



Welcome to the 2022 Vacant, Abandoned, and Deteriorated Properties Training Academy

VAD Academy

June 15, 2022

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Reclaiming Vacant Properties

CONFERENCE 2022

Center for Community Progress

**Reclaiming
Vacant
Properties**

CONFERENCE 2022

September 7-9, 2022 | Chicago, IL

reclaimingvacantproperties.org



How Did We Get Here? VAD Properties and their Impact on Communities

VAD Academy

Wednesday, June 15, 2022, 9:00 AM – 10:15 AM ET

Alan Mallach – Senior Fellow, Center for Community Progress

What are VAD Properties?



- Vacant Buildings
- Vacant Lots
- Occupied, but Substandard Buildings

What Causes VAD Properties?

It All Starts with Supply and Demand

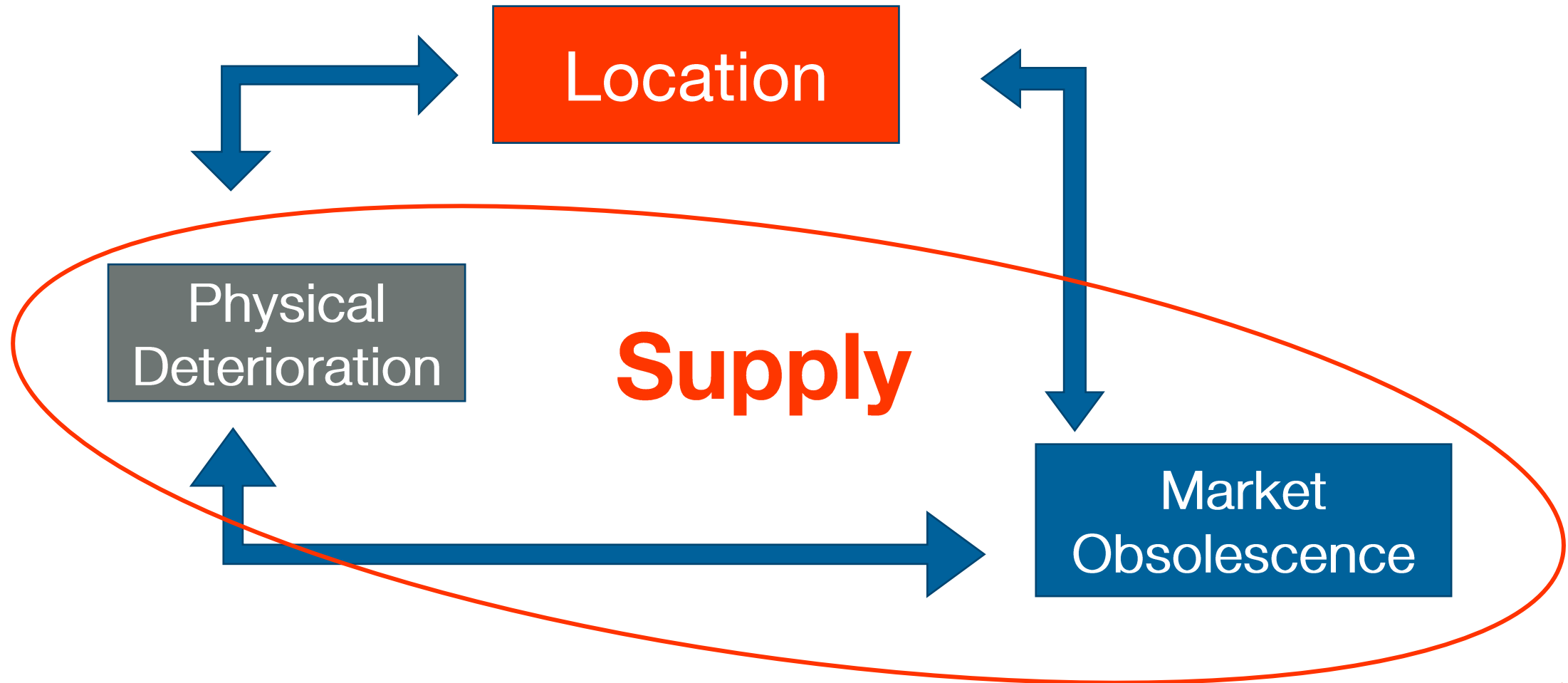


Supply \leq Demand =
Strong Market



Supply $>$ Demand =
Weak Market

What Drives Demand?



Location Drives Demand



Newton, MA
\$799,000



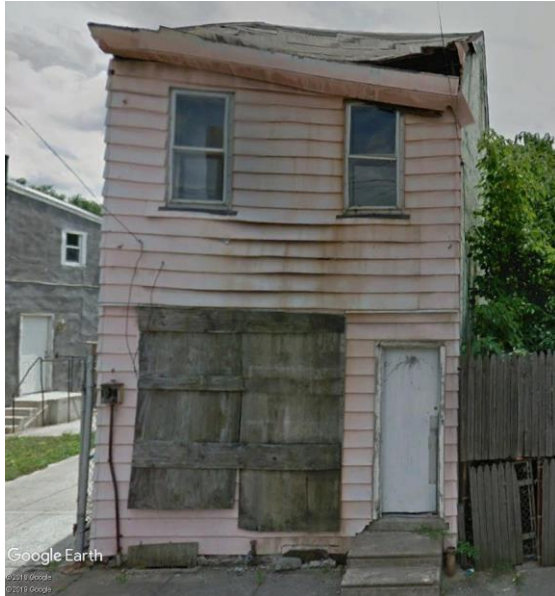
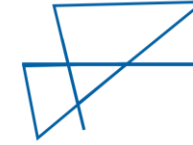
Cleveland, OH
\$69,000

Springfield, MA
\$209,900



In different regions...

The Type of Supply Matters



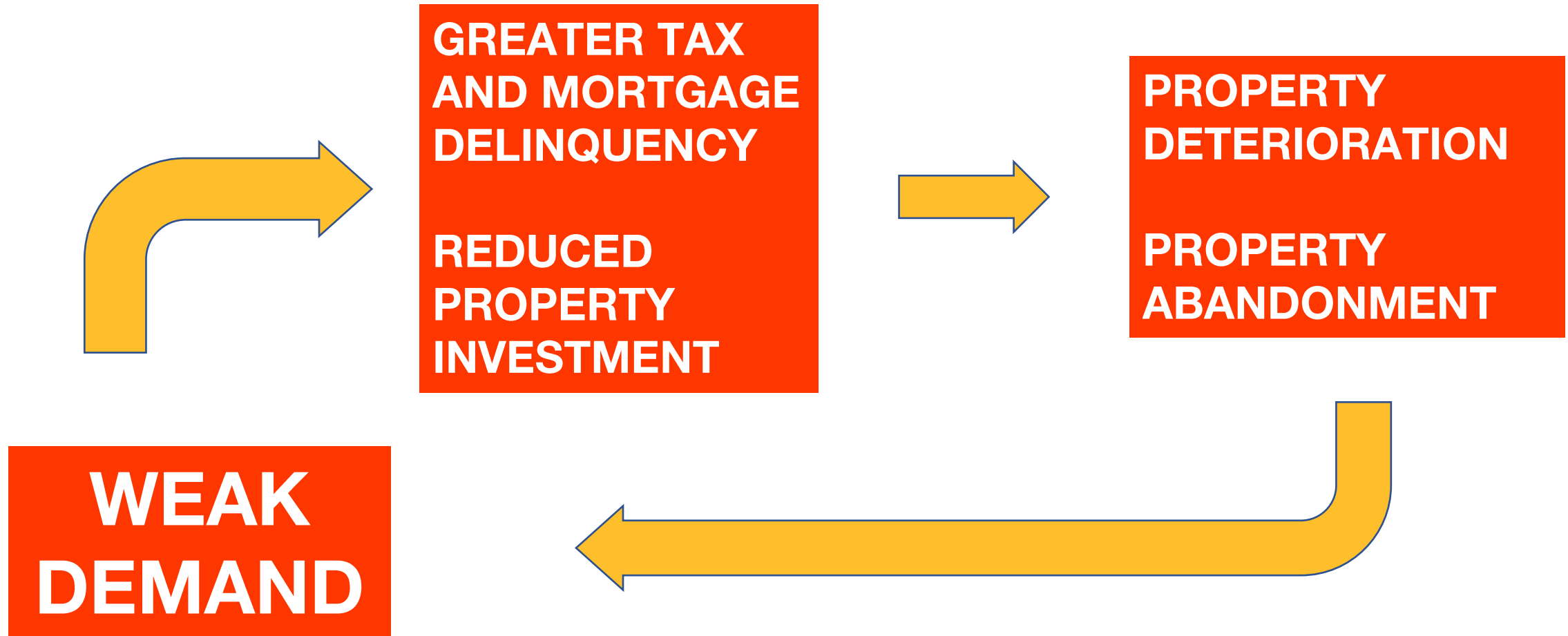
- Physical deterioration – cannot be rehabbed or will cost too much to rehab

- Market obsolescence – too small or old fashioned to interest homebuyers

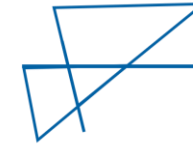


2 BR 1
BA
720 SF

Weak Demand Triggers a Vicious Cycle

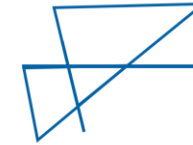


Rental Housing Matters



- Most rental housing is small-scale (1 to 4-unit buildings)
- Most landlords are ‘mom and pop’ small landlords – not hedge funds or REITS
- Most low-income families live in rental housing
- Most low-income families live in NOAH (naturally-occurring affordable) housing.
- Much of this housing is unsafe, unhealthy or otherwise substandard.

Not All VAD Properties are Empty



- Substandard, unhealthy and unsafe rental housing is a pervasive problem in lower income communities
- It affects thousands of single- family homes that have flipped from owner-occupancy to rental occupancy.
- It is a particularly serious problem in neighborhoods where sales prices are low relative to rents
- It is often a way-station to future abandonment.



VAD Properties are Not JUST a Result of Weak Demand

They are about....

LAWS
POLICIES
and
PRACTICES

that
are

INADEQUATE
INEFFECTIVE
IRRATIONAL
COUNTERPRODUCTIVE
or
DISCRIMINATORY

- **These can all be impediments to reusing vacant properties**

Critical Problem Areas

Mortgage foreclosure

Tax foreclosure

Property regulation and code enforcement

Mortgage lending & capital access

Real estate practices



Disasters Can Also Trigger VAD Properties

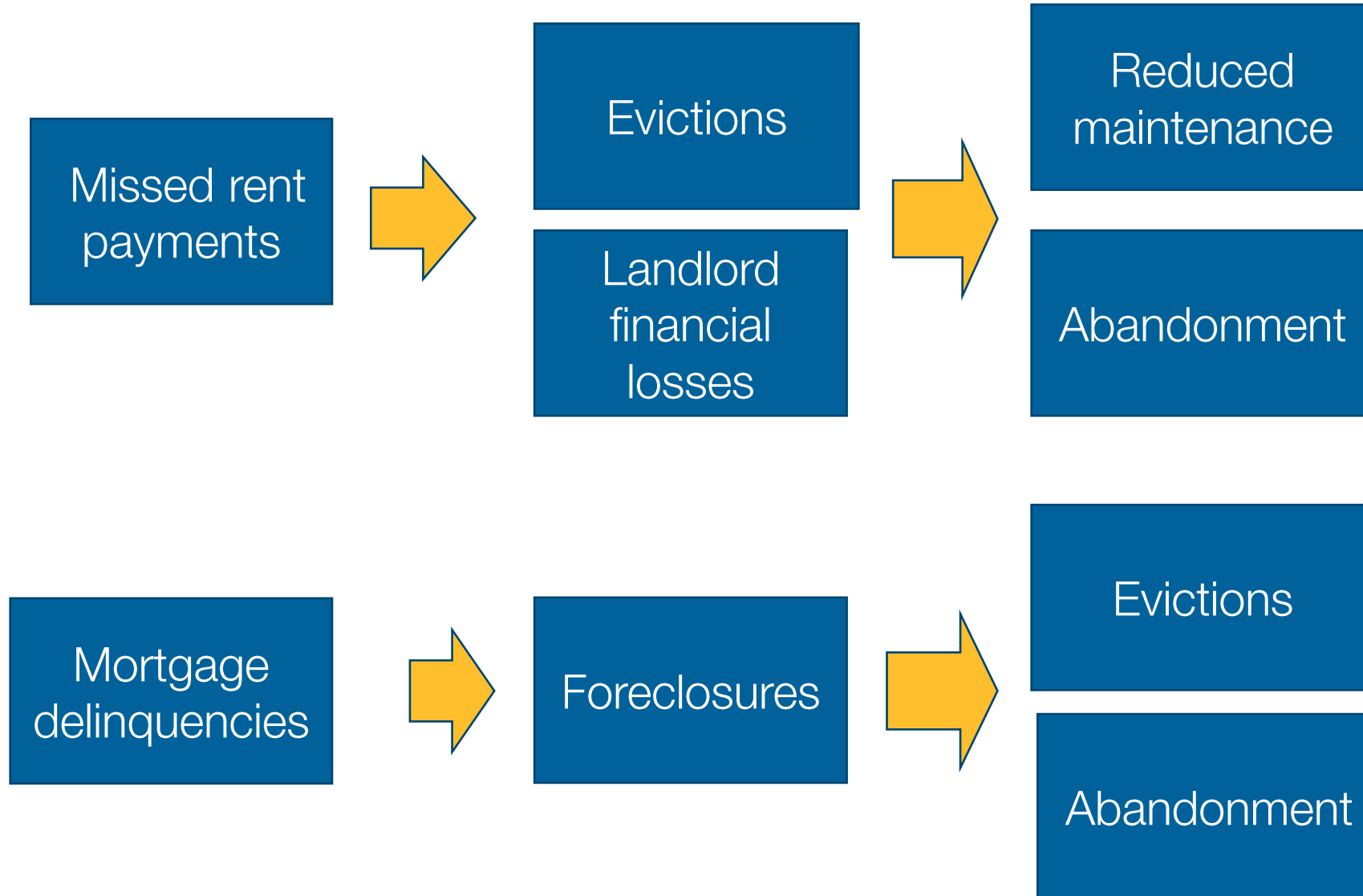


- Hurricanes
- Flooding
- Earthquakes
- Fires
- Civil unrest

All of these can cause property damage resulting in properties being unusable and often infeasible to restore.

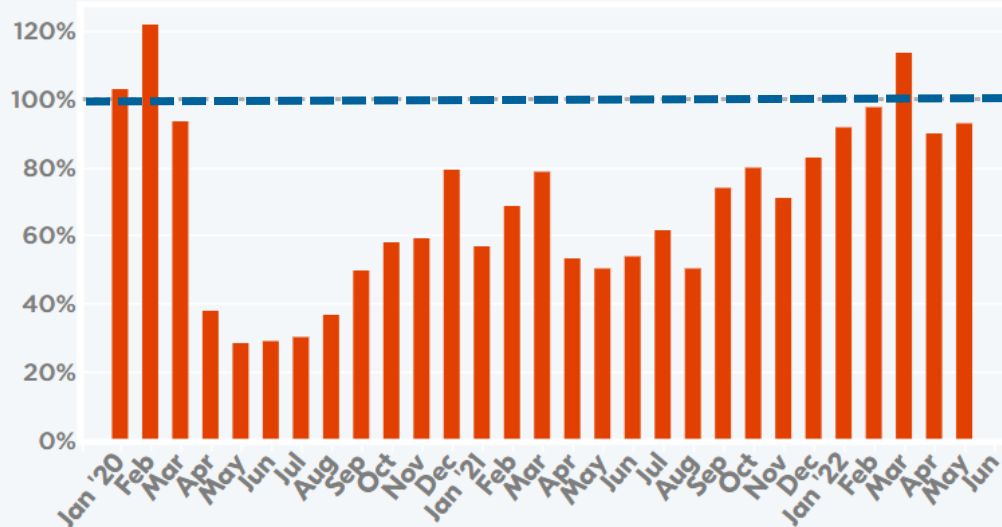


What About COVID-19? What We Were Worried About in 2020



**What
are we
seeing
now?**
(some good
news)

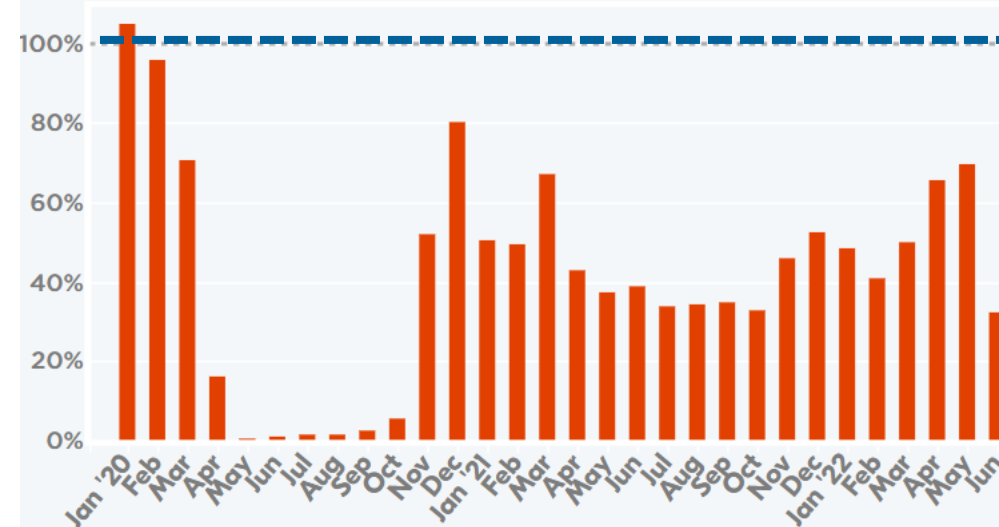
MONTHLY EVICTION FILINGS RELATIVE TO AVERAGE



PHOENIX

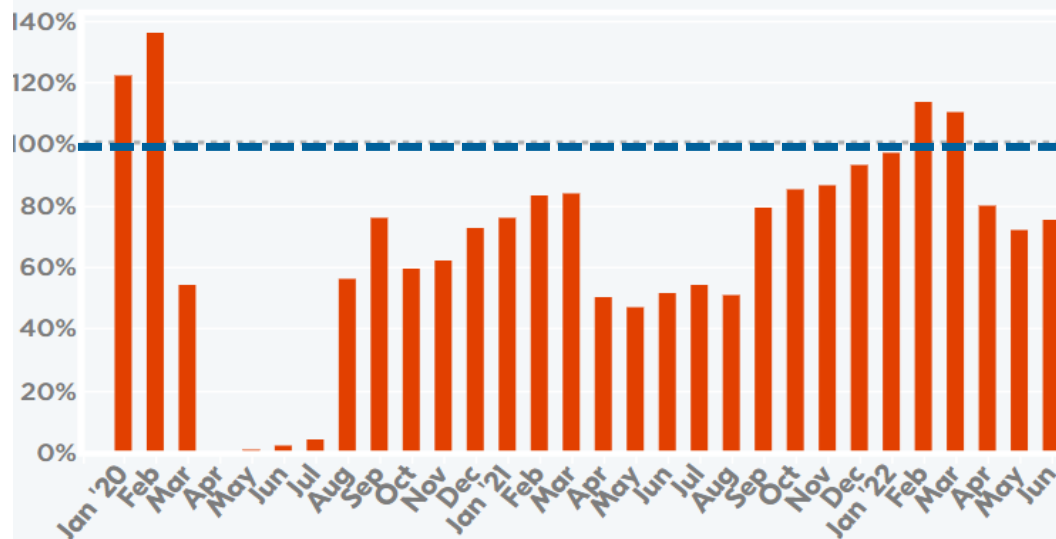
Evictions
are up, but
it's not a
tsunami

MONTHLY EVICTION FILINGS RELATIVE TO AVERAGE



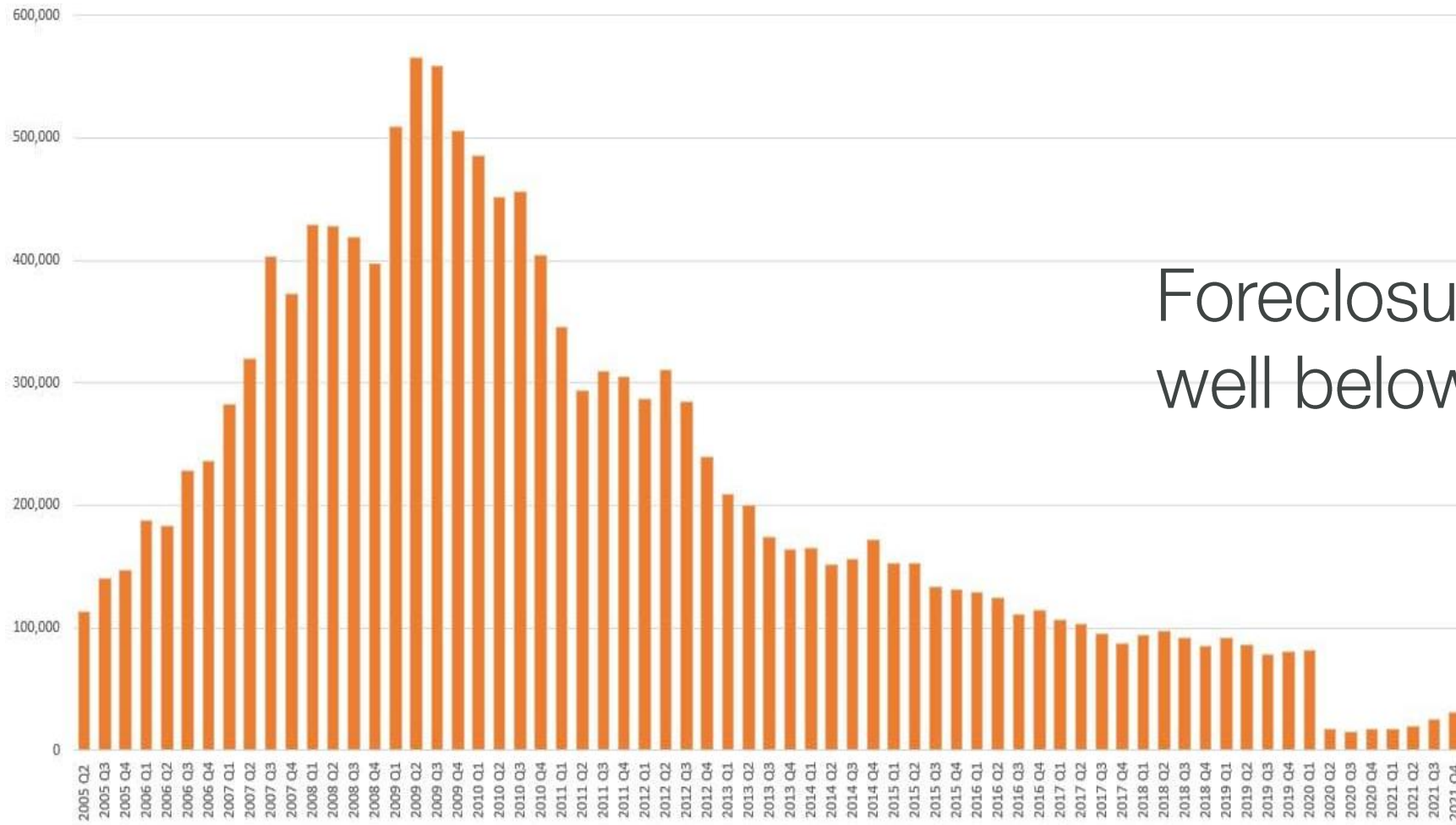
BOSTON

MONTHLY EVICTION FILINGS RELATIVE TO AVERAGE



INDIANAPOLIS

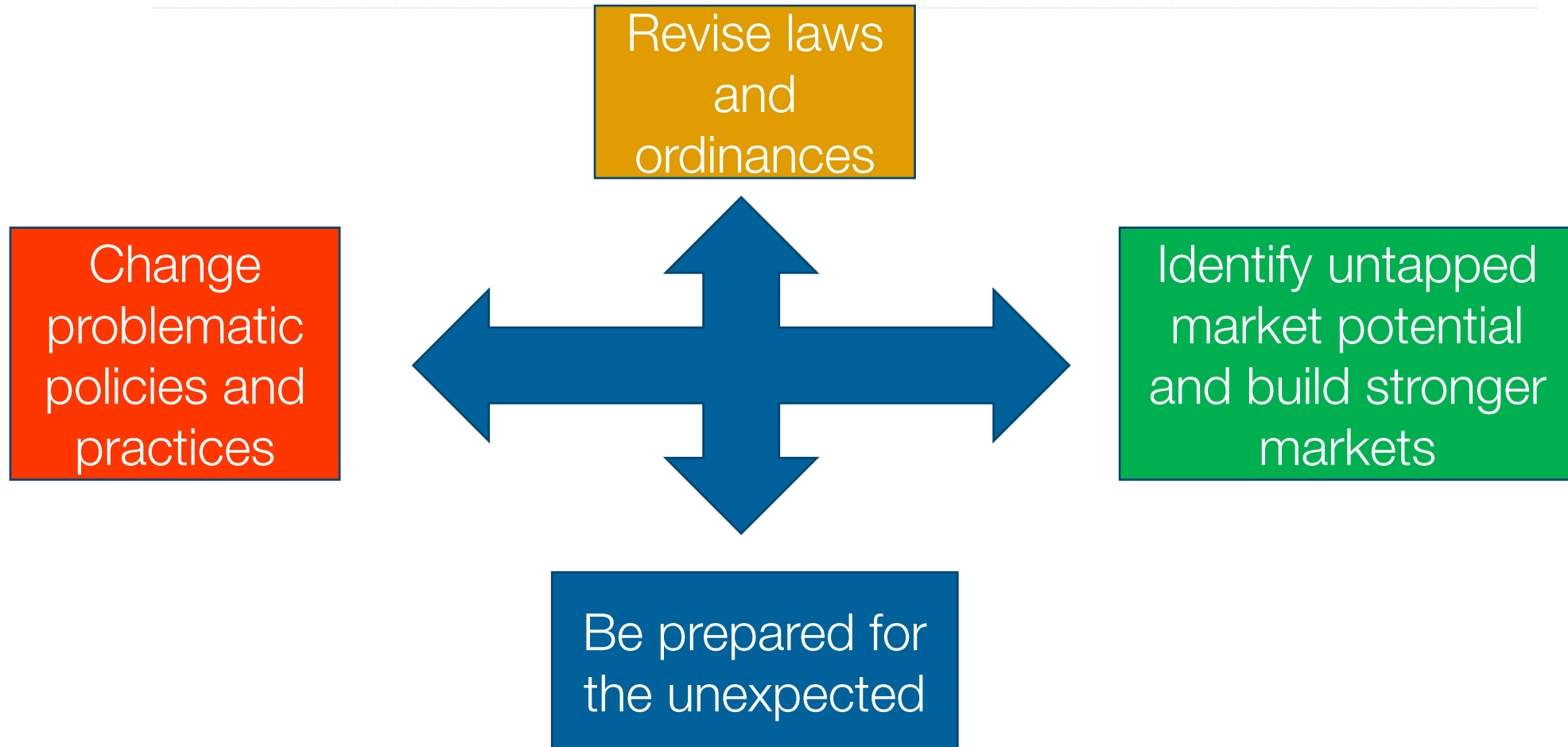
US Foreclosure Starts 2005 to 2022



Foreclosures are still
well below historic rates

Source: ATTOM

Starting Points for Change

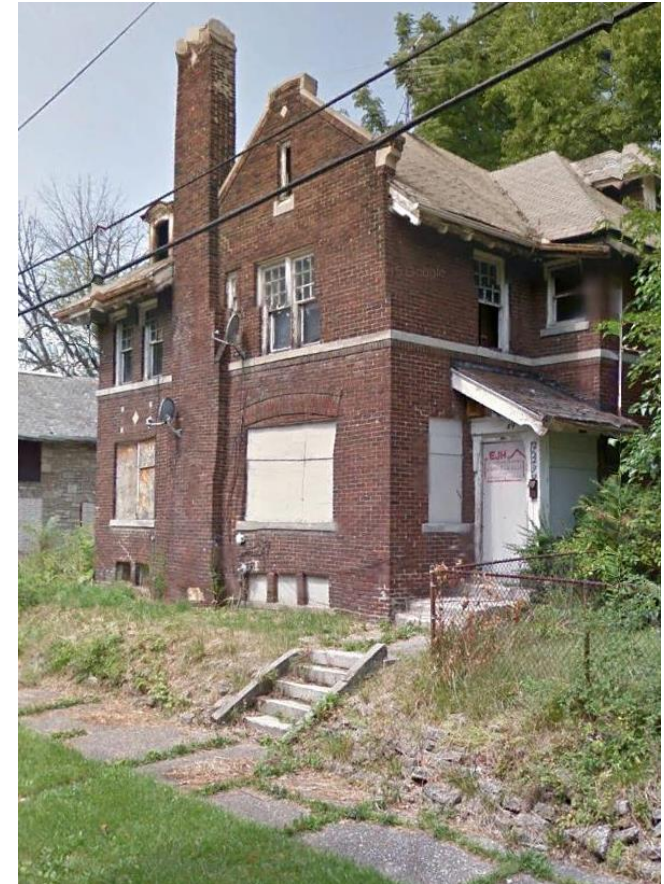


How Do VAD Properties Impact Communities?



Effects of Vacant Properties

- Impose costs on municipal government
- Reduce property values and sales prices
- Increase crime and perception of crime
- Increase fire and health risk
- Trigger negative property owner behavior
- Undermine resident confidence in neighborhood



Municipal Costs of Vacant Properties



Baltimore study (2008):

- Public safety costs alone \$1,472 per vacant property

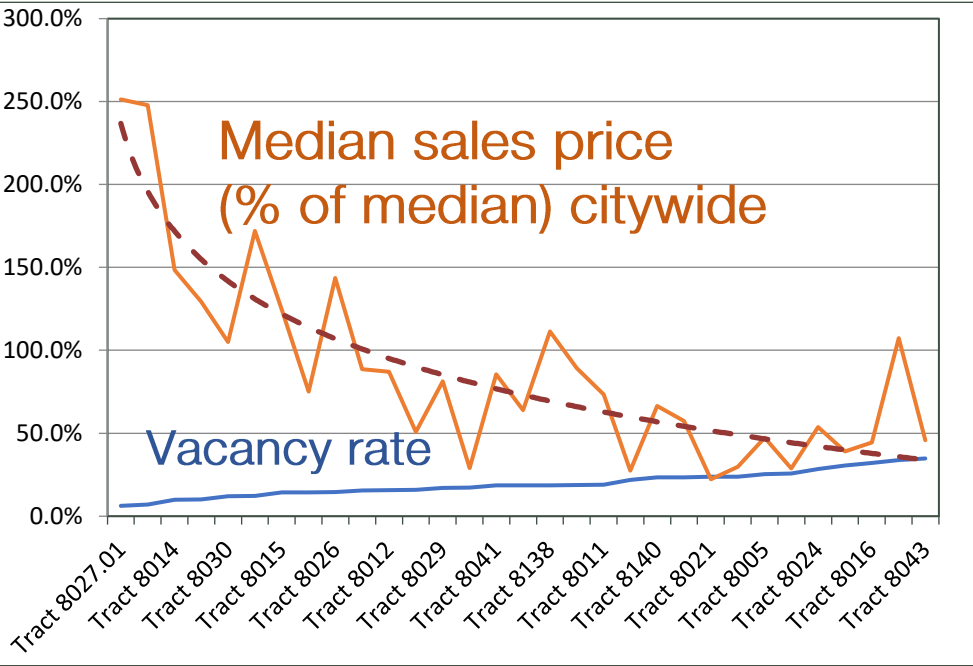
Chicago study (2005)

- Total costs per foreclosed property that becomes vacant and unsecured \$5,358 to \$34,199

Detroit (2020)

- Mayor has proposed a \$250 million bond issue to demolish or stabilize vacant properties

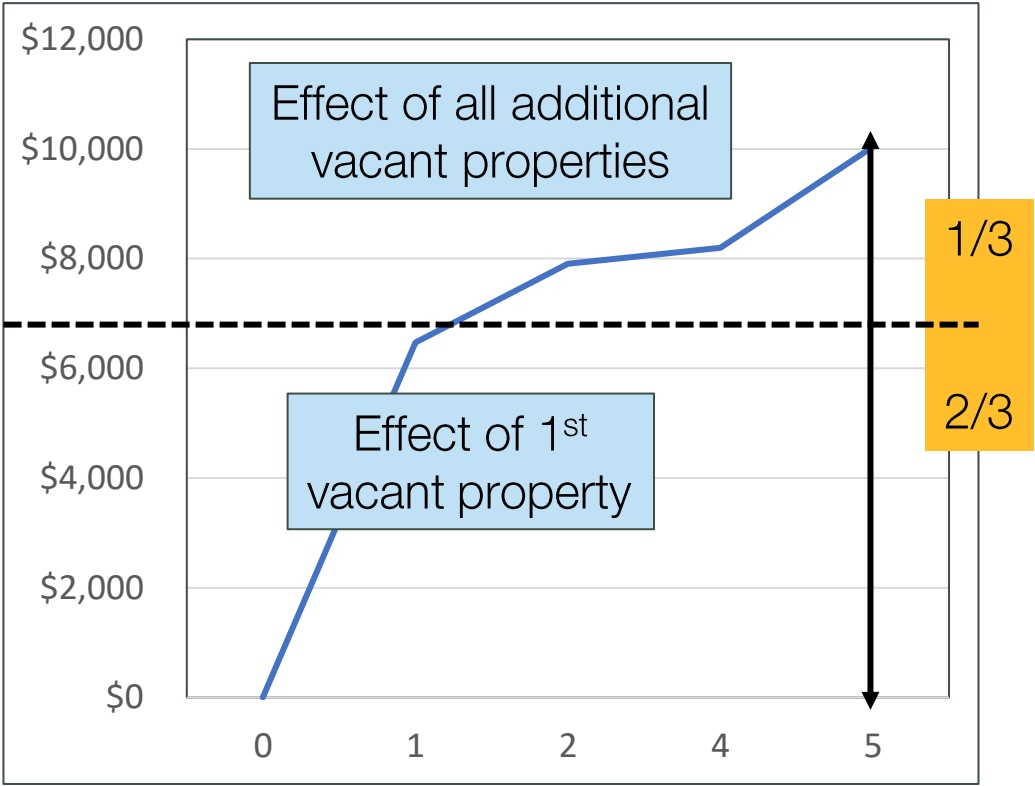
Vacant Properties and Home Values



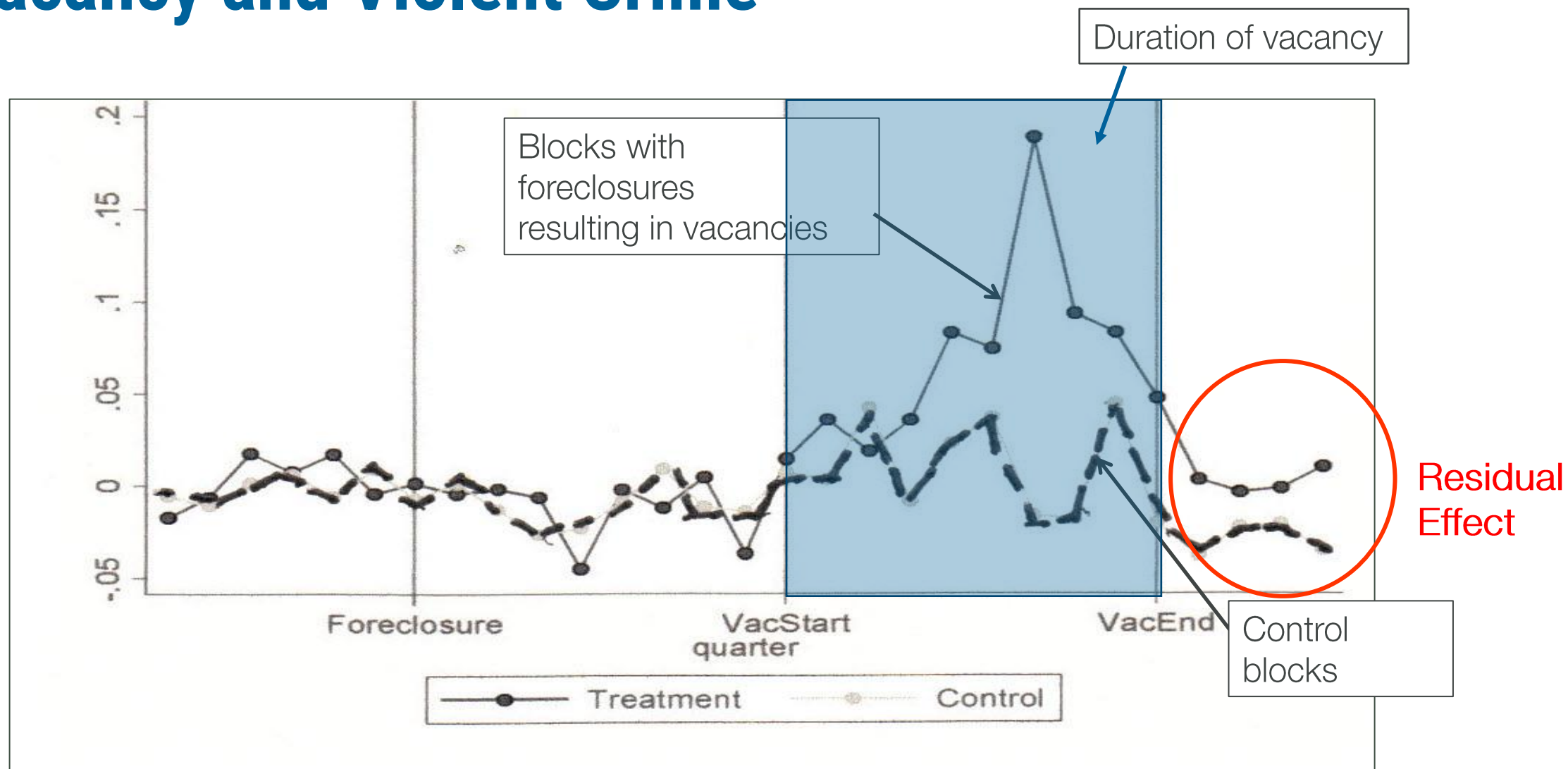
Youngstown, OH

Philadelphia, PA

As vacant properties increase,
house values go down



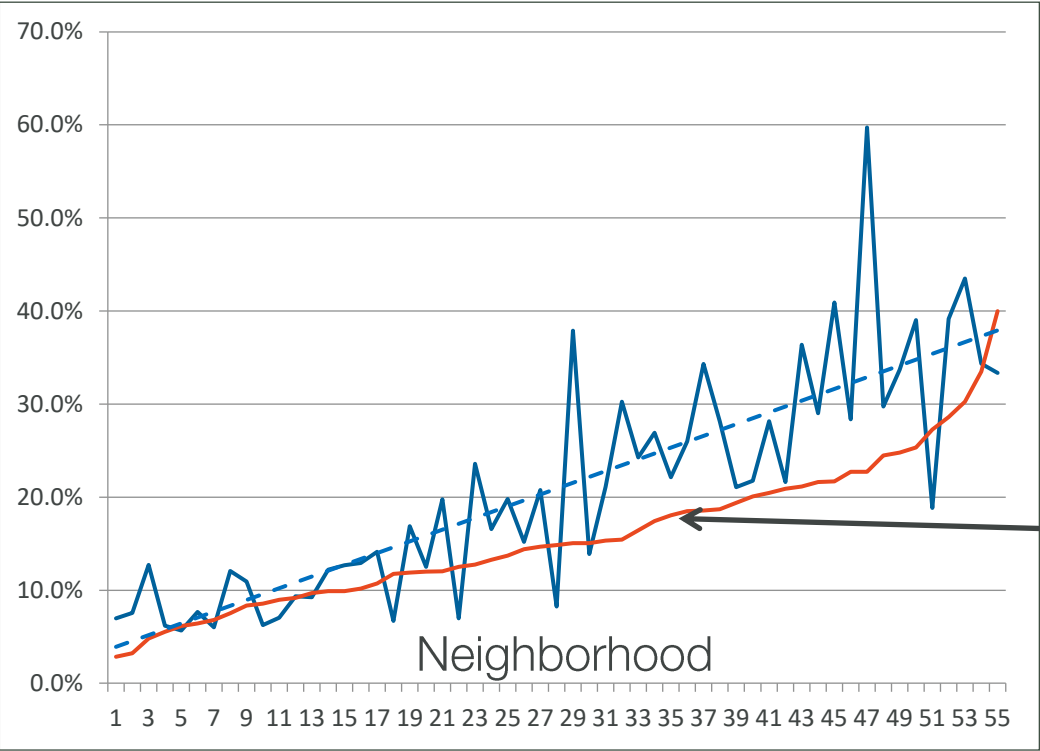
Vacancy and Violent Crime



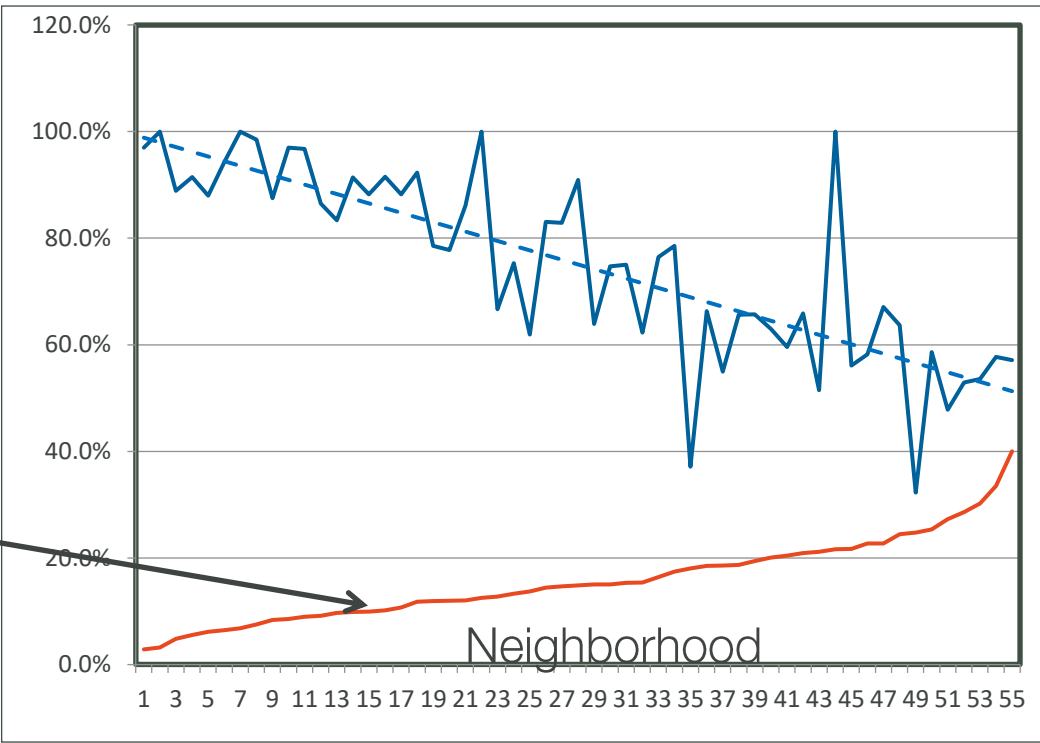
SOURCE: Lin Cui and Randall Walsh, Foreclosures, Vacancy and Crime (2015)

Loss of Confidence

Percent of homes that are tax-delinquent




Percent of tax liens bought by investors



Percent
vacant

Trenton, NJ

- 
- VAD properties do not cause neighborhood problems, but make any problems a neighborhood may have that much worse
 - VAD properties undermine residents' faith in their neighborhood's future.

Questions?

