a mortgage holder and higher than those who have a lien on the property for unpaid work done on the property. In fact, the only interest higher in State Law is that of the United States Internal Revenue Service for unpaid federal taxes.

A. OVERVIEW OF CITY'S CURRENT APPROACH TO DELINQUENT PROPERTY TAX ENFORCEMENT

The City's process of collecting delinquent property taxes is largely grounded in State Law, though enforcement varies from municipality to municipality in Connecticut.³⁰ Because there are no county governments in Connecticut, the burden of property tax collection falls to the City's Office of the Tax Collector ("Tax Collector"), housed in the City's Department of Finance. What follows is a brief overview of the process.

Property taxes are assessed by the City as of October 1 and the property taxes are due in two installments, the first half by June 1 of the year following the October 1 assessment, and the second half by January 1 of the following year. Tax bills include taxes due to the City (which includes the school district), as well as water and sanitation charges, and special assessments. State Law also permits the inclusion of certain code enforcement liens or nuisance abatement costs on the property tax installment bill, although the City is currently not exercising this right.

If a property owner fails to pay taxes within 30 days of the date they are due, the City must make a written, personal demand of the owner for payment to that person's last known address, if known. The written demand entitles the Tax Collector to levy the real and personal property of the owner for the amount of the taxes owed. On the first day of the month following an installment due date, 1.5 percent interest begins to accrue on any unpaid tax debt. The Tax Collector reported working closely with taxpayers who want to pay but struggle to do so, but the City is reportedly unable to offer hardship payment plans.

If property taxes remain unpaid, the City chooses to pursue collection of the unpaid taxes by either (a) enforcing a tax warrant, or (b) enforcing a tax lien. In practice, the first step the City takes to collect unpaid taxes is to issue a *tax warrant*, and pursue personal collection. If personal collection fails to recoup the amount of the unpaid taxes, the City may opt to enforce the *tax warrant* by auctioning the property to a private bidder. Alternatively, if the City identifies a use or potential development for the property, it may choose to foreclose on the *tax lien* through a judicial process. The provisions of State Law that allow for these paths of enforcement are highlighted in *Figure 6*.

³⁰ See Connecticut General Statutes Annotated ("Conn. Gen. St.") §§ 12-122 through 12-170, related to the "Local Levy and Collection of Taxes," and §§ 12-171 through 12-195h, related to the enforcement of "Municipal Tax Liens" (Westlaw 2017).

Enforcing a Tax Warrant: Personal Collection and Tax Auction

- The City may execute a “tax warrant” and forward the warrant to the State Marshals to pursue personal collection against the owner. *Conn. Gen. St. § 12-155 (Westlaw 2017)*.
- The City may offer property where one or more tax warrants have been issued at a public auction for the amount of all unpaid taxes, interest, and any charges or penalties. *Conn. Gen. St. § 12-157*.

Figure 6:
Options for Delinquent
Tax Enforcement in
Waterbury

Enforcing a Tax Lien: Judicial Foreclosure

- The City may foreclose on the tax lien on any type of property through a judicial process, whereby the property is offered for sale at the conclusion of the foreclosure at a public auction. *Conn. Gen. St. § 12-181*.
- The City may foreclose on the tax lien on any type of property through strict judicial foreclosure, which means if the foreclosure action is successful, title will be granted to the City. *Conn. Gen. St. § 12-181*.
- The City may file a “summary foreclosure” of a tax lien, or a group of tax liens, for property where the fair market value is less than the sum of outstanding tax liens or other encumbrances on the property and the property is worth less than \$100,000. This process can be used up to two times per year. *Conn. Gen. St. § 12-182*.
- The City may assign its tax lien to a third party to enforce or foreclose. (This tool is not currently used by the City.) *Conn. Gen. St. § 12-195h*.

i. Enforcement of the Tax Warrant: Personal Collection and the Tax Auction

1. Personal collection

Personal collection is the first approach to collecting property taxes in Waterbury. The City reports that its annual budget anticipates that 96 percent of all property taxes will be collected, and that the current approach routinely results in better than 98 percent of all property taxes collected, so the money is clearly getting collected. What is unclear is whether this approach has an impact or is a contributing factor to vacancy and abandonment in Waterbury. For example, does aggressive personal collection lead to a lack of resources for certain homeowners to make repairs to their property?

In Waterbury, if a property owner misses an installment and the taxes remain delinquent 60 days after the due date, a tax warrant is issued and sent to the State Marshals for personal collection against the owner or other responsible party.³¹ This is true for all properties in Waterbury. The City reported that in 2016, roughly 1,800 tax warrants were issued, although that number is down from what used to be an average of 3,000 per year.

Marshals send notice by mail to delinquent property owners and often attempt to personally contact owners. If the owner cannot be located, the Marshals may attempt to contact a mortgage company or other lien holder with an interest in the property. If those attempts fail, the Marshals seek to secure payment by issuing an execution on the property owner's bank account, if known, or, if the place of employment of the owner can be found, by garnishing that person's wages. Marshals report working closely with owners and providing them with flexible options for payment, such as spreading multiple smaller payments out over the period before the next property tax installment is due.

2. *Tax auction*

Although State Law permits property to be offered for sale at a tax auction after one or more installments is delinquent, current City policy requires a property to be delinquent for three installments (or roughly one and a half years) before the City will consider the property for auction. If the property is delinquent for three installments, meaning the collection efforts by the Marshal were unsuccessful up to that point, then the property is added to a list for the City's Auction Committee to review. The Auction Committee is a group of City leaders from the Office of the Tax Collector, WCD, the Mayor's Office, Planning, Finance, and other City departments, that makes the decision on which properties are appropriate for the City to offer at the tax auction.

Cost is a major factor in whether the City will offer property at auction. The decision to include a property on the initial list for auction by the Auction Committee is largely based on whether there will be a likely bidder for the property at auction that will offer at least the opening bid, an amount which includes all unpaid property taxes, water and sewer charges and assessments, interest on the unpaid amount, and any fees or costs related to collection of the unpaid amounts. If the answer is "no," it is unlikely the Auction Committee will add the property to the initial auction list for two reasons: (1) the average cost of taking a property to auction, which includes title searches, notices to interested parties, and other costs, is about \$3,000, which is a cost for which the City will be on the hook for if there are no bids; and (2) if there are no bidders, State Law allows the property to be "sold" to the City, although State Law does not *require* the City to purchase the property. But because of the amount already invested in taking the property to auction, the City will likely choose to take the property to avoid having to offer the property and pay for the auction process again. This outcome is one in which the City has expressed disinterest.

³¹ State Marshals are those persons approved by Connecticut's State Marshal Commission to, among other duties, collect tax debts owed to municipalities. State Marshals are not technically state employees and operate in a manner similar to that of independent contractors. For example, State Marshals earn a percentage (15 percent) of the real and personal property taxes they are able to collect. In Waterbury, elected town constables also serve a similar role. In this assessment, constables are generally included in any reference to the State Marshals for convenience.

For example, vacant lots are generally not approved for auction because it would be unlikely that anyone would offer the opening bid, or the total amount of taxes, assessments, charges, fees, and interest due, and the City would have to absorb the cost of putting the property through the auction. State Law does not prohibit the City from accepting less than the minimum bid for property at auction, but according to City officials and the State Marshals such a practice does not currently exist. Thus, the current process of deciding which properties are included for public auction is limited and results in a number of properties, some of which are likely vacant and abandoned, that continue to accrue unpaid taxes with little hope of either recovery of those taxes or of the property being put up for auction and transferred. The call out box on this page highlights these types of properties in Waterbury.

If the Auction Committee approves the property for auction, it is then subject to review by various City departments and the City's Land Reuse Committee, a committee with many of the same individuals that are also on the Auction Committee. These City departments and the Land Reuse Committee look at properties on the list to determine whether they have any public use or need. This use or need could include identifying a potential developer or buyer who might be interested in a certain type of project or development for one of the properties on the list. If a use or need is identified, the property is removed from the auction list to try to line up an end user for that property, after which the property may be subject to another avenue of enforcement, like judicial foreclosure of the tax lien. After this rigorous review, the auction list is finalized and made public.

In 2016, the Auction Committee approved 365 properties for the auction. City departments and committees removed 42 properties from the list for various reasons, bringing the total slated for auction to 323. Of these, 209 of the property owners redeemed the property before it could be auctioned by paying all the taxes, interest, charges and fees due. Therefore, only 114 properties were offered at auction in 2016. All of these 114 properties received a bid at auction and were sold.

CHRONICALLY TAX DELINQUENT PROPERTIES

At the request of Community Progress, the Tax Collector's office uncovered just over 580 chronically delinquent properties which had never been offered at the tax auction and remained uncollected. (Chronically delinquent property = property with 3 or more successive delinquent installments.)

Of the more than 580 chronically delinquent properties, more than 510 are vacant lots. Meanwhile, many of these chronically delinquent properties continue to present nuisances to the community, and likely end up again and again on the radar of the Blight Task Force, placing a demand on City resources and services.

Figure 7: 2016 Delinquent Property Tax Enforcement Statistics in Waterbury



Purchasers at the tax auction receive a deed to the property which is delivered to the Town Clerk. Six months from the date of the auction (the redemption period), if the owner has still failed to pay back all of the unpaid taxes, interest, charges, and fees due, the Town Clerk records the deed and the purchaser may take possession of the property. City officials indicated that there is only one local title insurer that will insure title acquired through the tax auction, but that insurer will not insure title if the previous owner was either deceased or an out-of-state corporation.

The tax auction provides a useful mechanism to transfer a limited subset of economically valuable properties to a new owner. The process, however, has its challenges: properties with little or no value, like vacant and abandoned properties, are generally excluded from the process, there is no mechanism to limit speculative purchasers with deep pockets from outbidding potential homebuyers, and title acquired at the auction to the properties previously owned by deceased or out-of-state corporations may not be insurable.

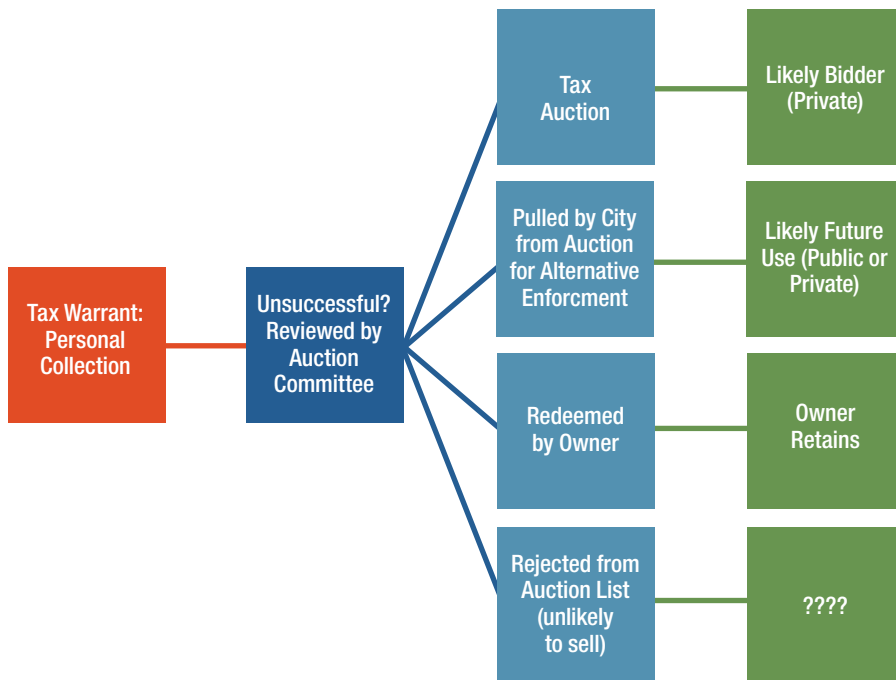


Figure 8:
Current Enforcement
of Tax Warrants in
Waterbury

ii. Enforcement of the Tax Lien: Judicial Foreclosure

The judicial foreclosure of a tax lien offers the City an alternative to the tax auction as a means to compel the transfer of tax delinquent property to a new owner, and the process offers at least two advantages that the tax auction does not: (a) depending on which judicial foreclosure tool is used, the City has a direct path to acquire title to the property, and (b) title conveyed at the end of the tax lien foreclosure is insurable and marketable.³²

Under current City policies, judicial foreclosure is an option the City usually pursues only for those properties that appear on the list of properties approved by the Auction Committee for auction for which the City has a specific purpose or end use in mind. As a reminder, properties that are on the Auction Committee’s list for auction include only those properties that have first been subjected to the issuance of a tax warrant, followed by personal collection attempts by the State Marshal, and have been delinquent for three or more installments. Note that State Law does not require the City to first pursue the enforcement of a tax warrant by personal collection.

State Law does not appear to proscribe a minimum amount of time a property must be delinquent before the City can foreclose on its tax lien.³³ In any type of foreclosure action filed by the City, the court also has the authority to set the time for redemption, which may or may not be the same redemption period as the six month period granted to a property owner after the sale of property at the tax auction.

³² Title acquired through a judicial proceeding for delinquent property tax enforcement is generally insurable, given the judicial oversight of the process and required notice to parties interested in the property.

³³ See Conn. Gen. St. § 12-181.

There are three types of mechanisms the City may take to foreclose on a tax lien in State Law: (1) foreclosure by sale, which takes a minimum of nine months (often more than a year) and involves the foreclosure of the City’s tax lien and, upon the court’s approval, a public sale of the property; (2) strict foreclosure, which takes from six to nine months and results in title passed directly to the City at the conclusion of the foreclosure; and (3) summary foreclosure, which can take from six months to one year and authorizes the City to file a single foreclosure action for multiple properties and, if the judgment is successful, the process results in title passed directly to the City. The City’s Corporation Counsel has developed an excellent menu of “Property Acquisition” tools available to the City in State Law detailing these methods of judicial tax lien foreclosure as well as several others, complete with expected timelines and costs for each action. The list of these tools is readily available to City officials for consultation as needed, and the fact that it exists as a one-page, simple list for local policy-makers and non-lawyers alike to digest is a model practice that should be commended.

Summary foreclosure is an interesting tool because it allows the City to combine several properties into a single, bulk judicial action and a successful judgment will result in title in all properties passed directly to the City, or at least for those properties that the owner does not redeem throughout the process. There are some drawbacks including, notably, that summary foreclosure is only available for properties that are worth less than \$100,000 and where the fair market value is less than the amount of the tax lien or other encumbrances on the property. The City’s Corporation Counsel states that this tool has been used to foreclose on up to 30 properties in a single action (though there does not appear to be a limit to this number), and the City can file up to two of these actions in a calendar year.³⁴

B. RECOMMENDATIONS FOR BETTER ALIGNMENT OF THE CITY’S APPROACH TO DELINQUENT TAX ENFORCEMENT SYSTEM TO NEIGHBORHOOD STABILIZATION EFFORTS

SHORT TERM

- 1. Provide education designed to help property owners understand property taxes and available options for relief.** Given that many stakeholders reported that property taxes in Waterbury were quite high, there is also a clear need for some form of relief, particularly for certain vulnerable property owners.³⁵ There are a number of available options in State Law to the City to reduce or abate tax bills for the elderly, disabled, veterans, low-income homeowners, and for affordable housing developers. Thus, the importance of ensuring residents are educated and understand what the property tax is

³⁴ City officials confirmed that summary foreclosure was the method primarily used to acquire properties that were demolished over the last five years under the Mayor’s more aggressive blight removal initiative. However, acquisitions—and demolitions—slowed down considerably the last two years. Of 102 properties acquired by the City between 2012 and 2017, only 7 of them were acquired in the last two years.

³⁵ Data from the *50-State Property Tax Comparison Study: For Taxes Paid in 2015* by the Lincoln Institute of Land Policy and the Minnesota Center for Fiscal Excellence (June 2016) reveals that many Connecticut cities have a high effective property tax rate (meaning that cities in Connecticut have an effective property tax rate more than 50 percent higher than rural areas). In fact, the largest city in Connecticut, Bridgeport, actually has the highest effective tax rate in the country at more than 3.8 percent. See <https://www.lincolninstitute.org/sites/default/files/pubfiles/50-state-property-tax-study-2016-full.pdf>.

and what options for relief might be available are critical. The City's website lists some of these options, but developing a more robust resource that details what the property tax is, the consequences and timeline for enforcement if those taxes are not paid, and options for relief, and then including that educational resource with the annual property tax bill might be well-received. Such a resource should also be produced in Spanish, if possible, to account for those residents who do not speak English.

2. **Determine if hardship payment plans for low-income or elderly homeowners are possible under State Law.** The Office of the Tax Collector noted that the most State Law allows them to offer homeowners who have difficulty paying their property taxes is the opportunity to pay in the two installments. State Marshals mentioned that they offer more flexible options for payment within the window of time before the next installment comes due. Both the Tax Collector and the State Marshals are sympathetic to taxpayers who need additional support, but noted little legal authority to expand on their current practices. Both parties should consider working with the Corporation Counsel to identify whether State Law permits longer term payment plans or financial support for vulnerable homeowners, like those who are low-income or elderly *before* tax warrants are issued.
3. **Review the current practice of personal collection to collect unpaid property taxes to understand whether it impacts or incentivizes vacancy and abandonment.** For those property owners that do not voluntarily pay their property taxes but where the State Marshals are able to recover the amounts owed by issuing an execution on the owner's bank account or, if an employer is found, garnishing the wages of the owner, the City should review past year's data to answer the following questions: (a) are those properties more likely to continue to be delinquent and eventually auctioned, (b) are those properties more likely to have recent code violations, or (c) are those properties more likely to become vacant and abandoned?
4. **Add code enforcement liens to the property tax bill.** Under State Law, the City has the authority to add code enforcement liens for abating nuisances on certain properties and, theoretically, for penalties from violations of the City's Blight Elimination Ordinance (if the civil judgment procedure is followed). For those types of liens, the City should consider adding code enforcement liens to the property tax bill and, in the event of nonpayment of property taxes, ensure those costs are part of the minimum bid accepted at the tax auction. The City has the authority to reduce those liens if it ultimately determines there is a responsible end user who will not be able to pay those code lien costs in addition to the tax lien, but an initial attempt to fully recover the taxpayers' costs for maintaining those properties should be made. Of course, equitable concessions should be made for those low-income homeowners that may require them.

5. **Instead of waiting for 3 delinquent installments, add all known vacant and abandoned properties with at least 1 delinquent installment to the tax auction list immediately.**

The longer a property is vacant, the longer and more severe the negative impact on neighbors and neighborhoods. Identifying those properties and getting them into the pipeline for the tax auction as soon as possible also increases the chance to preserve the condition of the property, making rehab more palatable for a potential purchaser.

6. **Expand the focus of and rebrand the “Auction Committee” to become the “Land Advisory Committee.”**

The focus of the Auction Committee, as reported to Community Progress, is primarily to make a list of those properties that are eligible for tax auction and are likely to receive a bid. While this should remain a critical part of the Committee’s work, the Auction Committee might provide a key opportunity for an expanded purpose, which could include: (a) ensuring **all** tax delinquent property is tracked and directed down an appropriate path for reuse, and (b) building public trust and transparency in the process. There may also be an opportunity to align the efforts of the Land Reuse Committee with the efforts of a potential Land Advisory Committee to further consolidate the City’s decisions related to the reuse of land. Additionally, consider having the Land Advisory Committee present quarterly to the Blight Task Force *before* initial lists are finalized to improve communication and potentially glean key insights from those in the field reacting to the nuisances generated by problematic properties and irresponsible owners.

7. **Explore whether State Law prohibits the Tax Collector or State Marshal from qualifying bidders at the Tax Auction.**

A repeated claim by stakeholders throughout our visit was that some of the more problematic properties in Waterbury, often rental properties, were owned by out-of-state or corporate owners who acquired the property at the tax sale. Consider passing an ordinance that requires purchasers at the tax auction to meet certain qualifications in order to bid. For example:

Tax Auction Purchasers Must:

- Present evidence of a property manager with a local, New Haven County address
- If incorporated, be registered with the Connecticut Secretary of State
- Not owe any debt to the City or have owned property in Waterbury that was cited for a code violation in the past 12 months
- Must never have owned a property in Waterbury that was sold through either the tax auction or the tax lien foreclosure process

Figure 9:
Potential Tax
Auction Purchaser
Requirements in
Waterbury

- 8. Prioritize summary judgment as the preferred method of transferring ownership of tax delinquent property (instead of the tax auction) for all property that qualifies for summary foreclosure.** Summary foreclosure would allow the City to file a bulk foreclosure action for all properties on which the City wishes to foreclose its tax lien if the fair market value of the property is less than \$100,000 and if the sum of all liens on the property are greater than the property value. Such a decision would have a number of drawbacks – it might be more expensive, it might take longer, and it is less likely the State Marshals would be involved, meaning additional City resources would be needed to support the undertaking. The benefit, however, would be clear: the City is granted title to the property at the end of the process, giving them ultimate control over how the property is disposed. While this decision is completely dependent on the City's response to the discussion in the next section, the benefit of that control could be seen in a number of ways: the City could still hold an auction of property, but could do so at whatever price it felt was appropriate; certain deed restrictions might be added, ensuring that property owners who take title without the resources or willingness to properly rehab the property would lose the property after a period of time; and the City could more easily direct certain properties to strategic partners for neighborhood development.

VI. THE NEED TO DEFINE THE CITY'S ROLE IN LAND ACQUISITION, MANAGEMENT, AND DISPOSITION

A key decision facing the City is what role it wants to play with respect to land acquisition, management, and disposition as part of a more comprehensive and strategic approach to neighborhood stabilization and revitalization. If the City sees its role as merely a pass-through for developers, prospective businesses, or homeowners who might have an interest in specific parcels of land, then the current approach with a few simple tweaks offers that opportunity. In fact, the City has facilitated several successful developments by helping local nonprofit developers acquire properties, such as the affordable housing development near the old downtown YMCA carried out by NeighborWorks New Horizons.³⁶

If the City desires to pursue neighborhood stabilization and critical investment in communities with depressed real estate markets and other challenges, then the City must consider acquiring, remediating, and maintaining strategic and often low-value inventories of property for which there is little immediate market interest, but which are harming neighborhoods and neighborhoods.

A. OVERVIEW OF CITY'S CURRENT APPROACH TO LAND ACQUISITION, MANAGEMENT, AND DISPOSITION

The City's current approach to land acquisition, management, and disposition is mostly limited to those properties for which a specific purpose and end use is already identified. In addition, most of the City's efforts to acquire property are concentrated downtown, not in the City's neighborhoods. For example, the City usually only *acquires* property if it believes it has an interested buyer or has

³⁶ For a list of some of the development projects in Waterbury, see the WDC's Community Impact Map, available on the City's website at: http://gis.waterburycct.org/GIS/Map_PDFs/General/WDC_Impact.pdf.

already secured one. This means there are little or no purchases made with long term goals such as holding land for possible future assemblage and, even if there were, there are no real neighborhood plans to inform future land use outside of those plans made for specific redevelopment projects. The City also does not currently have the capacity to properly *manage* properties it might acquire. In fact, City officials informed Community Progress that past City acquisitions have not always produced the results for which many might have hoped, and those experiences revealed a lack of capacity to manage and properly market property within the City. These past deals have also highlighted the tension between how the City and the Board of Alderman see the City's role as a property owner. Finally, some City officials and local nonprofit representatives reported that *disposition* of property owned by the City is challenging because local procurement procedures require various stages of review by City officials and public approval of the disposition through the Board of Aldermen. That perception was not shared by the Corporation Counsel's office, which indicated a much more streamlined approach was possible with its guidance.

Despite the challenges and tensions that exist in the City's current approach to land acquisition, management, and disposition, an expansion of that role is a necessary investment in the growth and revitalization of the City's neighborhoods. Over the last several years the City has invested heavily in economic development and strengthening the downtown, efforts it should continue to pursue. Under the Mayor's leadership, the City has also invested in creating and supporting neighborhood assets by using a significant portion of Community Development Block Grant ("CDBG") funds to rebuild the City's struggling park system into safe and dynamic neighborhood spaces. Most of the work on the parks has been completed, which presents an optimal opportunity to build on that great work and to shift that investment focus and, optimally, those CDBG dollars, to support the core of the City's identity – its residential neighborhoods. To best take advantage of this opportunity, it will be necessary to first identify and map the entire inventory of properties in residential neighborhoods that are primed for acquisition, like those chronically delinquent properties in Waterbury. Knowledge of this data point will begin to shed light on the scale of investment needed.

There are a number of reasons the City and local leaders may have for not expanding the City's role in property acquisition, management, and disposition. But the question to ask in response is: what is the cost of doing nothing? In other words, what happens to that property if the City does not intervene?

The answer, likely, is nothing. The status quo will remain. Out of town investors will continue to purchase property cheaply through the tax auction to take advantage of a system that allows them to rent out properties just long enough to earn their money back with only the bare minimum improvements made before abandoning the property. Property owners will continue to choose not to improve their properties because the cost of rehabilitation will exceed the value in the property. Corporate, out-of-state property owners will continue to ignore code enforcement or delinquent property tax enforcement efforts because the City cannot find them or hold them personally responsible. Properties that deteriorate will continue to require taxpayer dollars in the form of police, fire, and code enforcement services, and will continue to present safety concerns, drain local tax dollars, and harm the value of nearby properties.

Should the City decide that the status quo is no longer an effective approach to protecting neighbors and neighborhoods from vacancy and abandonment and nuisance properties, it has multiple options to explore. A decision to invest in the land itself will also require a corresponding decision to continue investing in staff with the expertise to manage property and to make decisions about the most equitable and productive ways in which it should be used.

B. A NOTE ON LAND BANKING

Throughout Community Progress' engagement, stakeholders raised either the creation of a land bank or the implementation of a land banking program as possible tools to acquire, manage, hold, and dispose of property. Land banks are typically governmental or quasi-governmental entities or nonprofit corporations that are focused on the conversion of vacant, abandoned, and tax delinquent properties into productive use. One of the primary purposes of a land bank is to acquire title to such properties, clear the title of any past liens, and transfer the properties to new, responsible owners in a transparent manner that is consistent with the needs and desires of the community. Many of the most effective land banks around the country have special powers granted by state-enabling legislation that allow them to undertake these activities more effectively, efficiently, and equitably than other public or nonprofit entities.³⁷ Some of the key powers that can be granted through state-enabling legislation include:

- Ability to acquire tax delinquent property for substantially less than the amounts due on the property.
- Ability to ensure that past liens are extinguished and that title offered for sale is insurable and marketable.
- Ability to dispose of properties more flexibly than local governments, prioritizing best outcome over highest offer.
- Dedicated funding to pay for acquisition costs, management costs, and disposition costs

A land banking program, on the other hand, is the practice of holding, managing, and disposing of public land by a public entity in a way that seeks to maximize optimal use of the land for a public benefit. Local governments can deploy land banking programs, but those programs are often subject to the limitations of the local government with respect to acquisition and disposition.

There is no state-enabling legislation that would allow the City to create an effective land bank. Accordingly, the City would need to play a major role in designing and funding any kind of land bank or land banking program and the program would be subject to the City's acquisition and disposition powers and limitations.

There are ways the City might explore a land banking program. For example, the City could pursue targeted properties on behalf of the land banking program by filing a summary foreclosure on its tax liens for those properties. The City would still need to pay for the foreclosure costs, it would

³⁷ For a detailed review of land banks and land banking programs, including sample state-enabling legislation, see *Land Banks and Land Banking, 2nd Ed.* available for download on the Community Progress website at: http://action.communityprogress.net/p/salsa/web/common/public/signup?signup_page_KEY=8679.

be subject to the limitations of summary foreclosure (property value of less than \$100,000 and liens are worth more than the value of the property), and it would still need to either hold title to the properties or transfer the properties to the land banking program in accordance with local procurement requirements that include various approvals from City officials or commissions and a public hearing before the Board of Alderman.

There may be opportunities to build statewide support for land banking legislation in Connecticut. In July, 2017, Connecticut House Bill 7229 was signed into law which allows a Connecticut nonprofit corporation to apply to the State's Commissioner of Economic and Community Development to become a Connecticut Brownfield Land Bank ("CBLB"). A CBLB may only acquire property that is either a brownfield site or property that is located adjacent to or in close proximity to a brownfield site, so its use is extremely limited, but the legislation has certainly paved the way for additional talks on land banking activities in Connecticut.

C. RECOMMENDATIONS TO IMPROVE THE CITY'S APPROACH TO LAND ACQUISITION, MANAGEMENT, AND DISPOSITION FOR NEIGHBORHOOD STABILIZATION

SHORT TERM

- 1. Map all vacant lots in Waterbury.** The inventory of land on which possible future development might occur is critical to understand and to visualize. One place to start is to map all vacant land in Waterbury, even if those parcels are not of a size to support development. All lots that are vacant should be highlighted, although the map should show different shades for the lots that are: (a) owned by the City, (b) are delinquent on at least one property tax installment, or (c) are chronically tax delinquent. Lots should also be classified by whether they are residential or commercial.
- 2. Consider acquiring strategic vacant lots that may not have interest from a potential purchaser right away.** The City does not have a strong appetite for ownership of vacant lots or other types of property, although it continues to expend taxpayer dollars on municipal services for privately-owned property in terms of conducting inspections for suspected code violations, calls for Police or Fire services, mowing high grass, removing accumulated debris, and occasionally boarding up a vacant property. If City ownership of the property might have some impact on the provision of those services, then it makes sense to first determine and track the location of these properties. It is likely that most of these properties that are vacant lots will overlap with the 500 plus chronically tax delinquent vacant lots in Waterbury. The benefit of long term holding of vacant lots allows the City to be flexible and responsive with disposition in the future. This might be appropriate, for example, if the lot is located in an area where the City might anticipate future demolition of a number of structures either adjacent to or near the existing vacant lot. Because stakeholders conveyed to Community

Progress that Waterbury is mostly built out and there is little land available for new development (particularly in residential neighborhoods), this tactic might allow the City to potentially assemble multiple lots over time for the purposes of new, future residential development.

3. **Explore the market for the 500+ chronically tax delinquent vacant lots.** These chronically delinquent lots identified by the Tax Collector are currently sitting without anyone paying taxes, with the City likely at some point mowing the yard or cleaning up debris dumped on the property. In many cases, it is possible these lots are already being productively used by the neighboring owner for parking or another purpose. Many City officials expressed a willingness to acquire these lots and offer them to neighboring home owners for a nominal amount. Such programs, like the large lot program in Chicago, will not bring back an immediate financial return, but have the benefit of adding the parcels back to the tax rolls and eliminating the City's need to provide ongoing maintenance (mowing, debris removal).³⁸ One obstacle raised to this idea was that the cost of acquiring each lot is around \$3,000 through the tax auction. Another idea to explore is whether it would be more cost efficient for a large number of these lots to be included in a single summary foreclosure action, although title search and various court costs may also impose a high cost burden.
4. **Explore whether the City can attach performance conditions to a deed conveying property out of its inventory.** The City likely has discretion to attach certain performance restrictions to property it conveys out of its own inventory, and no State Law provisions restricting such authority were found in the initial research for this assessment. The types of restrictions that might be helpful to impose are those ensuring that, for example, if a property is cited for a housing and building code violation, or if repairs are not made within a certain period of time, then the property would revert back to the City and all monies paid would be forfeited.
5. **Immediately shift focus of CDBG resources to support implementation of assessment recommendations.** Based on stakeholder interviews and a review of CDBG reports, the City is using a minimal amount of this “blight prevention/elimination” federal grant to support housing and neighborhood revitalization goals. As mentioned previously, the majority of CDBG resources have been committed to support the Mayor's bold “parks and youth agenda,” which has been a tremendous success. However, the time is now for the City to set a five-year investment strategy of CDBG resources that supports the implementation of reforms and recommendations outlined in this assessment, specifically the boosting of planning capacity in order to support resident-driven neighborhood planning initiatives.³⁹

³⁸ See, for example, the City of Chicago's Large Lot website at: <https://www.largelots.org/>.

³⁹ According to the City's CDBG Expenditure Report (10/1/15 – 9/30/16), the City spent more than \$1.2 million of its nearly \$1.86 million CDBG grant on public facilities (parks, fire station, etc.), zero dollars on demolition or eligible housing acquisition/repair activities, and less than 13% (\$226,490) of the grant on planning and administrative activities (<https://tinyurl.com/ydcaqhoy>). CDBG program regulations allow a recipient community to spend up to 20% on planning and administrative activities, which could mean an additional \$140,000 annually in support of planning staff and planning activities.

- 6. Consider working with statewide partners to explore whether statewide land bank enabling legislation is possible in Connecticut and makes sense for Waterbury.**
While creating a land banking program may be possible without legislation, state-enabling legislation that clarifies certain powers, like, for example, granting direct ties to the delinquent property tax enforcement process, priority bidding, flexible and nimble disposition authority, and sustained funding streams, is critical.
- 7. Explore smaller, micro-planning as an alternative to more comprehensive neighborhood planning given the past lack of success with neighborhood planning.**
Micro asset planning is a tool that some communities have used to develop a plan for smaller areas, like areas of several blocks instead of an entire neighborhood. The idea behind such planning involves identifying smaller, “micro” assets, like a park or a small church, around which to structure the plan. An example of this type of planning can be seen in strategies developed by the Youngstown Neighborhood Development Corporation.⁴⁰

⁴⁰ See more about the YNDC’s asset-based micro-planning on the Community Progress website at: <http://www.communityprogress.net/blog/small-scale-big-results-assetbased-microplanning-youngstown-ohio/>

VII. CONCLUSION

The City has worked hard to respond to the problems posed by vacant and abandoned properties in Waterbury. The progress made over the last several years to respond to housing and building code violations, build up community assets like neighborhood parks, and to attract new development to downtown, are critical steps to building a foundation for stabilization and revitalization in Waterbury. Community Progress encourages City leadership to take the next step and acknowledge how these past efforts have created a foundation for a comprehensive, systemic approach that considers the full life-cycle of property in Waterbury.

This assessment is intended to provide the City and the Foundation with a blueprint for where and how to start building this new approach. First, the assessment offered observations and recommendations to help the City build better and more robust data collection and management practices as they relate to property. Second, the assessment examined how the City might utilize improved data practices to implement more proactive code enforcement strategies to address vacant and abandoned property, including how to tie those strategies to outcomes in the event of non-compliance. Third, the assessment examined opportunities for how the delinquent property tax enforcement system could be used as an integral step to compel payment of the City's costs related to code enforcement and, if those costs are not paid, to compel the possible transfer of property to a new, more responsible owner. Finally, the assessment examined public acquisition and land reuse policies and procedures currently in place in the City, and offered suggestions for how those policies might be expanded as part of a more comprehensive approach to property in the future.

Community Progress hopes this assessment offers ideas that will support the expansion and improvement of the City's approach to vacant and abandoned property. We thank the City and Community leaders that volunteered their time and expertise to inform this assessment, and we thank the Foundation for its support in making this engagement possible.

APPENDIX: LIST OF STAKEHOLDERS INTERVIEWED

Over the course of the engagement with the Foundation and the City, Community Progress visited Waterbury three times and conducted numerous telephone conferences. The following is a complete list of parties consulted throughout the engagement.

CITY OF WATERBURY STAKEHOLDERS

NAME		TITLE	DEPARTMENT/AGENCY
Terry	Ballou	Fire Marshall	Fire Department
Nick	Bamonte	Assistant Corporation Counsel	Office of the Corporation Counsel
Ryan	Bessette	Blight Supervisor	Police Department
Frank	Caruso	Revenue Collection Manager/Tax Collector	Department of Finance
Al	Coppola	Commissioner	Litter & Beautification Commission
David	Dietsch	Assessor	Assessor's Office
Joseph	Geary	Director of Operations	Office of the Mayor
Sara	Geary	Policy & Budget Management Specialist	Office of the Mayor
Greg	Hadley	Alderman	Board of Aldermen (and Director of Walnut Orange Walsh Learning Center)
Dan	Iarrapino	Director	Department of Information Technology
Daniel	Lauer	Captain	Police Department
Mike	LeBlanc	Director	Department of Finance
Richard	Lee	Chief Sanitarian	Department of Public Health
Victor	Lopez	Alderman	Board of Aldermen (and Director of Hispanic Coalition)
Fanny	Marrone	Commissioner	Litter & Beautification Commission
Joseph	McGrath	Director	Department of Economic Development
Kathy	McNamara	Grants Administrator	Office of the Mayor
Michael	Mucciacciaro	Commissioner	Litter & Beautification Commission

CITY OF WATERBURY STAKEHOLDERS - CONTINUED

NAME		TITLE	DEPARTMENT/AGENCY
Neil	O'Leary	Mayor	Office of the Mayor
Nancy	Olson	Deputy Tax Collector	Department of Finance
Bonnie	Orintas	Commissioner	Litter & Beautification Commission
William	Quinn	Director	Department of Public Health
James	Sequin	City Planner	City Planning & Inland Wetlands
David	Simpson	Director	Department of Public Works
Kevin	Soden	Network Manager	Department of Information Technology
Diane	Toolan	Housing and Community Planning Program Director	Waterbury Community Development Office
Bruce	Watts	System Administrator	Department of Information Technology
Monroe	Webster	Mayoral Aide	Office of the Mayor
Linda	Wihbey	Corporation Counsel	Office of the Corporation Counsel

CITY OF WATERBURY PARTNER STAKEHOLDERS

NAME		TITLE	ORGANIZATION
Sue	Provonost	Executive Director	Brass City Harvest
Kathryn	Luria	Secretary, Board of Directors	Harold Webster Smith Foundation
Michael	O'Connor	Member, Board of Directors	Harold Webster Smith Foundation
James	Smith	Chair, Board of Directors	Harold Webster Smith Foundation
Carl	Rosa	Executive Director	Main Street Waterbury
Kevin	Taylor	Executive Director	Neighborhood Housing Services
Dominic	Jannetty	State Marshal	New Haven County State Marshals
Wanda	Reiff	State Marshal	New Haven County State Marshals
Michael	Salvio	President	Overlook Community Club
Judith	Dicine	Supervising Assistant State's Attorney - Housing Matters	State of Connecticut, Division of Criminal Justice, Office of the Chief State's Attorney
Patrice	Palombo	Senior Assistant State's Attorney	State of Connecticut, Division of Criminal Justice, Office of the Chief State's Attorney
Geraldo	Reyes	State Representative	State of Connecticut, Connecticut House of Representatives
Don	Thompson	Executive Director	Staywell Health
Peter	Mosbacher	Chair, Board of Managers	Waterbury Community Investment, Partnership (on behalf of the Harold Webster Smith Foundation)
Michael	Gilmore	Neighborhood Reinvestment Manager	Waterbury Development Corporation



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