



# Reevaluating Code Enforcement

A New Approach to Addressing  
Problem Properties

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 Center for  
**COMMUNITY  
PROGRESS**  
Vacant Spaces into Vibrant Places



## Contributors

### **Tarik Abdelazim**

Vice President, Technical Assistance

### **Libby Benton**

Senior Counsel

### **Matt Kreis**

General Counsel

### **Danielle Lewinski**

Chief Program Officer

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Cover Photo: A home with a code violation posted on the front door. (Center for Community Progress)

## **About the Center for Community Progress**

The Center for Community Progress helps people to transform vacant spaces into vibrant places. Since 2010, their team of experts has provided urban, suburban, and rural communities battling systemic vacancy with the policies, tools, and resources needed to address the full cycle of property revitalization. As the only national nonprofit dedicated to tackling vacant properties, Community Progress drives change by uncovering and disrupting the unjust, racist systems that perpetuate entrenched vacancy and property deterioration. Community Progress has delivered customized, expert guidance to leaders in over 300 communities and provided hundreds of hours of free educational resources as well as leadership programming to help policymakers, practitioners, and community members across the country return properties to productive use. To learn more and get help for your community, visit [www.communityprogress.org](http://www.communityprogress.org)

### **Flint (Headquarters)**

111 E. Court St, Suite 2C-1  
Flint, MI 48502

### **Washington, DC**

1101 14th St NW, Suite 510  
Washington, DC 20005

### **Atlanta**

299 Joseph E. Lowery Blvd NW, Suite 203  
Atlanta, GA 30314

### **Chicago**

100 S. State St, Suite 405  
Chicago, IL 60603

[info@communityprogress.org](mailto:info@communityprogress.org)

**(877) 542-4842**

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# Executive Summary

Since 2010, the Center for Community Progress has worked with local partners to uncover and disrupt the systems, policies, and practices that perpetuate property vacancy and deterioration. When implemented, these solutions help achieve equitable development, inclusive neighborhoods, and resilient communities. Our work includes partnering with local governments to rethink the role of code enforcement as part of their comprehensive approach to addressing problem properties.

This publication demonstrates the benefits of shifting from traditional *code enforcement* to the more strategic approach of *code compliance*. We aim to inspire readers to make or advocate for a shift from a punitive to a compliance-oriented approach within their own communities. Throughout this publication, we provide guidance on how such a shift can be applied to common problem property types and examples from the national field of practice.

While we focus on strategies to address vacant properties, we also include brief chapters on policies and programs for occupied properties. This is because code enforcement is one of a government's most important tools to stabilize and strengthen neighborhoods. Upstream interventions that compel routine property maintenance protect the health and safety of occupants. Public attention and investment in neighborhoods struggling with deferred maintenance or a rising number of vacant properties may also help to shift the mindset of property owners who would otherwise allow their property to decline or abandon it altogether.

This publication focuses primarily on the challenges in neighborhoods with stagnant or weak real estate markets, households with limited resources, and high vacancy rates. These are the places where the limitations of traditional code enforcement become most evident and where new approaches to vacancy and abandonment are needed most.

We encourage local government staff, elected leaders, residents, community-based organizations, statewide policymakers, and others interested in preventing and addressing vacant properties to use this publication and other Community Progress resources to further their efforts.<sup>1</sup>

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**Code enforcement is one of a government's most important tools to stabilize and strengthen neighborhoods.**

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<sup>1</sup> For additional resources, visit our Strategic Code Enforcement Resource Page: Strategic Code Enforcement, Center for Community Progress, <https://communityprogress.org/resources/strategic-code-enforcement/>.

## The Limitations of Traditional Code Enforcement and the Shift to Strategic Code Compliance

Traditionally, most local governments have relied on complaints to identify violations, and civil and criminal penalties to enforce local property maintenance ordinances. This approach may be effective in stable or strong real estate markets and when owners have the resources to make repairs. However, in weak real estate markets and when owners lack the resources to make repairs, this approach is often inequitable, inefficient, and ineffective.

Under a strategic code compliance approach, local governments would:

- View code compliance as a key neighborhood stabilization tool and essential service that protects and strengthens community health and safety;
- Adequately fund code compliance efforts;
- Embed partnerships and collaboration in code compliance efforts;
- Align the municipality's human resources policies, practices, and work culture with this new framework.

To shift to such an approach, local governments should:

- Use parcel, market, and social data to inform proactive actions and strategic allocation of resources;
- Adopt policies and practices informed by data that recognize properties and owners can *and should* be treated differently;
- Track and evaluate outcomes and make adjustments as needed—with a commitment to transparency and communication;
- Break out of the silos and collaborate across departments and sectors;
- Make broad changes within the department and local government to support a culture of code compliance; and,
- Make equity both a core principle and a desired outcome.

## Applying Strategic Code Compliance to Common Problem Property Types

A key element of strategic code compliance is developing different strategies for different property types. In the second half of this publication, we highlight strategies local governments can use to bring three common types of problem properties—vacant properties, rental housing, and owner-occupied housing—into compliance. Each chapter focuses on the most equitable, efficient, and effective policy for that problem property type and how the key elements of strategic code compliance figure into design, implementation, and evaluation.

### Vacant Properties

A strategic code compliance approach to vacant properties focuses on quickly reducing the harms these properties cause, recouping public expenses to maintain these properties, and, where necessary, compelling the transfer of these properties to new, more responsible ownership. We call this approach “**Fix it Up, Pay it Up, Give it Up**”:

- **Fix it Up** means giving owners notice of the problem and the chance to achieve compliance. In some circumstances, it may be appropriate to provide a willing but resource-limited owner with the support needed to bring the property into compliance.
- **Pay it Up** means that if an owner is unresponsive to violation notices and unwilling to fix the property, the local government will take responsibility for reducing the harm caused by the property. The local government may quickly secure, maintain, and, where necessary, demolish the property, and then place a priority lien against the property for the full costs of these activities.

- **Give it Up** means, as a last resort, if the owner refuses to reimburse the local government for the tax dollars used to reduce the harms caused by the property, the local government will take action to compel the transfer of the vacant, harmful property to new ownership, which may include temporary public stewardship. The specific mechanisms local governments can use to compel the transfer of vacant properties to new owners vary based on state law and include legal tools such as receivership, abandonment procedures, property tax foreclosure, and code lien foreclosure. In weak real estate markets, well-designed property tax or priority code lien foreclosure systems are the most equitable, efficient, and effective way to compel transfer of vacant and abandoned properties.

Local governments should also develop specific strategies to address three common vacant property types: heirs' properties, "zombie" and bank-owned properties, and commercial properties.

## Rental Housing

A strategic code compliance approach to rental housing centers around the creation of a **proactive rental inspection and licensing program** designed to ensure local governments can regularly inspect rental property conditions, incentivize and reward responsible ownership, and reduce tenant displacement. A sustained approach to maintaining rental units' code compliance not only protect the health and safety of tenants, but also helps stabilize neighborhoods by reducing the likelihood of eventual deterioration and abandonment.

## Owner-Occupied Housing

A strategic code compliance approach to owner-occupied housing focuses on designing programs, resources, and partnerships that help low-income homeowners bring their properties into compliance. Code compliance programs for owner-occupied housing help homeowners avoid penalties like citations, fines, and court actions except in those situations where they may be warranted to protect the health and safety of the occupant or neighbor. Such penalties are often ineffective against low-income homeowners, who may lack the resources or ability to bring their properties into compliance. We call such programs, resources, and partnerships "**equitable offramps.**"



**A key element of strategic code compliance is developing different strategies for different property types.**

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# Introduction

Although some communities across the country are experiencing record-low housing supply and rising real estate prices, many cities and neighborhoods continue to grapple with vacant, abandoned, and deteriorated (VAD) properties. These properties stagnate for years, declining in condition and harming neighbors and neighborhoods. VAD properties threaten public health and safety, keep residents from building wealth, and destabilize local government finances.<sup>2</sup> And because of a legacy of unjust policies and racist systems, low-income neighborhoods and communities of color bear an unfair share of the harms these vacant properties cause.<sup>3</sup>

The Center for Community Progress works with local partners across the country to uncover and disrupt the systems, policies, and practices that perpetuate vacancy and property deterioration, and implement new solutions.

The optimal approach involves data-driven decision-making that leverages and links the three key legal systems of **code enforcement**, **delinquent property tax enforcement**, and **land banks**. It involves:

- identifying the limits of the status quo and committing to reforming these systems to achieve equitable outcomes for residents most impacted by vacancy and abandonment;
- integrating these systems through policy and practice; and
- taking risks, piloting new approaches, tracking outcomes, and adjusting as needed.

This approach requires persistence, courage, patience, creativity, leadership, and collaboration. But when implemented effectively, these solutions lead to equitable development, more inclusive neighborhoods, and resilient communities.

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► **Figure 1: Linking the Three Key Legal Systems to Address Vacancy and Problem Properties**



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2 "How Vacant and Abandoned Buildings Affect the Community," Center for Community Progress, March 24, 2023, <https://communityprogress.org/blog/how-vacant-abandoned-buildings-affect-community/>.

3 Margery Austin Turner and Solomon Greene, "Causes and Consequences of Separate and Unequal Neighborhoods," (Urban Institute), <https://www.urban.org/racial-equity-analytics-lab/structural-racism-explainer-collection/causes-and-consequences-separate-and-unequal-neighborhoods>.

Having worked with more than 300 communities to equitably, efficiently, and effectively address systemic vacancy, Community Progress has developed national publications on both land banking and delinquent property tax enforcement.<sup>4</sup> This publication provides practitioners, elected officials, and community leaders—particularly those from communities with neighborhoods that exhibit high poverty rates, stagnant or weak real estate markets, or high levels of vacancy—with a similar resource on *why and how to reimagine code enforcement as part of a community’s comprehensive approach to widespread vacancy and abandonment*.<sup>5</sup> This publication articulates why shifting from **traditional code enforcement** to **strategic code compliance** is effective, and offers innovative examples from communities taking this approach.

## The Limitations of Traditional Code Enforcement

To be clear, the tools and strategies associated with a more traditional code enforcement approach—such as the ability to respond quickly and effectively to resident complaints—are important. In amenity-rich neighborhoods with high levels of homeownership and strong housing markets, the traditional threat of fines or other types of citations on their own may be an effective mechanism to secure compliance.

In communities with many vacant properties, decades of disinvestment, and pockets of concentrated poverty, however, a traditional enforcement approach often fails. Most code enforcement officers serving such communities know this better than anybody. They see first-hand how a reactive, complaint-based system that relies too heavily on fines and criminal prosecution to obtain compliance is largely ineffective and inefficient against many types of owners. In the worst circumstances, this system can harm residents and perpetuate inequity. For financially insecure households, fines exhaust the limited resources available to put toward repairs, and aggressive prosecution can result in displacement and another vacant property sliding faster toward demolition.

Additionally, these tools are largely ineffective against problem landlords and speculative vacant land holders, particularly corporate owners who can avoid the personal liability imposed by such tools. And in neighborhoods long-disadvantaged by disinvestment and with broken real estate markets, these traditional code enforcement tools *alone* can do little to return harmful, vacant properties to productive use. When property owners refuse to comply, code compliance departments *must* coordinate with other partners and leverage other legal systems to compel a transfer of ownership and support a positive outcome that benefits neighbors and neighborhoods.

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**Fines exhaust the limited resources available to put toward repairs, and aggressive prosecution can result in displacement and another vacant property.**

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4 Frank S. Alexander, *Land Banks and Land Banking*, 2<sup>nd</sup> ed., (Center for Community Progress, 2015), <https://communityprogress.org/publications/land-banks-and-land-banking-2nd-edition/>; Payton Heins and Tarik Abdelazim, *Take It to the Bank*, (Center for Community Progress, 2014), <https://communityprogress.org/publications/take-it-to-the-bank-2/>; Kim Graziani, *Reimagine Delinquent Property Tax Enforcement*, (Center for Community Progress, 2022), <https://communityprogress.org/publications/reimagine-delinquent-property-tax-enforcement/>.

5 Challenges with substandard occupied properties, especially rental properties, certainly exist in these types of neighborhoods, but we should also acknowledge that substandard rental properties pose major concerns for many other types of communities—including both low-income communities and stronger market communities where vacancies are not a major issue.



## The Shift to Strategic Code Compliance

In most of the communities that Community Progress supports, code enforcement officials are the first to acknowledge they need a more comprehensive and collaborative approach to achieve compliance and minimize the harms of VAD properties. All mention that this shift also requires more resources and policy and practice reforms. However, many also acknowledge that a shift will be hard to champion and sustain without a clear vision of *what strategic code compliance looks like*.

This report supports and affirms those officials who quietly advocate for a system that helps them serve their community; protect and strengthen neighborhood health, safety, and vitality; and be a better resource to residents most impacted by VAD properties.

The strategic code compliance framework we describe should inform this vision of a better approach in communities with weak real estate markets and higher vacancy rates. A strategic code compliance framework helps local governments bring property “up to code” in a way that is equitable, efficient, and effective. It focuses on:

- using parcel, market, and social data to inform proactive actions and strategic allocation of resources;
- adopting policies and practices, informed by data, that recognize that properties and owners *can and should* be treated differently;
- breaking out of the silos and collaborating across departments and sectors;
- tracking and evaluating outcomes and making adjustments as needed—with a commitment to transparency and communication;
- making broader changes within the department and local government to support a culture of code compliance; and,
- making equity both a core principle and a desired outcome.

Implementing strategic code compliance requires a paradigm shift within local governments. Code enforcement is a key public service that not only protects and improves community health and safety, but can also *prevent* property deterioration, *increase* housing security, and *strengthen* municipal finances. Thinking about code enforcement in this way will require policy change at the local and state levels and will certainly require greater public investment to scale up capacity and programming.

In a sense, the national conversation to reimagine law enforcement and community safety in the wake of the murder of George Floyd serves as an example of what is possible: a much-needed reevaluation of code enforcement practices in low-income communities and disinvested neighborhoods, which are disproportionately home to many Black and Brown residents.



## Guiding Principles

Code enforcement is a broad term that various audiences can define differently. Thus, we make the following assumptions and key principles to guide this publication.

- 1. Code enforcement is one of the most important government tool available to protect the health and safety of neighborhoods—which critically includes preventing and resolving vacancy.** There is no question that the fundamental role of code enforcement is to protect the health and safety of all residents. When applied to VAD properties, it is one of the most important tool municipalities have to *prevent* and *resolve* vacancy in coordination with other governmental agencies and actions. In other words, insufficiently resourced code enforcement processes happening in a silo is neither strategic nor able to effectively transform vacant properties into assets that benefit neighbors and neighborhoods.
- 2. Meaningful investment in neighborhood health and safety requires different strategies and tools to address vacant properties and occupied properties.** A critical element of strategic code compliance is recognizing that different strategies and tools must be used to address different types of properties, ownership situations, and market realities. This need is clearest when comparing strategies and tools that effectively address *vacant* properties to those that effectively address *occupied* properties.<sup>6</sup> There are very real equity considerations when addressing occupied properties. To be clear, reforms to culture and practice apply universally and can yield improved outcomes when dealing with any type of property. However, reforms to policy and law must be clear about which types of properties are implicated and how different properties should be addressed.
- 3. Concentrated poverty and weak real estate markets demand alternative approaches.** Neighborhoods with high rates of poverty and stagnant or weak real estate market conditions in some or most neighborhoods are particularly in need of new, tailored strategies to address VAD properties. These underlying economic and market conditions expose the limitations and potentially harmful consequences of applying the same old traditional code enforcement tools in such areas. After all, for most property owners, the decision whether or not to comply is primarily an economic calculation: low-income homeowners may lack the resources to maintain their home and landlords may defer maintenance to protect their short-term margins. In fact, this publication is primarily focused on supporting local government officials, code enforcement leadership and staff, and residents in neighborhoods experiencing concentrated poverty or weak real estate market conditions. These conditions also help demonstrate why treating every property the same is inequitable—and why tailored approaches based on markets, property type, and occupancy status are both permissible and critical. While many inspectors understand this point and are responsive to these factors, the tools ultimately available or in use to address noncompliance often remain the same.
- 4. Minimum property maintenance standards are central to preventing and resolving vacancy.** This publication focuses on the enforcement of *property maintenance* codes and other state and local laws that regulate the interior and exterior condition of properties, including nuisances like high weeds and grass and trash and debris. Though other locally administered codes—such as fire, electrical, building, and zoning—also protect the health and safety of residents, property maintenance codes offer the primary leverage points to prevent and resolve VAD properties.
- 5. Racial equity is both a foundational principle and a desired outcome.** Weak real estate markets, high levels of poverty, low rates of homeownership, and increased risks of housing insecurity are common attributes of neighborhoods with high vacancy rates and deterioration. This is not by coincidence. Decades of racist housing, land-use, and lending policies from all levels of government and the private sector helped to protect and grow the home values in stable, single-family neighborhoods while trapping other neighborhoods in a cycle of disinvestment and decline. This legacy disproportionately continues to harm communities of color.<sup>7</sup> For these reasons, we approach our work as reparative and consider racial equity both a foundational principle and a desired outcome of a reimagined approach to code compliance.

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<sup>6</sup> Commercial properties present a third core property type. We will briefly touch on some ways in communities can address commercial properties in this publication. Given the complexities and very different strategies necessary to address such properties, this material will be supplemented in future work.

<sup>7</sup> Turner and Greene, “Causes and Consequences.”

## Overview

**Chapter 2** defines traditional code enforcement and outlines some key limitations of this approach in preventing and resolving vacancy in neighborhoods with weak real estate markets and high vacancy rates. **Chapter 3** describes the framework of strategic code compliance and makes the case for why local governments, especially those with neighborhoods that demonstrate many of the common features mentioned above, should shift to a strategic code compliance approach.

**Chapters 4-6** are organized around three different property types: vacant, rental housing, and owner-occupied housing. Each chapter focuses on one key policy that best demonstrates the benefits and impact of shifting to strategic code compliance.

**Chapter 4** describes how local governments can implement a “Fix it Up, Pay it Up, Give it Up” policy approach to reduce the harm caused by vacant properties and, if needed, to compel a transition to new ownership. Given the focus of this report and our unique expertise, this chapter is the most substantive. **Chapter 5** discusses how local governments can keep rental housing safe and habitable (thereby reducing the chance the properties become deteriorated or vacant) by implementing a robust proactive rental inspection and licensing program. **Chapter 6** outlines ways local governments can help owner-occupants achieve compliance, with a focus on building “equitable offramps”—meaning programs, resources, and partnerships designed to help homeowners bring their properties into compliance and avoid penalties and fees—into the code enforcement process.



The fundamental role of code enforcement is to protect the health and safety of all residents.

# The Limitations of Traditional Code Enforcement

Most local governments across the country take a traditional approach to code enforcement for several reasons, which we will explore throughout this chapter. We encourage finding ways to move away from or significantly enhance this approach due to its limitations—it is not equitable, efficient, or effective, and there are powerful alternatives.

## What is code enforcement?

“Code enforcement” generally refers to the process local governments use to enforce their local laws—often called codes or ordinances—as well as any state housing, building, or health codes the local government might be authorized or required to enforce. It is used in this publication to refer more specifically to the process local governments use to enforce property maintenance standards with respect to existing buildings and properties.<sup>8</sup>

These include codes such as the International Code Council’s International Property Maintenance Code (IMPC), other locally adopted property maintenance codes, and various ordinances regulating nuisances or other harmful conditions on properties, like high weeds and grass or trash and debris.<sup>9</sup>



## How does state law shape local code enforcement?

State laws play a profound role in defining what code enforcement tools and powers local governments can deploy.<sup>10</sup> Most importantly, states vary in the amount of legal authority they grant to local governments to govern and regulate local problems.

Most states grant municipalities authority known as “home rule,” which allows local governments to adopt and enforce local laws so long as they do not contradict state law. A limited number of other states follow Dillon’s Rule, which allows local government to do only what state law expressly permits.

<sup>8</sup> While the process for enforcing state and local codes related to the construction or rehab of buildings—which includes permitting processes—is an important function of many code enforcement departments, this publication focuses primarily on the maintenance and condition of existing buildings and homes.

<sup>9</sup> International Code Council, *2021 International Property Maintenance Code*, <https://codes.iccsafe.org/content/IPMC2021P2>.

<sup>10</sup> The ability for government to regulate, via code enforcement, how a private property owner does or does not maintain their property is derived from the “police power,” that is the constitutional authority of government to enact laws to protect the health, safety, and welfare of its citizens.

In states where municipalities have more expansive home rule authority, like Illinois, local governments have wide discretion and broad authority to adopt and enforce local laws regulating property conditions. In states like Virginia, where local governments can only do what state law expressly allows, options for implementing local regulations are more limited. Most states fall somewhere between these two extremes.

Because state laws have priority over local ordinances, states have the power to set aside or “preempt” local ordinances. Using that power, some states have enacted laws specifically limiting—or preempting—local government’s abilities to adopt certain property maintenance regulations. For example, Wisconsin imposes limits on how cities conduct rental property inspections and charge inspection fees and Georgia restricts cities’ ability to craft vacant property registration ordinances.<sup>11</sup>

Because local government authority to regulate property conditions varies based on state law, readers should consult with a local attorney before adopting the strategies recommended in this publication.

## What do we mean by a “traditional” approach to code enforcement?

We generally define a traditional code enforcement approach as one where a local government solely or primarily:

- operates reactively (i.e., learns about and responds to code violations from complaints);
- relies on the threat of civil and criminal penalties brought against the owner, often in an inefficient court setting, to obtain compliance;<sup>12</sup> and
- uses the same enforcement approach to noncompliance for all owners, property, and neighborhood types.

## Why do many local governments take a “traditional” approach to code enforcement?

The appeal of the traditional approach is understandable. Code compliance departments have extremely limited capacity and resources—there is barely enough time to keep up with the complaints coming in, much less explore new tools to improve the current approach. Without collecting and analyzing parcel, market, and community data, the default approach is to treat all properties the same.

We also often hear local officials or local government lawyers caution that treating one rental property or owner different from another rental property is unconstitutional. As explained in the next chapter, this is not the case and there are many ways local governments can legally approach certain properties and owners differently.

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**There are many ways local governments can legally approach certain properties and owners differently.**

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<sup>11</sup> Wis. Stat. § 66.0104; O.C.G.A. § 44-14-14.

<sup>12</sup> Legally, this is known as seeking to hold the owner personally liable or seeking an *in personam* judgment.

## What are the limitations of traditional code enforcement?

A traditional approach to code enforcement can be effective in many circumstances. The threat of civil or criminal sanctions can persuade owners who have the resources to make repairs in stable or strong real estate markets. The desire to use the same enforcement approach for all properties is often motivated by an interest in promoting fairness and avoiding favoritism.

However, this approach is less effective in neighborhoods with a legacy of disinvestment and weak real estate markets. Specifically:

- **Relying on complaints to identify violations can produce inequitable outcomes.** If a local government only reacts to complaints, it may be steering limited resources away from the properties causing the most harm to neighbors and neighborhoods. In neighborhoods with a history of disinvestment, residents may have become accustomed to VAD properties or have given up complaining after past complaints have been ignored. Low-income tenants who struggle to find affordable housing may be hesitant to report code violations for fear of retaliation by their landlord or being displaced because the unit is deemed uninhabitable by the code officer. Finally, this complaint-based process could be weaponized by neighbors, landlords, or tenants for personal gain.
- **For many properties, the threat of civil and criminal penalties can be ineffective or make the situation worse.** Threatening civil and criminal penalties against all properties ignores the fact that different owners have different incentives to bring their properties into compliance. First, many corporate and out-of-state property owners are difficult to locate and can shield themselves from civil and criminal liability altogether, making these tools much less effective. Second, in weak real estate markets where the cost of repairs may exceed the value of the property, owners may opt to pay a fine or walk away from a property.

Even in stable markets, low-income homeowners may simply lack the resources to make repairs. Imposing fines or levying charges against these owners only makes it less likely that they will have the money to bring their properties into compliance and could ultimately result in their displacement.

At the same time, imposing civil and criminal charges is time consuming and expensive. Local governments must devote resources to investigating property ownership, bringing legal cases, personally serving individuals out of the region or state (or sometimes country!), reinspecting properties, and, in some criminal cases, paying public defenders to represent low-income owners. While this process crawls along, the property remains in violation and continues to harm neighbors and neighborhoods.

- **Local governments, due to the limitations of state laws, are often unable to recoup their expenses from non-priority liens, and non-priority liens can make properties harder to sell.** Some local governments that use a traditional approach obtain a lien against the property for their fines and abatement costs. In most cases, however, state law does *not* accord these liens any type of special priority. Non-priority liens are in line after any earlier liens on the property, such as those for back taxes, mortgages, homeowner association fees, or personal judgments against the owner. If the property is sold, any proceeds go to these earlier liens first, making it unlikely that the local government will ever recoup its costs, particularly in weak real estate markets. These liens can also pile up so high that they collectively render the property underwater, deterring potential buyers and delaying rehabilitation.
- **Complaint-driven inspection and enforcement is incapable of leading to broader neighborhood stabilization.** Complaint-driven inspection may address a specific problem on one parcel. But in neighborhoods with high levels of property deterioration and vacancy, the fundamental underlying challenge is economics. Weak real estate markets dissuade investment and can persuade both financially insecure households and extractive landlords to defer maintenance. On its own, traditional code enforcement can only ever address one parcel at a time—the *symptoms* of historic disinvestment and dysfunctional systems. A more strategic approach that is collaborative, holistic, and compliance-driven is necessary to start repairing the underlying economics toward neighborhood stabilization and equitable development.

## What else limits the effectiveness of code enforcement?

Code officers across the country share a remarkably similar set of barriers to implementing new approaches to code enforcement on vacant properties:

- Departments are always underfunded, understaffed, and challenged by high turnover.
- Elected officials typically champion the same ineffective solution—more aggressive enforcement—in the face of vacancy and deterioration.
- Rigid policies deny officers the opportunity to use discretion, which is often necessary to ultimately achieve compliance and serve as a resource for property owners and occupants.
- Success is often measured by the number of tickets issued and court fines assessed—metrics misaligned with the goals of advancing health and safety, achieving voluntary compliance, and preventing and resolving vacancy.
- Some states have laws and policies that significantly limit the tools a local government can deploy, or that favor the rights of property owners over the health and safety of residents.
- Code departments are often siloed by design and unfairly perceived by local officials as the singular entity responsible for “fixing” vacant and deteriorated properties.

## Why is addressing these limitations important?

In most communities, and even at the state and national level, there are robust conversations about racial equity, housing justice, and closing the racial wealth gap. There is a growing understanding that housing security can lead to better educational, economic, and health outcomes. There is a thoughtful debate about the harms of commodifying housing, and the loss of community control and ownership. Any elected official or public decision-maker that champions one or some of these goals must see a reimagined approach to code enforcement in our most challenged neighborhoods as a critical leverage point and policy priority. Again, code enforcement is perhaps the most critical and impactful government tool to influence the health, safety, and vibrancy of homes, blocks, and neighborhoods—and it is a powerful tool toward equity, inclusion, justice, and resiliency.

## What should local governments do to address these limitations?

More than a specific program or strategy, local governments in these communities need to shift their framework from traditional code enforcement to strategic code compliance. Local governments must start with the goal of bringing all properties into compliance with property maintenance codes to create safe and healthy homes and neighborhoods. They must begin seeing civil and criminal actions as *just one tool* that can be used to achieve compliance with property standards, *not as goals*.

In the next four chapters we outline what this shift to strategic code compliance might look like in both local government-wide policies and operations and the tools and programs to address different property types. Making such a shift is not easy. And making a complete shift to strategic code compliance may be beyond the current resources and capacity of some, or even many, local governments. But as we have seen in our work with partners across the country, even small or incremental changes can make an important impact.

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**On its own, traditional code enforcement can only ever address one parcel at a time.**

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## Figure 2: Traditional Code Enforcement vs. Strategic Code Compliance Overview

Traditional code enforcement is primarily complaint-based. Strategic code compliance includes strategies that more proactively address vacant, abandoned, and deteriorated property.

	Traditional Code Enforcement	Strategic Code Compliance
<b>How does the city address its problem property inventory?</b>	Solely on a complaint basis	Proactive and regular housing inspections Rental licensing Respond to complaints Vacant property registration
<b>How do inspectors learn about violations?</b>	Complaints from individuals Referrals from neighborhood groups, tenant organizations, and social service agencies	Complaints from individuals Referrals from neighborhood groups, tenant organizations, and social service agencies Inspector observations when responding to complaints, during proactive neighborhood sweeps, <i>and</i> during proactive rental inspections
<b>What types of code violations do local governments focus on?</b>	Exterior violations easily observed by neighbors or inspectors Interior violations reported on rare occasions by tenants reflecting serious health and safety concerns (no heat or water)	Violations that cause the most harm to occupants and neighborhoods, whether inside or outside the property
<b>What types of legal tools and programs do local governments use to bring properties into compliance?</b>	Citations Fees Criminal penalties Nuisance abatement Code liens (without foreclosure) Occasionally seek personal collection of unpaid fines	Citations Fees Nuisance abatement Code liens Receivership Property tax or code lien foreclosure “Good job” letters and door hangers Reminders and warning letters Grants and low-interest repair loans Referrals to legal and social services Proactive rental inspections Rental licensing programs Tenant rent escrow programs
<b>How does the local government decide which tools and programs to use on each property?</b>	Uses the same enforcement strategy for all properties	Develops specific enforcement strategies based on property, owner, and neighborhood market type
<b>How does the local government use data?</b>	To track # of complaints received and responded to To track citations and fee payments	To track # of complaints received and responded to To track citations and fee payments To identify the property, owner, and neighborhood market type of each property To identify properties and property owners that are causing the most harm to neighbors and neighborhoods To evaluate enforcement outcomes To monitor discretionary policies to ensure they are being implemented in a way that is fair and equitable To coordinate code enforcement with other programs, including home repair, eviction prevention, and community and economic development investments



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# Shifting to Strategic Code Compliance

Given the limitations of traditional code enforcement to address large inventories of VAD properties, a shift to a more comprehensive framework and nuanced approach is not only reasonable, but necessary.

Yet even when code compliance leaders champion change, the barriers may be steep. Elections can press the reset button every four years. Long-time employees may resist change. Risk-averse local government lawyers can hinder innovation. Preemptive state laws can narrow local policy options. And local governments facing financial challenges may lack the resources to invest in this transition or, even worse, pass good policy but fail to allocate the funds needed for successful implementation.

Fortunately, there are many examples from the national field of practice where local governments are taking concrete steps towards strategic code compliance. This is promising. Given the nation's housing crisis and our long-overdue conversation around racism and inequity, we hope the interest in shifting from traditional code enforcement to strategic code compliance will only grow.



## What does an ideal code compliance system look like?

Based on our combined decades of experience and the input from local partners across the country, here are some characteristics of an ideal code compliance system:

### **1. Local governments view code compliance as a key neighborhood stabilization tool.**

Local governments see improving property conditions through code compliance as a critical public responsibility that protects and improves the health and safety of all residents; helps resolve and prevent vacancy; strengthens municipal finances; and aligns with local efforts to address racial justice, housing security, and generational wealth-preservation. Local governments design and track new metrics that align with the new broader role of code compliance and report these metrics to the public.

### **2. Local governments sufficiently fund code compliance.**

Local governments recognize the critical role code compliance plays in protecting public health and safety, stabilizing neighborhoods, and supporting equitable community development and invest significantly in boosting code compliance capacity and programs. Code compliance departments use a proactive, data-driven, market-informed approach to ensure the efficient and effective use of these new investments. Local governments uphold equity and transparency as guiding principles and consistently evaluate and adjust code compliance efforts to justify ongoing investment and confidence.

### **3. Code compliance departments are embedded in collaborations and partnerships.**

Rather than functioning as singular enforcement entities that react to complaints and issue notices, code compliance departments are positioned within a comprehensive, coordinated network of departments and partners with a strong focus on compliance. There is broad understanding and consensus that, when compliance is unattainable for vacant properties, code enforcement actions set the stage, when coordinated, for another department or partner to transition a vacant property to a new, responsible owner.

### **4. Code compliance human resources departments' policies, practices, and work culture align with the new framework.**

Code compliance departments offer significant training opportunities for inspectors to enhance interpersonal skills, problem-solving abilities, and empathy, and prioritize these skills in new hires. Training curricula, where appropriate, helps inspectors understand how classism or racism helped create and sustain the challenges they are expected to help resolve. Code compliance departments cultivate and strengthen an ethos and work culture of collaboration, transparency, experimentation, evaluation, accountability, and forgiveness, understanding that mistakes happen during the process of learning.

## How can local governments make the shift to strategic code compliance?

Thanks to strong leadership (and helpful local and state laws), some departments are manifesting one or more of these characteristics. While no department has perfected all four, this report features communities that have innovated their strategic code compliance work in pursuit of this shift.

How did they do it? By adopting one or more of these five actions that enable a shift from traditional code enforcement to strategic code compliance:

### **1. Use parcel, market, and social data to inform proactive actions and strategic allocation of resources.**

Data plays a key role in strategic code compliance. Gathering and analyzing data on VAD properties, owners, and neighborhoods can help local governments:

- identify the properties and property owners causing the most harm to neighbors and neighborhoods;
- monitor and track predictors of vacancy to move from reactive to proactive and preventative;
- select and deploy the strategies and actions most likely to be equitable, efficient, and effective;
- coordinate code enforcement with other local government programs, such as planning, home repair, eviction prevention, and community and economic development;
- track outcomes of enforcement actions and adjust strategies and programs as necessary; and
- monitor discretionary policies—such as deciding to give owners more time to comply—to ensure they are implemented equitably.

Local governments can and should use data to develop criteria that guide the strategic allocation and coordination of limited resources to maximize resident wellbeing. For example, data on childhood lead poisoning, the year a structure was built, and homeownership rates by block group can help determine where to prioritize limited resources when implementing a proactive rental inspection program. Demographic and neighborhood market trends can help identify areas for home repair assistance, bringing properties into compliance and strengthening the market. Working with other government agencies to overlay property data like tax delinquency, water shutoffs, and emergency calls can reveal opportunities to coordinate actions on one parcel or across multiple VAD properties on a block to maximize impact.

High Point, North Carolina, for example, worked with a local university to examine the conditions of 15,156 parcels in the neighborhoods that make up the Core City (just under half of all parcels in High Point) and create a market segmentation analysis that showed the market strength of each Core City neighborhood. High Point used this data to craft a code enforcement and vacant property strategy that targeted its code enforcement approach based on market indicators, rather than spreading code enforcement evenly across the whole city agnostic of market conditions.

High Point also worked to bring each department's siloed datasets together using a data integration platform and mapping tool.<sup>13</sup> By centralizing data on tax delinquency, utility shutoffs, and code enforcement in one database, High Point's code compliance department is now better equipped to proactively identify and intervene on VAD properties.

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13 "High Point, NC," Tolemi, August 14, 2018, <https://www.tolemi.com/post/high-point-nc>.

## 2. Informed by data, adopt policies and practices that recognize properties and owners can and should be treated differently.

Owners have different incentives and abilities to bring their properties into compliance, based on type of owner, type of property, and location of the property. A code violation notice sent to an easily reached homeowner with resources in a stable or strong market neighborhood may result in compliance. The same notice sent to an LLC that owns a vacant or rental property in a weak real estate market is more likely to be returned to sender or ignored. Using the same enforcement strategies on every property does not achieve the desired outcome and squanders limited resources.

Local governments must create strategies that consider owners' incentives and abilities. This does not mean an individualized approach for each property with a code violation, but that local governments should create general strategies and tools for each common problem property type. In most communities where we have worked, this would involve at least creating strategies to address vacant properties and lots, rental housing, and owner-occupied housing. Chapters 4-6 outline what a strategic code compliance approach might look like and a core policy to pursue for each property subset.

The first step to crafting these strategies is examining existing data. Start by looking at what *is* working. In what neighborhoods and for what types of properties does the traditional approach result in compliance? Then examine where the approach is not effective and think about what additional enforcement actions, programs, or tools would more effectively bring those properties into compliance.

Many local governments have successfully tailored strategies for different property, owner, or neighborhood types. For example, Louisville, Kentucky developed a specific strategy to address vacant and abandoned properties with high grass and weeds.<sup>14</sup> If an owner fails to respond to warnings and citations, the City focuses on reducing the harm caused by these properties and transferring the properties to new ownership, rather than continuing to try to fine the owner personally. The City adds the property to a list of properties it regularly mows, adds its costs to the property's tax bill, and identifies the property as a candidate for lien foreclosure and potential transfer to the land bank, as resources allow. Louisville also recently instituted a policy giving code inspectors discretion to issue warnings (instead of automatic tickets) and to waive citations for homeowners who eventually achieve compliance.<sup>15 16</sup>

### Strategic Code Compliance Data Resources

Several private companies specialize in software designed to help local governments address VAD properties, including eProperty Innovations, Regrid, and Tolemi. The cost of sophisticated software might make it an unrealistic expenditure for local governments with a small budgets. If these communities have smaller vacant property inventories, they may be able to gather and analyze necessary data even without such software. Small towns in Western Massachusetts, for example, have used paper forms and Excel or Google Forms to conduct property inventories.<sup>15</sup> Community Progress Senior Fellow Alan Mallach's publication *Neighborhood by Numbers* details national and local data sources on properties and neighborhoods and offers advice on how local governments can use this data to inform policy.<sup>16</sup>

14 Libby Benton, Tarik Abdelazim, and Liz Kozub, "A Racial Equity Audit of Louisville's Code Enforcement Program," (Community Progress, 2022), <https://communityprogress.org/publications/racial-equity-code-enforcement-audit-louisville/>.

15 Franklin Regional Council of Governments, *Vacant and Abandoned Buildings: Toolkit for Town Officials*, <https://frcog.org/publications/vacant-and-abandoned-buildings-toolkit-for-town-officials/>.

16 Alan Mallach, *Neighborhoods by Numbers: An Introduction to Finding and Using Small Area Data*, (Community Progress, 2016), <https://communityprogress.org/publications/neighborhoods-by-numbers/>.

### 3. Break out of silos and collaborate across departments and sectors.

To stretch their limited resources, code compliance departments must collaborate with other local government departments and develop external partnerships to execute strategies to bring properties into compliance.

Within a local government, breaking out of silos could look like improving coordination among all departments that touch VAD properties. Besides code enforcement, this often includes public health, community development, police and fire, legal, and finance departments. To successfully implement strategies that transfer VAD properties to new ownership, code compliance departments must work with the departments that assess, collect, and enforce property taxes, as well as public entities (like land banks) that might take possession of properties after foreclosure.

Local governments can also partner with external organizations to improve property and neighborhood conditions. This includes local nonprofits, tenant groups, neighborhood associations, faith-based organizations, and foundations. Often, these efforts focus on helping homeowners with repairs, helping tenants in substandard rental properties, and cleaning up neighborhoods.

For example, Chelsea, Massachusetts created a partnership between its code compliance department and a local social service agency. This partnership allowed code inspectors to, with a resident's consent, refer issues to the social service agency for follow-up and assistance. Assistance might include help accessing heating fuel, food, healthcare, and rental assistance; hoarding clean-up and heavy chore help; and home repairs. A study of this program found that it successfully connected residents with assistance and improved the wellbeing and efficiency of code inspectors.<sup>17</sup>

The City of Albany, New York created a dedicated Neighborhood Stabilization Coordinator position in their code enforcement department to build out a comprehensive approach to resolving and preventing vacancy and abandonment.<sup>18</sup> Among other outcomes, the coordinator's thoughtful and extensive data analysis and community engagement revealed a small subset of the city's vacant properties were heirs' properties—properties where the owner had died without an estate plan in place, leaving the property in legal limbo. The City used American Rescue Plan Act (ARPA) funding to partner with the local legal services organization to provide free estate planning to homeowners before families encounter these problems, with the goal of helping prevent more properties from becoming vacant in the future.

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**Using the same enforcement strategies on every property does not achieve the desired outcome and squanders limited resources.**

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17 Katharine Robb, Ashley Marcoux, Jorrit de Jong, and Yamile Nesrala, "More than the Sum of its Parts: Integrating Housing Inspection and Social Services to Improve Community Health," (Bloomberg Harvard City Leadership Institute, 2022), <https://cityleadership.harvard.edu/resources/more-than-the-sum-of-the-parts-integrating-housing-inspections-and-social-services-to-improve-community-health/>.

18 Sam Wells, email message to author, January 5, 2024.

#### 4. Track and evaluate outcomes and adjust as needed—with a commitment to transparency and communication.

Shifting to strategic code compliance is an ongoing commitment, not a one-time change. Local governments should use data and feedback from staff and residents to monitor and evaluate the impact of any changes and adjust strategies accordingly. The goal is to ensure these improvements are bringing properties into compliance without unintended consequences.

Shifting from a one-size-fits-all approach to an approach with different strategies for different types of owners, properties, and neighborhoods can introduce more opportunities for code enforcement inspector discretion. It is critical to monitor the use of this discretion to ensure it is being deployed fairly and equitably both by individual inspectors and across the department.

Rochester, New York has been a leader in data use and transparency to evaluate and adjust its code compliance programs. The City uses its code enforcement data, including the number of violations and amount of time needed to correct, to create a publicly available code compliance score for rental property managers and owners.<sup>19</sup> The system also uses an algorithm to link owner and manager records if they appear to be the same individual or have the same controlling entity. The City uses this data to inform its code compliance activities and help tenants make better rental decisions. Rochester also uses data to continually monitor, track, and improve its proactive rental inspection and licensing program. The City uses local health department data on elevated blood lead levels to update its “high risk areas” where more frequent inspections are conducted. They have proactively sought feedback from landlords on their program, helping build trust and cooperation.

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### Concerns about Treating Different Properties Differently

Creating different strategies to address different property owners, types, and neighborhoods is one of the most important elements of strategic code compliance. Local governments often incorrectly believe that the law requires treating all properties the same or worry that their actions will be viewed as unfair or discriminatory if they treat different owners or property types differently.

However, local governments are not required by law to treat all owners or properties the same—and in many cases, they should not. So long as code compliance efforts avoid bias and do not establish a pattern of enforcement against a constitutionally protected class (e.g., race, gender), local governments have discretion to establish a range of criteria to help guide their enforcement decisions. These criteria can include property type, neighborhood market conditions, and owner circumstances. Local governments should collect and analyze data to help develop and monitor these criteria and strategies, including parcel data, market trends, enforcement outputs and outcomes, and resident input.

When designing these criteria, local governments must consider the history of racially discriminatory housing and land use policies in cities and neighborhoods with many VAD properties. As Notre Dame Law Professor James Kelly suggests, local governments should ensure residents and community organizations are involved in the process of creating the code enforcement strategies and developing the criteria for various enforcement decisions, as well as broader neighborhood revitalization plans.<sup>20</sup> Local governments must also consider potential negative consequences of their strategies on individuals and neighborhoods of color, and think through how their discretion can help advance racial equity, including by stabilizing property values and creating more affordable housing opportunities.

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19 “Property Manager Code Compliance Score,” City of Rochester, accessed December 14, 2023, <https://www.cityofrochester.gov/CodeComplianceScore/>.

20 James J. Kelly, *Just, Smart: Civil Rights Protections and Market-Sensitive Vacant Property Strategies*, (Community Progress, 2014), <https://communityprogress.org/publications/just-smart/>.

## 5. Make broader changes within the department and local government to support a culture of code compliance.

Making the shift involves more than simply adopting specific new programs and policies. Cultural changes within local government and the code department are necessary to effectively institutionalize a strategic code compliance framework. Key changes local governments can make include:

- Prioritizing relationships with residents, community organizations, and other departments and collaborating to improve property and neighborhood conditions;
- Recruiting staff who are community-minded, empathetic, and good communicators, by allocating adequate pay for positions, advertising in nontraditional locations, and developing a good pitch to potential applicants;
- Providing training to inspectors on not only internal processes, but also neighborhood history, available local government and community resources, and implicit bias; and
- Using titles and uniforms that help make staff approachable, such as using the title “inspector” rather than “officer” and having staff wear polos instead of law enforcement uniforms.<sup>21</sup>

Peoria, Illinois has worked to change its culture by prioritizing community engagement, public education, and “*code encouragement*” over traditional *code enforcement*.<sup>22</sup> Inspectors attend and volunteer at community events and go door to door to introduce themselves to residents. The department helps organize clean up events, mails informational postcards, and works to hire and retain inspectors who are empathetic, kind, and good listeners and communicators. Its new mission statement reflects this shift: “Striving to educate, encourage, and serve community members to create a healthy and more positive Peoria.”

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## Why Criminal Code Enforcement is Less Effective

Many local governments bring criminal charges against property owners who fail to bring their properties into compliance. In most instances, Community Progress recommends that local governments end this practice and use the strategies outlined in this report instead.

As discussed in Chapter 2, criminal penalties often punish people who don’t have the capacity to make repairs and are costly, time consuming, and ineffective. At the same time, truly bad actors—landlords and owners of vacant properties who have the resources to make repairs but refuse to—typically own their properties through an LLC or other organizational structures. This makes it very difficult for local governments to locate a specific individual to bring criminal charges against. As one code enforcement official explained, “When it comes to code enforcement, I can’t arrest an LLC.”<sup>23</sup>

Some local governments, working in partnership with creative and dedicated prosecutors, have used their criminal court systems in a way that has minimized inequitable outcomes and leveraged some of the heavy-handed criminal penalties to hold bad actors accountable. However, we believe that pursuing criminal charges against most owners is less effective to address the immediate harms caused by the properties than most of the strategies outlined in this publication.

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21 Some cities, including Dallas, Texas and Grand Rapids, Michigan, have even changed the names of their code enforcement departments to “code compliance” departments.

22 For more information on Peoria’s approach, please see their April 2022 Community Progress Webinar, “Strengthening Community Relationships to Achieve Equitable Code Enforcement,” <https://www.youtube.com/watch?v=tui82LHuGY0>.

23 Thomas Breen, “I Cannot Arrest an LLC,” *New Haven Independent*, October 4, 2019, [https://www.newhavenindependent.org/article/landlords\\_csep](https://www.newhavenindependent.org/article/landlords_csep).

## 6. Make equity both a core principle and a desired outcome in all work.

Effective strategic code compliance is rooted in a commitment to advancing equity and meeting resident needs. In many communities, this means recognizing how unjust, discriminatory policies and practices—including code enforcement—have contributed to current property conditions and concentrated vacant or deteriorated properties in neighborhoods of color. Local governments in these communities must work with residents and grassroots organizations to craft strategies that repair the harmful effects of these policies and practices.

Louisville, Kentucky is one city that has taken on this challenge. After the tragic murder of Breonna Taylor in 2020, Louisville’s Metro Council adopted an ordinance requiring all agencies to complete racial equity reviews of their policies and practices. With Community Progress’ support, code enforcement leaders began this process by holding a one-day workshop for staff from their department and other key departments touching VAD properties with the goals of building a common understanding of historic racist policies that contributed to current property and neighborhood conditions, and identifying strategies to advance racial equity and mitigate unintended consequences.<sup>24</sup>

This work resulted in policy changes and started other important conversations the department continues to carry forward. For example, the City secured funding to support a home repair program to help legacy, low-income residents address code violations. Inspectors also identified other priority budget and policy changes, which included expanding land banking programs and creating a proactive rental inspection and licensing program. Although the City is still working to implement these priorities, these objectives reflect a deepened understanding of the changes necessary to work collaboratively, achieve compliance, and improve neighborhood health and safety. A genuine commitment to racial equity is a journey, not a destination.

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24 "What Does Equitable Code Enforcement Look Like? How Louisville Is Taking Steps to Use Its Code Enforcement Process to Advance Racial Equity," Center for Community Progress, November 30, 2022, <https://communityprogress.org/blog/what-does-equitable-code-enforcement-look-like-how-louisville-is-taking-steps-to-use-its-code-enforcement-process-to-advance-racial-equity/>.



**Effective strategic code compliance is rooted in a commitment to advancing equity and meeting resident needs.**



# Applying Strategic Code Compliance to Vacant Properties

The limitations of traditional code enforcement and the need for a new, more strategic approach is most evident when trying to address parcels with vacant structures and vacant lots.

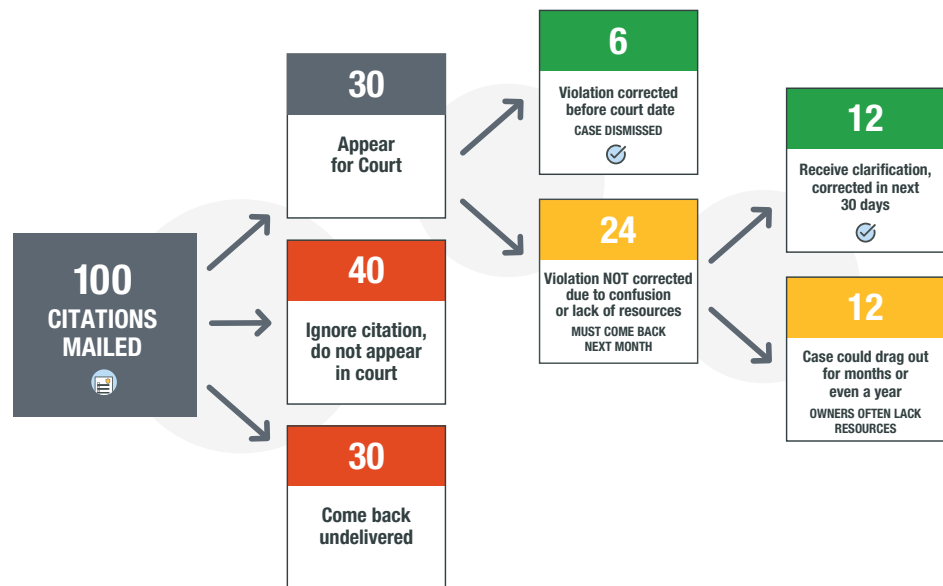
Several years ago, Gary, Indiana asked us to help assess their code enforcement practices and identify process and policy reforms. Our analysis found an estimated 70 percent of code citations issued by the City were either ignored or returned to sender.<sup>25</sup> Further investigation revealed that many of these citations were being issued to owners of vacant properties, many of which had long been abandoned.

The City of St. Louis has faced similar challenges with its vacant property code enforcement process.<sup>26</sup> After completing process maps of their code enforcement approach, City officials and stakeholders found that many enforcement actions were dismissed because the corporate owner never showed, or cases were closed with a nominal fine against the owner. In both outcomes, the property languished in violation for months. Months later, the code inspector was out responding to another complaint at the same property for the same violation. Local leaders called this a “whirlpool,” an apt term for an ineffective cycle that endlessly drains resources without ever achieving compliance.

While these examples are unique because of the scale of the problem in these cities, such challenges and whirlpools are common across the country.

**Figure 3: Estimated Outcomes of Code Citations in Gary, Indiana in 2015**

The outcomes for each 100 code citations mailed by the City of Gary, Indiana as estimated by City staff.



25 Tarik Abdelazim, *Building a Strategic, Data-Driven Code Enforcement Program for Gary, Indiana* (Center for Community Progress, 2015), <https://communityprogress.org/publications/building-a-strategic-data-driven-code-enforcement-program-for-gary-indiana/>.

26 Libby Benton and Tarik Abdelazim, *Code Enforcement Process Improvements for the City of St. Louis* (Center for Community Progress, 2023), <https://communityprogress.org/publications/code-enforcement-improvements-st-louis/>.



## CORE POLICY

### Fix it Up, Pay it Up, Give it Up

Consensus Needed to Implement Core Policy:

- It is the responsibility of the local government to cite nuisances proactively and promptly at vacant properties. If not remedied by the owner in a timely manner, the local government will immediately abate the nuisance to minimize harms to public health and safety.
- If the owner does not pay the costs of abatement actions, then the local government will take action to compel a transfer of ownership. If needed, the local government will assume temporary ownership and steward the property back to productive reuse.
- In limited situations, certain types of owners may need and deserve equitable considerations in order to retain ownership and bring the property into compliance.

To return vacant properties to productive use, especially in weak real estate markets, local governments need a different approach. The “Fix it Up, Pay it Up, Give it Up” approach outlined below focuses on reducing the harms these properties cause and, where necessary, transferring them to new ownership. This approach accomplishes the short-term goal of protecting neighbors from harm and the long-term goal of returning properties to the tax rolls, reducing future code enforcement expenditures and stabilizing neighborhoods.

In this chapter, we expand on the limitations of traditional code enforcement, detail the Fix it Up, Pay it Up, Give it Up approach, and discuss specific strategies to address three common vacant property types: heirs’ properties; “zombie” or bank-owned properties; and commercial properties.

## The Limitations of Traditional Code Enforcement in Dealing with Vacant Properties

Local governments commonly use two traditional code enforcement tools to address vacant properties, both of which have significant limitations:

1. Civil and criminal enforcement, using the threat of civil fines or criminal penalties to compel compliance; and, if unsuccessful,
2. Enforcement of unpaid code enforcement fines, costs, and judgments by recording the judgment as a lien against the property (code liens) and seeking to collect those liens.

### Limitations of Civil and Criminal Enforcement

When vacant properties are located in weak real estate markets, often owned by entities immune from liability, the threat of civil or criminal penalties rarely results in compliance. Even when local governments successfully bring cases against owners of vacant properties, the result is often only a fine and the case is closed. The owner may pay the fine but not fix their property, and months pass while the problem is never addressed. If measured only by judgements and fines, this would be recorded as a successful outcome. However, given the initial complaint, if the nuisance or dangerous situation persists, no neighbor would consider this a success.

## Limitations of Code Liens

Many local governments will place a lien on the property for fines and any abatement costs. This is generally a good practice, as it often results in parties interested in purchasing the property contacting the local government and sometimes results in the local government recouping the fines and costs.

However, this tool has limitations. In many states, state law does not give these liens priority status. This means that the local government's lien is placed on the property subject to any existing liens or liens with higher priority. In practice, this usually means that the local government's code enforcement lien is behind any liens for local, state, or federal taxes, mortgages, and even some judgment or creditor liens. As a result, when the property is sold or foreclosed, any proceeds go to these entities first, making it unlikely that the local government will recoup its costs.

Moreover, because the code liens lack priority status, a local government cannot use these liens as leverage to transfer properties to new ownership. Often local governments can foreclose on their code liens using their appropriate state law process, which generally involves offering the property for sale at a public auction. Such foreclosures, however, only eliminate the interests of other lienholders in line behind the code lien, not those in front. This means that a purchaser (or the local government, if there is no buyer) could acquire the property but would have to pay off these liens to obtain clear title to the property. For most vacant properties, especially in weak markets, this does not make financial sense.

Finally, in certain circumstances, attaching code liens to properties can make it less likely that the property will be brought into compliance. In neighborhoods with weak real estate markets, the amount of code liens sometimes exceeds the value of the property. Because these liens must be paid off if the property is sold, these liens can discourage potential purchasers who might otherwise be interested in rehabilitating the property.

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## Vacant Property Registration Ordinances

Vacant Property Registration Ordinances (VPRO) are another tool cities can use to help bring vacant properties into compliance with local property maintenance codes. Local governments' ability to adopt such ordinances varies based on state law. While most states give local governments broad discretion to adopt and craft such ordinances, some states, like Georgia,<sup>27</sup> have passed legislation limiting this authority.

VPROs typically require owners of vacant properties to register with the local government by providing specific contact information and paying a fee. Many ordinances also require owners to maintain the properties to certain standards or take certain actions to maintain the property, like boarding windows or regularly mowing the grass.<sup>28</sup>

VPROs can help focus a local government's efforts on identifying and addressing vacant properties but must be seen as one piece of a larger, strategic approach to addressing these properties. Because few owners come forward to voluntarily register these properties, local governments also need to create a proactive strategy for identifying vacant properties and dedicate the resources to bring enforcement actions when owners fail to register or adequately maintain them. And, as explained above, local governments should explore ways to transfer properties to new ownership—the third step of the Fix it Up, Pay it Up, Give it Up approach—if these traditional enforcement techniques do not result in compliance.

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<sup>27</sup> O.C.G.A. § 44-14-14.

<sup>28</sup> Alan Mallach, *State Policy and Problem Property Regulation*, (Center for Community Progress, 2022), <https://communityprogress.org/blog/state-policy-problem-properties/>.

## Shifting to Strategic Code Compliance: Fix it Up, Pay it Up, Give it Up

Strategic code compliance pursues a different approach to address vacant properties—one aimed at the property rather than the owner. The strategy focuses on quickly reducing the harm these properties cause, recouping public expenses to maintain them, and, where necessary, compelling their transfer to new, responsible ownership. Community Progress calls this the Fix it Up, Pay it Up, Give it Up approach:

- **Fix it Up** means giving owners the opportunity and, where appropriate, the resources or support to fix their properties up themselves.
- **Pay it Up** means if an owner is unresponsive to violation notices and unwilling to fix the property, the local government will take responsibility for reducing the harm caused by the property by quickly securing, maintaining, and, where necessary, demolishing the property and demanding payment from the owner. If not paid, a priority lien is recorded against the property for the full costs of these activities.
- **Give it Up** means if the owner refuses to reimburse the local government for the tax dollars used to abate the nuisances, as a last resort, the local government will take action to compel the transfer of the vacant, harmful property to new ownership, which may include temporary public stewardship.

► **Figure 4: The “Fix it Up, Pay it Up, Give it Up” Approach**



Copyright: Center for Community Progress

Implementing this core policy requires many of the key practices and elements of strategic code compliance. In several places, it will require substantial changes to state laws. Even with state laws that enable these policies, local governments will need to develop policies and practices customized to address vacant properties. Enforcement should be proactive. Robust data practices are needed to respond promptly to violations, track results, and report outcomes. Additional resources (staff hours and dollars) are needed to carry out more timely and frequent abatement actions. Collaboration between other departments is essential: the local government staff to carry out abatement actions, the legal department to bring enforcement actions, the finance department to bill and handle collection, and the department managing property tax enforcement. In this sense, code enforcement actions enable a policy that will eventually result in either compliance or new ownership thanks to the coordination and support from other departments and agencies.

State law determines whether local governments can effectively implement a Fix it Up, Pay it Up, Give it Up approach.<sup>29</sup> In some states, these laws dictate what types of abatement actions local governments can take and what notice is required before taking such actions. They determine whether code fines and abatement costs can

29 For more information and examples of VPRO, see Mallach, *State Policy*, 14.

be added to a property's tax bill or as priority code liens against the property. They also outline what procedures local governments must follow to enforce these liens and whether these procedures help compel the transfer of properties to new ownership.

Below, we discuss in detail the three phases of this core policy approach, policy and practice considerations, and look at inspiring examples from the field. In many states, significant state law reforms would need to be made to implement such an approach. Local governments should consult with local counsel to understand their options under existing laws and, if these laws are inadequate, to identify areas for reform.



## **Fix it Up: Reduce the Harm Caused by Vacant Properties**

Although a less likely outcome when it comes to vacant properties, the best, most efficient outcome of a code enforcement action is for an owner to voluntarily bring their property into compliance. To that end, a local government's vacant property code compliance approach should still start with providing owners adequate and clear notice with the information, time, and, where appropriate, resources needed to bring their property into compliance.

### **Policy and Practice Considerations**

- Except in emergency situations, send warning letters to owners—especially for properties being cited for the first time—before issuing code violations.
- Make warning and violation letters clear and easy to understand by:
  - Using simple language;
  - Specifying the exact location of the violation, what steps the owner needs to take to correct the problem, and the time period by which the violation must be remedied;
  - Describing the consequences of noncompliance; and
  - Providing translated copies of the notices if a language other than English is commonly spoken in the area where the property is located.<sup>30</sup>
- Give owners a list of resources, such as information about free or low-cost home improvement supplies, nonprofit heirs' property assistance, and how to obtain local government permits for repairs.
- When appropriate, explain the importance of compliance by speaking to responsible ownership and collective efforts to maintain vibrant, healthy, and safe neighborhoods.
- For properties that have been previously cited for similar violations, bypass warning letters and move immediately to enforcement to mitigate the harm to the community.

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<sup>30</sup> The following research and resources from The Behavioural Insights Team provides more information on ways local governments can make code communications more effective: Owain Service, Michael Hallsworth, David Halpern, Felicity Algate, Rory Gallagher, Sam Nguyen, Simon Ruda, and Michael Sanders, *Four Simple Ways to Apply EAST Framework to Behavioural Insights* (The Behavioural Insights Team, 2014), <https://www.bi.team/publications/east-four-simple-ways-to-apply-behavioural-insights/>; Elizabeth Linos, Lisa T. Quan, and Elspeth Kirkman, "Nudging Early Reduces Administrative Burden: Three Field Experiments to Improve Code Enforcement," *Journal of Policy Analysis and Management* 39, no. 1 (November 5, 2019): 243-265, <https://doi.org/10.1002/pam.22178>.



## Pay it Up: Ensure the Local Government is Reimbursed for its Costs

If an owner of a vacant, deteriorated property fails to bring their property into compliance despite receiving adequate notice and opportunity to make repairs, local governments must shift their strategy to reducing the harm caused by the property by securing, maintaining, and, if necessary, demolishing the property. Taxpayer costs expended by the local governments should be secured by placing a priority lien against the property.

We acknowledge that in weak market cities with large inventories of vacant properties, the likelihood of getting paid on the lien is low. However, the lien is a tool that gives the local government a mechanism to help control the disposition of a vacant property. Local and state laws impact a community's ability to carry out abatement actions and should be used to determine whether the subsequent lien will have any enforcement value.

When it comes to abatement, local governments can reduce the harm caused by vacant properties under their general authority to address public nuisances. For vacant structures, local governments should focus on boarding and securing the structure, cleaning the grounds, and, where necessary, demolition. Many local governments have adopted the IPMC, which provides helpful and consistent property maintenance standards (including provisions to address dangerous structures) and enforcement tools. In many cases, the IPMC can provide a more efficient approach than relying entirely on clunky state statutes and existing nuisance abatement provisions.<sup>31</sup>

For vacant lots, local governments should focus on removing waste and regularly mowing these properties. Studies have found that regularly mowing vacant lots reduces violent crime overall and serious violent crime involving local youth.<sup>32</sup>

Following any abatement actions, local governments should calculate their full costs, including administrative and inspection costs like staff and personnel time, and attach these costs and any related fines as a priority lien against the property, if allowed by state law.

Priority liens have two primary benefits. First, they ensure the local governments' debts are first in line for payment when a property is sold. This is important because VAD properties are usually low value. Without priority status, there are unlikely to be sufficient funds remaining to compensate the local government after paying off other creditors. Second, priority liens allow a local government to foreclose and force the transfer of properties, setting up the Give it Up strategies.

### **Policy and Practice Considerations**

- Some local governments grant owners 30 days to address nuisances. This is appropriate for only select violations. Many issues can and should be addressed in less time. Five to seven days is a more reasonable timeframe for removing trash and mowing. Boarding and securing open windows or doors should be done in less than five days, and preferably within 24 to 48 hours of receiving notice, given the serious safety considerations. For communities that experience intense winters, snow and ice removal from sidewalks should also occur within 24 or 48 hours.
- If state law allows, local governments should notify chronic violators at the start of a mow season that failure to comply with maintenance codes for high weeds will result in the local government automatically abating violations without any further notice.<sup>33</sup> This allows for a more efficient process that prioritizes the health and safety of nearby residents.
- To carry out the abatement actions, some local governments use staff while others hire private contractors. Local governments should pursue whichever approach is most nimble, responsive, and an efficient use of tax dollars.

<sup>31</sup> Nuisance abatement refers to the use of code enforcement to address dangerous or public nuisance conditions.

<sup>32</sup> "Vacant Land Stewardship Research Series: Greening and Community Safety," (Center for Community Progress, 2023), <https://communityprogress.org/publications/greening-and-community-health/>.

<sup>33</sup> See, for example, Indiana Code § 36-7-10.1-3(d).

- Many cities rely on counties to collect and enforce taxes. Our experience has shown counties are generally supportive of adding code liens so long as state law permits it, they understand the process, and they can adjust their financial software to accommodate the new liens.
- Local governments should track the number of code liens per property, the total amount of code liens issued, and the collection rates. Local governments that have low-priority code liens often have single-digit collection rates. However, some cities in New York with high-priority code liens have reported collection rates exceeding 80 percent, especially when seamlessly added to the annual property tax bill.
- This policy hinges on the priority of the lien as defined by state law. ***Without high-priority status and clear guidance that the lien can be enforced in the same manner as delinquent taxes, implementation of this core policy is not possible.***



### Give it Up: Compel Transfer of Property to New Owner

Promptly citing, monitoring, and abating nuisances can help local governments prevent and reduce harm from vacant properties. But these strategies alone are not enough to revitalize and transform neighborhoods. For systemic, lasting change, local governments must be willing to take control of these vacant properties and work to transfer them to new, responsible ownership.<sup>34</sup> This is the third prong of the Fix it Up, Pay it Up, Give it Up approach.

It can be difficult for local governments to break from the status quo and embrace this approach. Some local governments working to address vacancy have mastered the first two prongs, but leaders remain reluctant to take control of these properties, often citing concerns about the potential costs, liabilities, and uncertain outcomes. However, without further action, these local governments are left with the ongoing costs of securing and maintaining more and more privately owned vacant structures and lots, and liens that continue to decline in value and become difficult—sometimes impossible—to collect.

This approach requires a local government to be ready and resourced to acquire and temporarily steward VAD properties, but it doesn't mean all properties will fall under public ownership. For example, the auction of a foreclosed vacant property may result in private bidders willing to pay all public liens purchasing the property. In these cases, the local governments would be made whole for the many abatement actions it completed to protect public health and safety. In some instances, a foreclosure and auction sale with no private bids may result in the local government acquiring clear title. With this outcome, the local government can now assume ownership and thoughtfully direct the property to a reuse that aligns with resident priorities and is consistent with a broader neighborhood plan. In many places this role is carried out by land banks, which have carved out a critical niche in stewarding vacant, tax-foreclosed properties to productive reuse and responsible buyers who advance community goals (see callout box, page 30). Finally, the fact that the local government is willing to foreclose on its liens and transfer properties should increase property owners' voluntary compliance.

This third and final prong not only challenges the idea that government should not be in the property business, but also implicates legal mechanisms that are complicated, largely defined by state law, and may be subject to the 2023 Supreme Court ruling in *Tyler v. Hennepin County*.<sup>35</sup> It is worth briefly unpacking these key mechanisms, but we strongly encourage readers to consult local attorneys to clearly understand how these legal systems are designed and implemented in your respective community.

<sup>34</sup> This strategy is not appropriate for occupied properties. For occupied properties, local governments should consider the strategies outlined in Chapters 5 and 6.

<sup>35</sup> "SCOTUS *Tyler v. Hennepin County* Ruling Poses Opportunities, Unintended Consequences for Communities Fighting Vacant and Abandoned Properties," Center for Community Progress, May 26, 2023, <https://communityprogress.org/press/tyler-hennepin-ruling-vacant-properties/>.

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## Land Banks: A Critical Tool to Return Properties to Productive Use

A land bank is a public entity with unique powers to put vacant, abandoned, and deteriorated properties back to productive use according to community goals. A land bank's primary purpose is to acquire vacant and abandoned properties and temporarily hold and take care of them until they can be transferred to new, responsible owners. Land banks can operate at a municipal or county-level and are usually created pursuant to special state-enabling legislation.

In many states, local governments have the option of transferring all properties that do not receive a minimum bid at a tax sale to a land bank. Land banks can then take steps to unlock the value of these properties by clearing title, assembling parcels, marketing properties, and securing, rehabilitating, or demolishing structures. They also typically have authority to sell property driven not by the highest price but by the outcome that most closely aligns with community goals, e.g., selling properties to first-time home buyers or nonprofit affordable housing developers.

Community Progress is a national leader in land banking and has helped shape and support successful passage of state enabling legislation, trained hundreds of land bank leaders, provided technical assistance to land banks across the country, and developed and supports state land bank associations, including those in Georgia,<sup>36</sup> Michigan,<sup>37</sup> New York,<sup>38</sup> Ohio,<sup>39</sup> and Pennsylvania.<sup>40</sup> Community Progress also leads the National Land Bank Network, which brings land bank leaders together to share knowledge, network, and leverage their strengths to inform policy change, strengthen land banking as a tool, and build a national community of practice.<sup>41</sup> For more information, visit our Land Bank resource page.<sup>42</sup>

## Mechanisms Local Governments Can Use to Compel the Transfer of Vacant Properties to New Owners

The specific mechanisms local governments can use to compel the transfer of vacant properties to new owners vary based on state law. They include legal tools such as receivership,<sup>43</sup> abandonment procedures, property tax foreclosure, and code lien foreclosure. In weak real estate markets, well-designed property tax or priority code lien foreclosure systems are the most equitable, efficient, and effective ways to compel the transfer of vacant properties. However, the exact details of how these systems operate in practice vary by state, municipality, and county.

These systems are usually established by state laws. Where well-designed systems do not exist, we encourage local government practitioners to advocate to create or improve these systems. Local governments across the country are working with residents, community organizations, and other local governments to change these laws and practices. Community Progress has resources to help, including our recent publication, *Reimagine Delinquent Property Tax Enforcement*,<sup>44</sup> and recent policy brief, "Tyler v. Hennepin County: Analysis and Policy Reform Options for State and Local Governments."<sup>45</sup>

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36 Georgia Association of Land Bank Authorities (website), accessed December 14, 2023, <https://www.galbaonline.com/>.

37 Michigan Association of Land Banks (website), accessed December 14, 2023, <https://milandbank.org/>.

38 New York Land Bank Association (website), accessed December 14, 2023, <https://nylandbanks.org/>.

39 Ohio Land Bank Association (website), accessed December 14, 2023, <https://www.ohiolandbanks.org/>.

40 Pennsylvania Land Bank Network (website), accessed December 14, 2023, <https://housingalliancepa.org/blight-prevention-and-remediation/>.

41 "National Land Bank Network," Center for Community Progress, accessed December 14, 2023, <https://communityprogress.org/nlbn/>.

42 "Land Banks," Center for Community Progress, accessed December 14, 2023, <https://communityprogress.org/resources/land-banks/>.

43 Receivership is a helpful, though narrowly used, tool that allows a local government to file a court action to compel the owner to make certain repairs to the property and asks the court to appoint a receiver to either sell, repair the code violations, or otherwise manage the property. A receiver is often a property management company or some other person or entity with experience repairing or managing property, and its costs are generally secured by a lien against the property or paid out of any rental income generated by the property if it is occupied. While it can be a powerful tool, it requires a great deal of factors to be successful, including having a receiver capable of fronting the costs of repairs/maintenance/management and enough value in the property to be able to cover the receiver's costs if the owner fails to pay back the costs. See more about the receivership tool available in actions brought in the Cleveland Housing Court here ([https://www.clevelandmunicipalcourt.org/docs/default-source/default-document-library/ohio\\_receivership\\_statute.pdf?sfvrsn=0](https://www.clevelandmunicipalcourt.org/docs/default-source/default-document-library/ohio_receivership_statute.pdf?sfvrsn=0)), or about the receivership tools used as part of the Troubled Buildings Program in Chicago by the city and its partners at the Community Investment Corporation (and others) here (<https://www.cicchicago.com/programs/troubled-buildings-initiative/>).

44 Graziani, *Reimagine*.

45 "Policy Brief: Tyler v. Hennepin County," (Center for Community Progress, August 2023), <https://communityprogress.org/publications/tyler-hennepin-policy-brief/>.



## PROPERTY TAX FORECLOSURE

Local governments in many states—including Michigan, Ohio, New York, and Georgia—have for decades successfully used their property tax foreclosure processes to transfer vacant and abandoned properties to new, more responsible owners. The best systems allow local governments to add their code enforcement and abatement costs to the property's tax bill and then use the existing property tax enforcement system to foreclose if the owner fails to pay these costs.

In a well-designed system, the property tax foreclosure process is judicially supervised and the foreclosing government unit is statutorily required to provide constitutionally adequate notice of the foreclosure to the owner and interested parties. Property owners and other interested parties have an opportunity to appear at a court hearing to contest the foreclosure and a judge can ensure the proper notice has been provided to all parties. The foreclosing government unit offers the property itself for sale, rather than only the government's tax lien against the property and there is a mechanism to transfer VAD properties to a land bank or other entity for temporary public stewardship if they do not sell.

There are generally two ways that foreclosing governments transfer properties after the foreclosure action: public sale or direct transfer. Whether these transfer mechanisms are available to your community and how they operate in practice will vary by state, municipality, and county. This section outlines how such systems typically work and our recommendations for an optimally designed system.

### **Public Sale**

In many states, the foreclosing governmental unit offers the property for sale at a public auction, where the minimum bid is usually the total of all public liens, interest, and fees. In a well-designed system, because the foreclosing government unit provided constitutionally adequate notice through a judicially supervised process, the properties offered at such sales will be free of all back taxes and other liens and have insurable and marketable title. This makes it more likely the property will be purchased by a responsible owner and that owners will be able to access financing for property repairs or rehabilitation.

To deter bad actors and speculative investors, some states and local governments impose conditions on bidders at the foreclosure auction. These include prohibiting owners with open code violations or unpaid property taxes or code enforcement fines from bidding on and purchasing properties. West Virginia, for example, prohibits individuals from purchasing tax liens at auction if they owe property taxes, have a history of code violations, are subject to pending code enforcement actions, or have failed to comply with demolition orders.<sup>46</sup>

To further encourage property rehabilitation, local governments should consider inspecting all properties scheduled to be sold at the foreclosure auction and including the inspection report with the auction listing. Following the tax auction, code enforcement inspectors could monitor the property and require the purchaser to bring the property into compliance with core health and safety standards before it could be occupied.

In many states, if a property does not sell at auction, the foreclosing government can transfer the property to a land bank or similar entity at nominal or no cost. The land bank can then work to remove any remaining barriers and return these properties to new uses that meet community needs. Moving these properties under a land bank's temporary stewardship is preferable to continuing to offer the properties for sale at reduced prices that attract speculators, undermine community control, and drive down neighborhood property values. More information about the transformative role land banks have played in the last 10 years in resolving systemic vacancy is included in a call out box on page 30.

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46 W. Va. Code § 11A-3-45.

## **Direct Transfer**

In some states, including New York and Massachusetts, foreclosing governments have the option to transfer the property directly to a local government, land bank, or similar entity rather than offer it at a public sale after foreclosure. For instance, the City of Syracuse stopped tax auctions altogether in 2013 when it created its land bank. Going forward, the City chose instead to transfer every tax-foreclosed property to the land bank for \$151 a parcel. Ten years on, the Greater Syracuse Land Bank has become a national leader in the field and an essential partner to the City's revitalization efforts.<sup>47</sup>

However, the Supreme Court's decision in *Tyler v. Hennepin County* will now make such transfers more challenging and expensive. The *Tyler* decision requires that local governments provide a way for former property owners to recoup any value in the property that exceeds the amount owed to the government.<sup>48</sup> Offering the property at public auction is likely the safest way for local governments to determine the value of the property and the amount of any excess value that can be claimed by the owner.

Some practitioners believe the Court's discussion of an earlier case, *Nelson v. City of New York*, in the *Tyler* decision provides an opportunity to continue to use direct transfers so long as the former owner or interested party has an opportunity to make a claim for any excess value and fails to do so. This reliance on *Nelson* carries risk, as the Court did not actually uphold that case in its opinion. If the Supreme Court or lower courts overrule or further distinguish *Nelson* in the future, local governments could be liable for the excess value.

**Code compliance will play an even more critical role in addressing VAD properties in the wake of *Tyler*.** If local governments shift from direct transfers to offering properties at public auction, state laws must allow—or be reformed to allow—for all code fines and abatement costs to be added to the property's tax bill or as a priority lien against the property.

There are several advantages to having these amounts included as part of the minimum bid on tax-foreclosed properties sold at auction. First, a higher minimum bid may discourage bad actors and speculative investors. Second, if there is a winning bid, then at least the local governments will be reimbursed for all the tax dollars spent minimizing the harm to neighbors from the neglected property. Third, if there are no bids at the minimum price, then the local government should ensure it has the authority to acquire the property with the comfort of knowing this type of acquisition is more likely to withstand a *Tyler*-related complaint for excess proceeds.

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## **Communicating Strategies to Residents**

As a local government implements new strategies to address code violations, transparently communicating about these efforts is vital to building trust with residents. Every resident has their own desires and priorities for their community. When possible, invite residents to share their input and invite them to be partners in the process of achieving your shared goal of a safer, healthier neighborhood.

Additionally, when local government implements a new approach that directs more resources to code compliance in a certain neighborhood, residents will likely have questions about the change. Many communities with weak real estate markets and a significant number of vacant properties have experienced negative impacts from inequitable interventions to address vacant properties. Without clear communication, residents might view these new strategies as a continuation of old, harmful practices. Dedicating time and personnel to explaining the new policy or practice, what it aims to accomplish, and how it aligns with the needs and priorities of residents will increase trust in local government and help achieve compliance.

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<sup>47</sup> *A Decade of Progress: Celebrating 10 Years of Land Banks in New York*, (Center for Community Progress, 2023), <https://communityprogress.org/publications/a-decade-of-progress-new-york-land-banks/>.

<sup>48</sup> "Policy Brief: *Tyler v. Hennepin County*."

## PRIORITY CODE LIEN FORECLOSURE

In states that lack well-designed delinquent property tax enforcement systems—or where state reforms to such systems are a steep political climb—some local governments have secured state law changes that allow them to use priority code lien foreclosures to transfer properties to new ownership.

These states allow code liens to have **first-priority** status, giving code liens the same priority as property tax liens and putting them ahead of all other liens.<sup>49</sup> This makes it more likely that local governments will be reimbursed for code enforcement and abatement costs when the property is sold and means that if the local government forecloses, all other liens (except for back taxes) would be eliminated. This change allows local governments to use code lien foreclosure to transfer the property to new owners.

Notably, Louisiana law allows local governments to add code enforcement fines, abatement costs, and demolition costs to a property as a priority lien.<sup>50</sup> New Orleans used priority code lien foreclosures as part of their recovery efforts following Hurricane Katrina. When many absentee owners refused to repair significantly damaged properties, code lien foreclosure became a powerful tool for the local government to demolish and acquire properties that were abandoned and compel other owners to be a part of the recovery effort.<sup>51</sup> In 2013, with support from Community Progress, a coalition of around 25 local governments and other organizations helped pass state legislation to expand this tool to all Louisiana municipalities and parishes.<sup>52</sup>

Similarly, leaders in Mobile, Alabama were determined to find a way to resolve a significant inventory of VAD properties and saw value in the Fix it Up, Pay it Up, Give it Up approach. However, local leaders quickly learned that state officials had no appetite to reform Alabama's tax foreclosure laws. With Community Progress' support, local leaders drafted legislation creating a priority code lien foreclosure system which was passed into law and has given the City of Mobile a new tool to address VAD properties.<sup>53</sup>

## Additional Strategies for Specific Vacant Property Types

Three types of vacant properties require special considerations: heirs' properties, "zombie" or bank-owned properties, and commercial properties. For each of these property types, local governments should consider adopting the strategies outlined below in addition to the Fix it Up, Pay it Up, Give it Up approach.

### HEIRS' PROPERTIES

When a property owner dies without a will or other type of estate plan, family members who inherit the property lack clear title. Without clear title, these family members are unable to sell or obtain loans or government assistance to improve the property. Obtaining clear title to these "heirs' properties" often requires filing a court action, which can be costly and time consuming, and family members may decide to walk away from the property, especially if the costs exceed its value.

Local governments should help property owners and family members avoid and resolve heirs' property issues. Doing so helps prevent vacancy and preserves intergenerational wealth. Strategies may include:

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49 Marilyn L. Uzdevines, "Superpriority of Remediation Liens: A Cure to the Virus of Blight," *University of Baltimore Law Review*: Vol. 45: Iss. 3, Article 2, n.36, (2016), <http://scholarworks.law.ubalt.edu/ublrl/vol45/iss3/2> (listing 17 states that give some form of super priority to code liens).

50 La. Stat. Ann. §§ 13:2575, 33:5062, 33:4766, 9:4821.

51 Recent research has raised important concerns about the role this tool could play in displacement and gentrification in New Orleans. Christopher Oliver, Isaac Hoeschen, and AJ Golio, "The Costs of Blight Remediation: Homeownership and Gentrification in New Orleans," Tulane University Freeman School of Business, March 2, 2023, <https://www.youtube.com/watch?v=ZD3UdhQgMgk>. As with all code enforcement tools, local governments should use data to monitor the use of code lien foreclosures to ensure they are being executed fairly and not resulting in unintended consequences.

52 "Adding 'Oomph' to Enforcement: A Statewide Coalition Reshapes Louisiana's Blight Fight," (Center for Community Progress, 2013), <https://communityprogress.org/blog/adding-oomph-enforcement-statewide-coalition-reshapes-louisianas-blight-fight/>.

53 Frank S. Alexander, *Alternative Strategies for an Equitable, Efficient, and Effective Code Enforcement System in Mobile, Alabama*, (Center for Community Progress, June 2016), <https://communityprogress.org/publications/alternative-strategies-for-an-equitable-efficient-and-effective-code-enforcement-system-in-mobile-alabama/>.

- **Providing estate planning resources to low-income property owners.** Local governments should partner with local legal services organizations to offer free or low-cost estate planning services to low-income homeowners. Local governments should consider offering these services in conjunction with their home repair programs and even making completing an estate plan a requirement to participate in these programs. Rebound, a community development corporation in Louisville, for example, helps first-time homebuyers to complete wills, living wills, and powers of attorney before closing on their homes.<sup>54</sup> Rebound provides these legal services free of charge through a partnership with a local law firm.
- **Provide resources to help families resolve heirs' property issues.** Local governments should partner with local legal services organizations to create accessible resources about resolving heirs' property issues. For example, the City of San Antonio, Texas developed a simple website with videos explaining the issues and provides a list of external resources.<sup>55</sup>

Local governments should also consider partnering with legal services organizations and private attorneys to provide these services at little or no cost. In Michigan, the Washtenaw County Treasurer's Office and Probate Court's Home for Generation connects families with heirs' property issues facing property tax foreclosure with pro bono attorneys and waives some of their court fees.<sup>56</sup>

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## Local governments should help property owners and family members avoid and resolve heirs' property issues.

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### ZOMBIE AND BANK-OWNED PROPERTIES

Zombie properties are vacant properties where the owner has fallen behind on mortgage payments and the bank has started but not completed the foreclosure process. In many cases, owners move out at the beginning of the foreclosure process, but the bank is not responsible for maintaining the property until the foreclosure is complete, leaving the property in legal limbo. Bank-owned properties are properties where the bank has foreclosed and taken title to the property.

During the 2008-2010 mortgage foreclosure crisis, many communities had significant inventories of zombie and bank-owned properties. To address zombie properties, some states passed legislation establishing banks' responsibilities for maintaining properties during the foreclosure process or adopted legislation to expedite foreclosure. In 2016, New York passed the Abandoned Property Neighborhood Relief Act, which required mortgage-holders to register properties in the foreclosure process with the state and maintain them, with penalties of up to \$500 per day for noncompliance.<sup>57</sup>

To address bank-owned vacant properties, local governments have had success developing relationships with representatives from specific banks and "bundling" enforcement actions against the worst violators—e.g., sending demand letters or filing cases based on code violations at all properties owned by that bank at one time.<sup>58</sup> Youngstown, Ohio passed an ordinance requiring banks and other entities to register vacant properties and post a \$10,000 bond with the City to cover potential inspection, maintenance, and nuisance abatement costs.<sup>59</sup>

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54 Kevin Dunlap, Executive Director of Rebound, email to author, January 19, 2024.

55 "Resources for Owners," City of San Antonio, accessed December 14, 2023, <https://www.sanantonio.gov/historic/VacantBuildings/Resources>.

56 Jenn McKee, "Washtenaw County Program Helps Black Residents Win Rightful Ownership of Inherited Homes," *Concentrate*, December 1, 2021, <https://www.secondwavemedia.com/concentrate/features/homeforgenerations0618.aspx>.

57 2016 N.Y. Sess. Laws Ch. 73 (S. 8159) (McKinney).

58 Helene Caloir, *The "Zombie" and Vacant Properties Remediation and Prevention Initiative: Emerging Best Practices*, (LISC, 2018), <https://www.lisc.org/our-resources/resource/zombie-vacant-properties-remediation-prevention/>.

59 Youngstown, Ohio, Municipal Code § 17-36(d).

## COMMERCIAL PROPERTIES

As with any other type of problem property, vacant commercial properties require communities to diagnose the reasons they are or might become vacant. Commercial property owners in Chicago—mostly retail owners—have cited challenges including lack of demand for retail space in certain commercial corridors; the need for renovations that will likely exceed rental or lease income; tax incentives that keep property taxes low, making leasing in some circumstances more expensive or riskier than keeping the property vacant; deteriorated infrastructure (e.g., street conditions, adequate lighting, lack of transportation options); and condition/aesthetics of neighboring properties.<sup>60</sup>

The Fix it Up, Pay it Up, Give it Up approach is still effective for vacant, abandoned commercial properties that have uncorrected code violations or are tax delinquent. However, a more expansive set of strategies and tools deployed through the lens of economic development are needed to address most commercial properties and the reasons they are or might become vacant.

While there is no single strategy that will solve commercial vacancy, the following table lists several strategies that might help to move commercial properties towards reuse:

**Figure 5: Strategies to Address Commercial Vacancy**

<b>Strategies to Help Define the Problem</b>	<b>Improve data collection</b> to better define the scale and nature of the problem and to track trends.
	<b>Improve participation in vacant building registration</b> and tie registration to various incentives based on property ownership and local market needs.
<b>Balanced Mix of Carrots and Sticks to Incentivize Reuse</b>	<b>Explore tax policies</b> to incentivize reuse.
	<b>Enforce code requirements</b> where appropriate and build on existing local government programs or laws like receivership and/or code lien foreclosure.
	<b>Reduce licensing and permitting</b> requirements to reduce time and cost to reactivate retail space or upper floor residential units.
<b>Strategies to Support Reuse and Neighborhood Market-building</b>	<b>Rewrite or streamline zoning process</b> to allow owners to seek expanded types of acceptable uses for retail space to include service and office uses and to expand the potential tenant base.
	<b>Partner with a mission-driven buyer</b> like a community land trust to buy commercial or retail space, reactivate the space, and allow community to control future use.
	<b>Increase access to financing or capital</b> for commercial property owners serving distressed neighborhoods.
	<b>Provide a pipeline of new potential tenants</b> through entrepreneurship and startup business programs.
	<b>Encourage temporary uses such</b> as pop-up stores or arts and culture spaces.

<sup>60</sup> Information collected from conversations with local stakeholders and from reviewing reports compiled for the Corridor Revitalization Initiative. Chicago Central Area Committee and World Business Chicago, "Corridor Revitalization Initiative," <https://www.ccac.org/corridor-revitalization-initiative>.

# Applying Strategic Code Compliance to Rental Housing

Over the last decade, local governments have demonstrated a growing interest in strategies to improve the condition of residential rental properties. While legacy cities have struggled for decades with aging rental property conditions, recent changes in the rental market have brought renewed attention to these properties.<sup>61</sup> These changes include a rise in corporate ownership of rental properties and the increase in large, institutional investors purchasing single-family homes for the purpose of converting them to rentals. Local governments have raised concerns about their ability to hold these types of landlords accountable, and researchers have documented worse outcomes for tenants in these properties, including more code violations.<sup>62</sup>

Local governments can play a critical role in responding to these trends and ensuring rental properties are safe and habitable. Doing so protects tenants' wellbeing and advances local governments' neighborhood stabilization goals. Like vacant properties, substandard rentals can depress property values, and poorly maintained rentals are more likely to become vacant, shrinking the community's available housing stock.

As rental housing markets have strengthened, the power imbalance between landlords and tenants has only increased, making it very difficult for tenants to force their landlords to make repairs. This is where code enforcement comes in. This chapter describes the limits of traditional code enforcement as it relates to residential rental properties and highlights **proactive rental inspections and licensing (PRIL)** as the key policy local governments should adopt to shift to a more strategic approach.

61 Bruce Katz and Ben Preis, "The Rental Market Has Changed for the Worse: Government Must Respond," (The New Localism, August 24, 2023), <https://www.thenewlocalism.com/newsletter/the-rental-market-has-changed-for-the-worse-government-must-respond/>.

62 Adam Travis, "The Organization of Neglect: Limited Liability Companies and Housing Disinvestment," *American Sociological Review* 84, no. 1 (February 2019): 142-70, <https://doi.org/10.1177/0003122418821339>.

Like vacant properties, substandard rentals can depress property values.

## Limitations of Traditional Code Enforcement in Dealing with Rental Housing

The local governments we work with report that a traditional code enforcement approach is effective with responsible landlords, especially those in stable or strong real estate markets and with the resources to make repairs. Moreover, there are many good landlords who take pride in their properties and provide quality housing. A warning and threat of penalties for these owners is often enough to encourage compliance.

There are many other landlords, however, who behave more like the owners of vacant properties. Their rental properties are typically held in LLCs or other corporate structures and their business models are often built on making minimum investments in the property while collecting maximum rents. For these owners, traditional code enforcement is likely to fall short because, among other factors:

- Complaint-driven exterior inspections and targeted neighborhood drive-throughs by inspectors miss serious interior violations that threaten tenant health and safety;
- Tenants are reluctant to report potential violations for fear of displacement, a fear that is magnified as affordable rental housing becomes increasingly scarce; and
- Corporate owners are protected from civil and criminal liability or may simply ignore citations, reasoning that it is cheaper to pay off or ignore fines than to bring the property into compliance.

A strategic code compliance approach calls for local governments to use data to not only identify rental housing units and develop a specific approach to address these properties, but also to develop strategies tailored to the markets where these properties are located and the incentives for the individual owners.

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**There are many other landlords, however, who behave more like the owners of vacant properties.**

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### CORE POLICY:

## Proactive Rental Inspection and Licensing Program

Consensus Needed to Implement Core Policy:

- It is the local government's responsibility to ensure all rental housing units meet basic health and safety standards. Healthy housing is not a privilege, but a right afforded to all residents. The only way to meet this goal is through proactive and periodic interior inspections of rental units.
- Responsible landlords are critical in every community. A PRIL program should be designed with realistic incentives for landlords who contribute to the community's goal of ensuring healthy, safe housing for all—and consequences for landlords who fail to comply.
- Units unfit for habitation will be discovered and some low-income tenants will need to be relocated. A just, well-resourced relocation program to support tenants is necessary **before** implementing a PRIL program.
- Even with investments in capacity and programming, a PRIL program cannot inspect every unit in a timely manner. Data analysis, program design, and partnerships are critical to achieving the best outcomes.

## Making the Shift to Strategic Code Compliance

For the reasons above, local governments need a more proactive and strategic approach to compel code compliance for rental housing. In most cases, rather than going after fines from individual owners, local governments should use the threat of a loss of rental income or of the property itself to incentivize landlords to make repairs and achieve compliance. At the same time, local governments must cultivate new partnerships to launch programs to prevent tenant displacement and loss of affordable housing options, which may come with more effective enforcement. It is essential to collaborate with legal and social services agencies already working closely with tenants when crafting these programs.

### ▶ Figure 4: Four Essential Components of Code Enforcement on Rental Housing

Safe rental housing protects the health and wellbeing of tenants and help stabilize neighborhoods. Code compliance departments enforce essential standards that incentivize landlords to improve conditions.



Copyright: Center for Community Progress



## Proactive Rental Inspection and Licensing Programs

The core component of this approach is creating a proactive rental inspection and licensing (PRIL) program.<sup>63</sup> Under such programs, local governments proactively and regularly inspect all rental properties (with a focus on interior conditions) and require landlords to obtain a license from the local government to engage in the business of renting out their properties. If a landlord fails to allow the local government to inspect their property or to maintain their property in compliance with local codes, the local government can revoke the license for noncompliance, preventing the landlord from renting the property.

PRIL programs have many benefits. They set and enforce a standard for all rental property owners. They allow local governments to proactively monitor the conditions of rental properties without having to rely on tenant complaints. And because local governments have the power to revoke a landlord's rental license—in effect cutting off their stream of income—these programs provide a powerful incentive for landlords to improve conditions.

At the same time, these programs can require significant resources to administer. Local governments often face challenges getting landlords to enroll. However, as with all shifts to more strategic approaches, local governments must weigh these against the costs of maintaining the status quo. In the case of rental properties, the costs are worse outcomes for tenants and the further deterioration of housing stock.

Applying a strategic code compliance model, local governments should also use parcel, market, and social data to allocate resources. Some local governments have used data to narrow the focus of such programs to areas with housing-related health problems, like asthma and lead poisoning, or a history of code violations.<sup>64</sup> Local governments have also used parcel data to identify and exempt properties built after 1978 (when the federal government banned lead paint), properties owned or inspected by local housing authorities, or 1-4 unit properties where the owner lives in the property.<sup>65</sup> Some local governments may also require inspections of only a subset of units within a large multifamily property. Others have attempted to expand their reach by contracting with private inspectors to conduct proactive inspections.<sup>66</sup>

Center for Community Progress Senior Fellow Alan Mallach's publication, *Raising the Bar: Linking Landlord Incentives and Regulations through Rental Licensing*<sup>67</sup> and ChangeLab Solutions' *A Guide to Proactive Rental Inspection Programs*<sup>68</sup> outline some key considerations for such programs. These include:

- **Inspection Frequency.** Local governments with PRIL programs generally inspect properties every 2-5 years. To ensure that limited resources go to addressing problem landlords and that good landlords are rewarded for keeping units in compliance, local governments should consider adopting a performance-based model in which they vary the frequency of inspections based on the landlord's history of violations and compliance. In other words, landlords whose properties have persistent violations are inspected more often, while properties owned by landlords with good records are inspected less frequently.

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63 Some states have passed laws preventing or making it difficult for local governments to create rental licensing programs. Even without the licensing component, proactive rental inspection programs can be effective.

64 Rochester, New York, for example, has focused its inspection of one- and two-unit properties in areas of the city identified as at high risk for lead, based on prior inspection data. "Rochester's Lead-Based Paint Prevention Ordinance," Local Housing Solutions, accessed December 14, 2023, <https://localhousingolutions.org/housing-policy-case-studies/rochesters-lead-based-paint-prevention-ordinance/>.

65 Rochester's proactive lead inspection program, for example, excludes properties built after 1978. "Rochester's Lead-Based Paint Prevention Ordinance."

66 The City of Detroit, for example, contracts with private inspectors to conduct its proactive inspections of 1-2 unit properties. "Inspections," City of Detroit, accessed December 14, 2023, <https://detroitmi.gov/departments/buildings-safety-engineering-and-environmental-department/bseed-divisions/property-maintenance/rental-property/certificate-compliance/inspections>.

67 Alan Mallach, *Raising the Bar: Linking Landlord Incentives and Regulation through Rental Licensing*, (Center for Community Progress, November 2015), <https://communityprogress.org/publications/raising-the-bar/>.

68 *A Guide to Proactive Rental Inspections*, (ChangeLab Solutions, 2022), <https://www.changelabsolutions.org/product/healthy-housing-through-proactive-rental-inspection>.

- **Enforcement Mechanisms.** While suspending a landlord’s license (and their ability to rent out the property) is a key incentive, local governments must include enforcement mechanisms to ensure the penalty is effective. Examples include:
  - **Civil Enforcement Actions.** If a landlord refuses to allow an inspection, fails to make repairs, or rents out a property without a license, local governments should be prepared to file civil court actions seeking court orders—called injunctions—requiring the landlord to comply with the PRIL program, as well as monetary penalties to be imposed for noncompliance. Given that such cases can take time, local governments may consider reserving this tool for properties with serious violations or landlords with many properties.
  - **Rent Escrow Programs.** Rent escrow programs allow tenants to set their rent aside rather than pay it to their landlord when their units are not in compliance with property maintenance codes. These programs provide a financial incentive for landlords to make repairs and potential funding to assist with moving expenses if a landlord fails to bring the property into compliance.<sup>69</sup>
  - **Eviction Prohibitions.** Some states and local governments have laws that prevent landlords from evicting tenants when the property is not registered or in compliance with local or state codes.<sup>70</sup> To make this enforcement tool most effective, collaboration and communication with other government actors and nonprofits is critical. Local governments should work to educate local judges and court staff about this requirement and fund local legal aid organizations to represent tenants in eviction cases.
- **Tenant Protections.** Local governments must recognize that increasing code enforcement on substandard rental housing runs the risk of displacing tenants. This can occur if the local government finds the property unfit for habitation and orders tenants to move or if the owner decides the repairs do not make economic sense and either abandons or sells the property.

Before implementing a PRIL program, local governments must prepare for these realities. They must create or partner with local organizations to provide relocation assistance and funding in these situations and explore ways to make noncompliant landlords cover these costs. For example, Minneapolis, Minnesota requires landlords to pay displaced tenants the equivalent of three months’ rent.<sup>71</sup> If the landlord does not pay, the City pays the tenants and adds the costs to the landlord’s property tax bill.

Local governments should also be prepared to step in and help direct rental properties to new, more responsible owners, which might include local nonprofits or the tenants themselves, if the existing owner decides to step away. In Cincinnati, Ohio, the Port Authority—which operates as the City’s land bank—used funding from the American Rescue Plan Act (ARPA) to help purchase 194 properties from a large, problematic investor at a receivership sale, and is working to resell the properties to existing tenants and other local owners in support of equitable outcomes.<sup>72</sup>

- **Landlord Repair Assistance.** Increased code enforcement, especially in weak real estate markets, can also put pressure on small landlords who may not have the resources to make repairs and instead abandon or sell their properties to larger landlords. As a result, some local governments have created programs to provide repair assistance to these landlords. Such programs usually provide loans rather than grants and require some type of affordability restrictions and tenant protections going forward. Examples of such programs can be found in Appendix C.

69 While many states allow tenants to legally withhold their rent if their units fail to meet local codes, few tenants use these protections because of the risk of retaliation and eviction. A well-designed, local government-sponsored escrow program can reduce these risks and help use tenants’ ability to withhold their rent to encourage repairs.

70 New Jersey’s state statute prohibits landlords who have registered from obtaining an eviction judgment. N.J.S.A. 46:8-333. The City of Detroit has a local ordinance prohibiting landlords without certificates of compliance with the City’s rental property regulations from evicting tenants. Detroit, Michigan, Municipal Code § 8-15-82.

71 Minneapolis, Minnesota, Municipal Code § 244.1950.

72 Michaelle Alfini, “Cincinnati’s Port Hopes to Convert 200 Rentals into Homes,” Spectrum News 1, March 3, 2023, <https://spectrumnews1.com/oh/columbus/news/2023/02/15/how-cincinnati-s-port-hopes-to-convert-200-rentals-into-homes>.

## Additional Cultural Changes

A strategic code compliance approach to rental housing also calls for broader cultural shifts within code compliance departments to prioritize the interior conditions of rental properties. Regularly entering and inspecting occupied rental properties may present new challenges for some inspectors, especially those accustomed to only conducting exterior inspections, including the need to document different types of violations and interact more with the property's occupants. To address these challenges, departments may need to provide trainings on interior inspections, change hiring practices to attract candidates with the soft skills to effectively communicate with tenants, and identify local nonprofits inspectors can refer tenants to when they encounter obvious social service needs, like a lack of food or mental health challenges.

Departments should also consider ways to partner with other organizations to build connections and trust with tenants. Syracuse, New York worked with a local nonprofit partner to organize over 60 kitchen table talks to gather input from residents on their housing concerns. The talks took place over food in neighbors' homes.<sup>73</sup> Some of the top issues residents identified were substandard rental housing conditions and a lack of awareness of property maintenance standards or how to bring their concerns to the City. In response, the City secured additional funding to hire four part-time community ambassadors to serve as liaisons between City departments, tenants, and landlords—and the early results have been very promising. Austin, Texas partners with a local nonprofit, BASTA, to educate tenants about and enforce their legal rights.<sup>74</sup> By helping tenants report code violations to their landlord, the organization is often able to secure repairs without the City's involvement, conserving valuable municipal resources.

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## “Crime Free” Rental Housing Ordinances

In our experience, when local governments begin exploring ways to improve rental housing safety and tenant health, some stakeholders, including landlords, sometimes attempt to shift the local government's focus on to the need to police tenant behavior in rental properties. This may involve encouraging the local government to adopt rental property nuisance or “crime free” rental property ordinances. Such ordinances impose civil and criminal penalties on property owners if certain conduct occurs on the property and often require owners to evict tenants in certain circumstances. While these ordinances may be designed to discourage illegal activity, they can penalize tenants for simply calling the police too often.

Such ordinances raise serious concerns.<sup>75</sup> First, these ordinances have been found to discourage victims of crime from seeking help and to disproportionately impact communities of color and persons with mental disabilities. Second, they may make it more difficult for local governments to improve the health and safety of rental properties. As discussed in this chapter, tenant cooperation in reporting property maintenance violations and allowing access for inspections is critical to effective rental code enforcement. Especially if the staff responsible for enforcing these codes are responsible for enforcing a nuisance property ordinance, such ordinances may undercut the local government's ability to gain trust and build relationships with tenants, especially tenants of color, that is needed to equitably enforce property maintenance standards.

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73 Megan Craig, “Small Chats Around Kitchen Tables Focus on Lead Poisoning in High-risk Syracuse Neighborhoods,” *Syracuse.com*, November 30, 2021, <https://www.syracuse.com/news/2021/11/small-chats-around-kitchen-tables-focus-on-lead-poisoning-in-high-risk-syracuse-neighborhoods.html>.

74 BASTA (website), <https://bastaustin.org/>.

75 For more information, see the following reports: Emily Werth, *The Cost of Being “Crime Free”: Legal and Practical Consequences of Crime Free Rental Housing and Nuisance Property Ordinances*, (Shriver Center, 2013), <https://www.povertylaw.org/article/the-cost-of-being-crime-free/>; American Civil Liberties Union, *I Am Not a Nuisance: Local Ordinances Punish Victims of Crime*, October 6, 2020, <https://www.aclu.org/documents/i-am-not-nuisance-local-ordinances-punish-victims-crime>; Sam Hoppe, “Legal Challenges to Crime-Free Housing Ordinances Bring Effectiveness into Question,” (Urban Institute Housing Matters, 2024), <https://housingmatters.urban.org/articles/legal-challenges-crime-free-housing-ordinances-bring-effectiveness-question>.

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# Applying Strategic Code Compliance to Owner-Occupied Housing

Code enforcement inspectors and legal staff have shared with us that some of their most challenging cases involve substandard owner-occupied housing. Often the code violations stem from the owner's lack of resources or inability to make repairs to their home. The cost of bringing the property up to code may also exceed what the owner can expect to recoup at sale. Code complaints can also reveal underlying issues, like declining health or hoarding, which code compliance departments are not equipped to address.

At the same time, finding ways to bring these properties into compliance despite these challenges pays dividends. It improves the safety of the property and neighborhood and prevents the owner from losing their home and any equity in the property. It also prevents the property from becoming vacant, eliminating municipal costs down the road, and may increase the value of surrounding properties.

For these reasons, local governments should invest or expand investments in programs to help low-income homeowners access funding and other resources to maintain and repair their homes to avoid violations. Where violations are already present, local governments should create policies to give low-income owner-occupants the time and resources needed to bring their homes back into compliance.

A photograph of a person mowing a lawn in front of a weathered, white-painted house. The house shows signs of neglect, with peeling paint and overgrown vegetation. The scene is set in a residential area with large trees and a clear sky.

**Finding ways to bring these properties into compliance despite these challenges pays dividends.**



## CORE POLICY

### Equitable Offramps

Consensus Needed to Implement Core Policy:

- The costs of addressing deferred maintenance on homes in weak real estate markets will often exceed what an owner could recoup with a sale, so public assistance for many homeowners to address repairs and achieve compliance will be critical.
- For owner-occupied housing, the focus should be almost exclusively on providing resources, assistance, and information to homeowners to help them bring properties into compliance, rather than enforcement actions.
- To avoid imposing uncollectable fees and ineffective penalties on low-income homeowners, local governments should design their enforcement systems with multiple offramps that divert these owners toward compliance.

## Limitations of Traditional Code Enforcement in Dealing with Owner-Occupied Housing

The threat of fines and civil penalties can be an effective tool to address owner-occupied housing in stable or strong markets and where the owner has the resources to bring their property into compliance. In weak real estate markets and where homeowners lack the resources or ability to make repairs, such approaches are unlikely to result in compliance. They can also produce inequitable outcomes:

- Low-income homeowners forced to respond to civil or criminal enforcement actions and pay related penalties will have less time and fewer resources to make repairs to their property.
- Complaint-based code enforcement can be exploited by others as a tool to displace low-income and owners of color, particularly in gentrifying areas.<sup>76</sup>
- In cases of significant repairs, homeowners may feel pressure to take out predatory loans, which may ultimately result in them losing their property.<sup>77</sup>

Just as with vacant properties and rental properties in weak real estate markets, a shift to strategic code compliance when it comes to owner-occupied properties demands a major break from the status quo. Providing resources and support to low-income, elderly, or disabled homeowners through partners and collaborating agencies is critical to that shift.

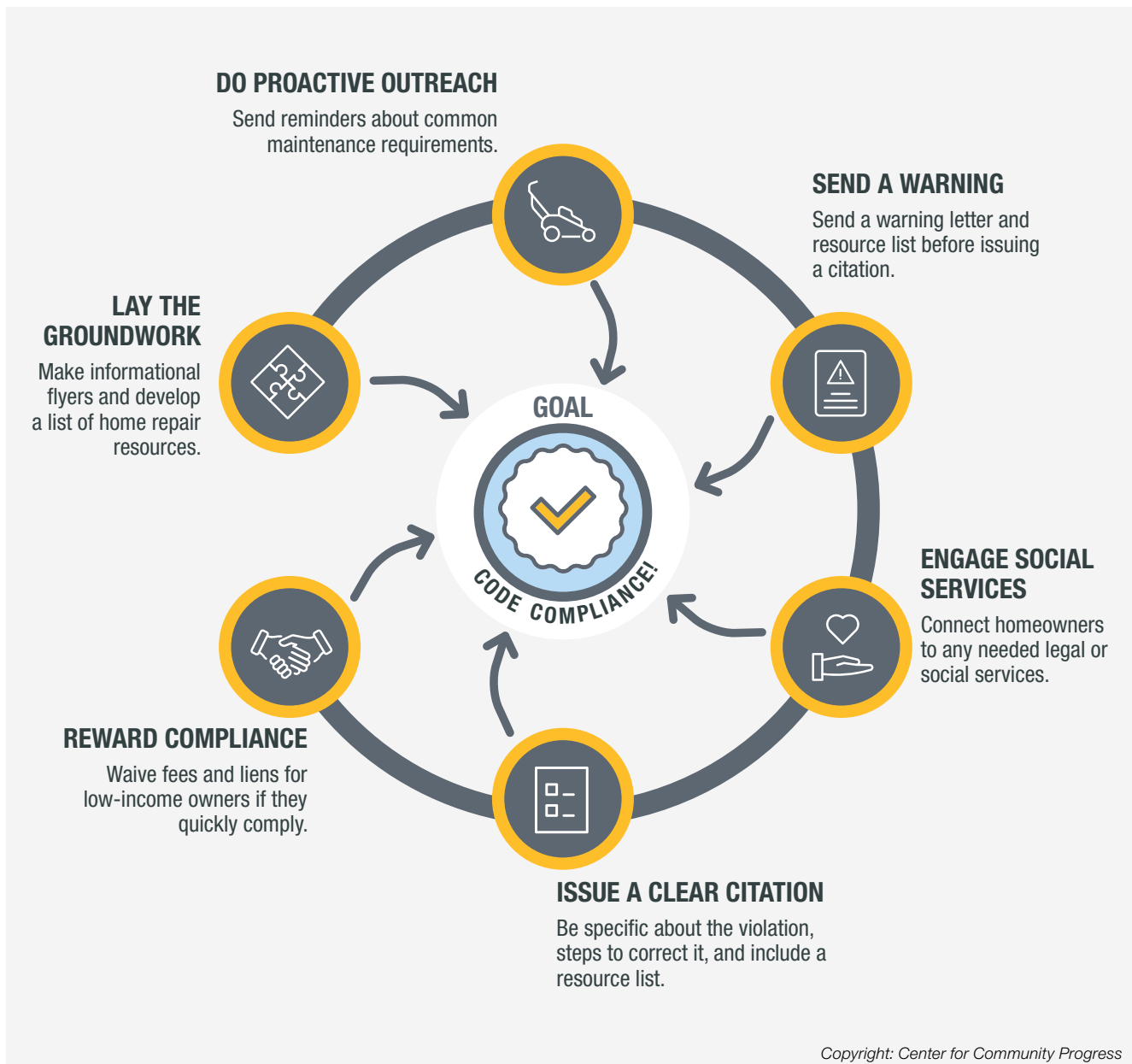
<sup>76</sup> Portland, Oregon City Auditor, *City's Reliance on Complaints for Property Maintenance Enforcement Disproportionately Affects Diverse and Gentrifying Neighborhoods*, November 2021, <https://www.portland.gov/ombudsman/news/2021/11/3/citys-reliance-complaints-property-maintenance-enforcement>.

<sup>77</sup> Robin Bartram, "Op-Ed: What's Wrong with Chicago's Building Code," *South Side Weekly*, June 30, 2022, <https://southsideweekly.com/op-ed-whats-wrong-with-chicagos-building-code/>.

## Making the Shift to Strategic Code Compliance

To help bring owner-occupied housing in weak real estate markets into compliance as equitably, efficiently, and effectively as possible, local governments should create “equitable offramps” and home repair programs for low-income homeowners. As with rental housing, building partnerships with nonprofit legal and social services agencies plays a critical role in a strategic code compliance approach to owner-occupied housing.

► **Figure 7: Equitable Offramps for Owner-Occupied Properties**



## Equitable Offramps

In an ideal world, all homeowners would be able to access the resources necessary to repair and maintain their property, eliminating the need for code enforcement actions. However, some owner-occupied properties will have significant repair issues and come to the attention of local government's code compliance departments. For these properties and owners, local governments should create equitable offramps—policies and procedures designed to help owners bring properties into compliance and avoid penalties and fees.

Examples of equitable offramps include:

- Creating clear, accessible handouts and graphics that outline property maintenance obligations and free and low-cost home repair resources, and providing these to homeowners through multiple channels, from social media to including them in property tax mailings.
- Sending timely obligation reminders to owners, particularly those with prior violations, especially of seasonal obligations like preventing high weeds and grass, and snow and ice removal.
- Issuing a warning letter before issuing a citation, giving the owner an opportunity to voluntarily correct the condition within a reasonable period.
- Providing clear warning and violation notices to owners that:
  - Identify the specific code violations and their exact location, and, where appropriate, steps to correct the violations; and
  - Include available resources to help the owner make repairs.
- Hiring or contracting a social worker to help low-income homeowners with tasks such as applying for home repair and rehabilitation funding and arranging hoarding clean-up or heavy chore services.
- Giving inspectors the ability to waive fines or liens for low-income property owners and owners who either quickly bring properties into compliance or would like to sell the property.

## Home Repair Programs

Many local governments and some states have created programs designed to help homeowners repair and maintain their homes. These programs vary widely based on the needs of the specific community, but commonly provide funding, free resources, or technical assistance to owners. Appendix B includes an overview of program design considerations and Appendix C includes examples of these programs.<sup>78</sup>

These programs are expensive. It can cost upwards of \$10,000 to repair a roof alone. Moreover, recent increases in labor and material costs have only made home repairs more expensive, and communities with the greatest need are often those with the fewest resources available to address the problem. Given the cost, some local governments may consider a “community benefit” commensurate with the public investment. For example, the repair grant may give a local government a share of the property's eventual sale proceeds if the neighborhood is expected to appreciate, the proceeds of which would be rolled back into the local home repair program to help more residents. A local government may also negotiate a “first right of refusal” if the property is ever offered for sale, and that could be fair market value minus the grant amount, so it could then transfer the home to a community land trust to create permanent affordable housing. The limited public resources available for repair grants demands creative policy design.

While more state and federal resources should absolutely be directed to repair and rehabilitation programs, local governments must still consider the costs of *not* investing local resources in these programs. Over the long term, if the local government does not invest \$10,000 in a roof repair, that property is more likely to become vacant and may cost the local government thousands of dollars each year in abatement, lost property taxes, and demolition.

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<sup>78</sup> For additional examples see, “Filling the Gaps: Helping Struggling Property Owners Connect to Rehab and Repair Resources,” Center for Community Progress, August 20, 2020, <https://communityprogress.org/blog/code-enforcement-blog-hold/>; “Communities Across the US Are Addressing Property Deterioration and Vacancy with ARPA,” Center for Community Progress, November 16, 2021, <https://communityprogress.org/blog/communities-across-the-us-are-addressing-property-deterioration-and-vacancy-with-arpa-2/>.

In nearly every case, it costs much less for a local government to help with limited repairs of an occupied property than to fully rehabilitate the same property years later. And while demolition of vacant residential property that slid into serious decline may be a less expensive short-term cost, the *long-term* costs to the overall neighborhood stability and vitality are usually steep.

Moving beyond the theoretical, local governments should use data to understand the scale and costs of needed repairs versus the estimated long-term municipal costs of *not* making repairs. This information can help make the case for devoting more resources to these programs, both from within the local government and from external sources like residents, institutions, and philanthropies. Local governments can gather information on property conditions from windshield and interior repair surveys, existing code enforcement data, and applications for local government and nonprofit repair programs. This data can be combined with cost estimates from construction contractors to develop a fundraising target.

Finally, local governments should consider whether there are ways to partner with local or national nonprofits, like Rebuilding Together or Habitat for Humanity, to provide funding, materials, or labor for repairs.

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## Reality Check: The Underlying Market Limitations of Strategic Code Compliance

While we strongly believe a shift to strategic code compliance can help local government more equitably, efficiently, and effectively address VAD properties, we must also acknowledge its limitations. The US has an aging housing stock. Many of these properties are concentrated in areas with weak real estate markets.<sup>79</sup> This means that the cost to bring a property into compliance can be more than many owners can afford and that these owners are unlikely to recoup repair costs when they sell.

For vacant properties, this means that the Fix it Up, Pay it Up, Give it Up approach will not magically transform a vacant property into a move-in ready home. The approach increases the likelihood of that outcome by removing barriers like back taxes, liens, and complicated title issues. In some markets, this may be enough, and the private sector will come in and rehabilitate the property. But in weak real estate markets, this will still not be enough and more public or private investments will be needed to return properties to productive use.

For rental housing, there is a significant gap between what it costs a landlord to rent out a property, maintain it to code, and earn a reasonable profit, and what low- and extremely low-income tenants can afford to pay. In addition, increased code enforcement may result in landlords walking away from properties, or, in the case of smaller landlords, selling out. This leaves tenants without places to live and communities with more vacant properties or rental properties in the hands of large, institutional investors. For owner-occupied housing, this repair funding gap can also result in the loss of relatively affordable and stable housing.

But the answer to this problem cannot be “abandon code compliance.” Instead, local governments must carefully and strategically work to bring properties into compliance using a variety of tools, enforcement mechanisms, and existing resources when the market or owner’s circumstances make compliance unlikely.

Local governments must also push for significant recurring state and federal resources to address this need. Many of the innovative practices mentioned in this report emerged after local governments received access to new resources, like the national mortgage settlement funds or the unprecedented flexible awards that were part of the American Rescue Plan Act. Just as some local governments have started to discuss redirecting local tax dollars from police departments to other pilot programs that advance community safety, they should carefully review local appropriations and carve out funds to help reimagine code enforcement in pursuit of public health, community safety, housing security, neighborhood vitality, and equity.

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<sup>79</sup> Todd Swanstrom and John N. Robinson III, “Why Housing Policy Should Include More Funding for Home Repairs,” *Shelterforce*, August 17, 2023, <https://shelterforce.org/2023/08/17/why-housing-policy-should-include-more-funding-for-home-repairs/>.



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# Conclusion

This publication illustrates the benefits of shifting from traditional code *enforcement* to the more strategic approach of code *compliance*.

Whether you are a local government official, elected leader, community development practitioner, resident, or have some other connection to communities impacted by vacancy and abandonment, we encourage you to use these recommendations and examples to reimagine your approach. Implementing systems-level change is not easy. It will involve taking risks, piloting new approaches, and adjusting throughout the process. It will require persistence, courage, patience, creativity, leadership, and collaboration. But—as the communities highlighted in this publication have found—this effort is not just worthwhile, but necessary. Implementing a strategic code compliance framework is key to achieving the goal of code enforcement—healthier and safer housing and neighborhoods where all residents can thrive.

**Code enforcement reform is key to addressing vacant properties and safer, healthier neighborhoods.**

**Don't know where to start?  
We're here to help.**

Contact the Center for Community Progress at [technicalassistance@communityprogress.org](mailto:technicalassistance@communityprogress.org) for customized, expert guidance and training to help your community.

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**COMMUNITY  
PROGRESS**



# Appendices

# Appendix A: Key Definitions

**CODE ENFORCEMENT:** The process local governments use to enforce their local laws as well as any state laws they are authorized to enforce. In this publication, the term is used to refer specifically to the process local governments use to enforce property maintenance standards: the codes that set requirements for the maintenance of existing buildings and properties.

**DELINQUENT TAXES:** Property taxes that are unpaid after the payment due date, which is usually determined by state law.

**DELINQUENT PROPERTY TAX ENFORCEMENT:** The process governments use to seek repayment of unpaid property taxes. The delinquent property tax enforcement process concludes when either the taxpayer fully repays their tax debt or a tax foreclosure action is completed. Delinquent property tax enforcement processes vary depending on state statute.

**DILLION'S RULE:** A legal principle followed by a limited number of states that allows local government to do only what state law expressly permits.

**FIRST-PRIORITY LIEN:** A lien that takes priority over most other interests in or liens against a property, except for certain federal liens (e.g., IRS) and covenants and easements that run with the land. If the property is sold, a first-priority lien holder is paid from the proceeds before all other parties. These are sometimes referred to as super-priority liens.

**FORECLOSURE:** A legal process a party with a lien or other security interest (like a mortgage) uses to take ownership of a property, if the owner fails to pay the debt secured by the property (like the delinquent property taxes or mortgage loan).

**HOME RULE:** In most states, state laws—specifically, state statutory or constitutional home rule provisions—give local governments the ability to adopt and enforce local laws to protect public welfare, health, and safety. Local governments use this authority to adopt and enforce local laws regulating property conditions.

**INSURABLE TITLE:** Title that a title insurance company is willing to insure with no, or minimal, exceptions to the title insurance policy coverage. If title is not insurable, the pool of interested and capable purchasers shrinks considerably given the purchaser will have little chance of securing financing to purchase or repair the property without seeking additional court action to clear title defects.

**LIEN:** A creditor's legal right or interest in another's property.

**NUISANCE:** In this publication, the term nuisance refers to property conditions, usually defined in local or state law, that interfere with the use or enjoyment of property or affect the health, safety, welfare, or comfort of the public.

**NUISANCE ABATEMENT:** The process of reducing or eliminating a property condition that is interfering with the use or enjoyment of another's property or affecting the health, safety, welfare, and comfort of the public. Examples of nuisance abatement actions include boarding and securing vacant properties' windows and doors, mowing high weeds and grass, and removing trash and debris.

**PROPERTY MAINTENANCE STANDARDS OR CODES:** The local or state ordinances or laws that set standards for the interior and exterior maintenance of existing buildings and properties. These include ordinances regulating nuisances and other harmful exterior conditions, like high weeds and grass, trash and debris, and abandoned vehicles

**PROPERTY TAX:** A tax levied on the property owner, usually based on the property's assessed value.

**REAL ESTATE MARKET, STABLE:** Real estate markets where the number of sellers and buyers are evenly matched and real estate prices are stable or rising slightly.

**REAL ESTATE MARKET, STRONG:** Real estate markets where buyers outnumber sellers and median real estate prices are trending upward.

**REAL ESTATE MARKET, WEAK:** Real estate markets where sellers outnumber buyers and median real estate prices are trending downward.

**STRATEGIC CODE COMPLIANCE:** An approach that views bringing properties into compliance with property maintenance standards as a key neighborhood stabilization tool, essential service to protect and strengthen community health and safety, and collaborative effort between local government departments and external agencies.

**TAX LIEN:** A lien imposed by law on a property to secure the payment of taxes.

**TRADITIONAL CODE ENFORCEMENT:** An approach to code enforcement typified by operating reactively, relying on the threat of civil and criminal penalties brought against the owner to obtain compliance, and using the same approach for all owner, property, and neighborhood types.

**VAD:** An acronym for vacant, abandoned, and deteriorated, used in reference to property.

# Appendix B: Repair and Rehab Program Design Options

PROGRAM ELEMENT	OPTIONS
<b>Assistance Type</b>	<ul style="list-style-type: none"> <li>• Grants</li> <li>• Low-interest loans</li> <li>• Deferred loans</li> <li>• Forgivable loans</li> </ul>
<b>Eligibility Requirements</b>	<ul style="list-style-type: none"> <li>• Owner type (e.g. homeowner, landlord)</li> <li>• Owner income</li> <li>• Property location</li> <li>• Property type (e.g., single-family, duplexes, 1-4 family)</li> <li>• Occupant age (e.g., 65+, children under 6)</li> </ul>
<b>Eligible Repairs</b>	<ul style="list-style-type: none"> <li>• Immediate safety concerns</li> <li>• Exterior repairs</li> <li>• Lead abatement</li> <li>• Weatherization</li> <li>• Accessibility and aging in place modifications</li> <li>• Code violations</li> </ul>
<b>Funding Sources</b>	<ul style="list-style-type: none"> <li>• Local funding, such as:               <ul style="list-style-type: none"> <li>◦ General operating funds</li> <li>◦ Donations from local philanthropies, corporations, and individuals</li> <li>◦ Revolving loan funds</li> </ul> </li> <li>• Funds designated from specific municipal sources, such as:               <ul style="list-style-type: none"> <li>◦ Code violation fines and fees</li> <li>◦ Real estate transfer tax or recording fees</li> <li>◦ Bond or millage</li> </ul> </li> <li>• State funding</li> <li>• Federal funding, such as:               <ul style="list-style-type: none"> <li>◦ American Rescue Plan Act (ARPA)</li> <li>◦ Community Development Block Grant (CDBG)</li> <li>◦ HOME Investment Partnerships Program</li> <li>◦ Healthy Homes</li> </ul> </li> </ul>
<b>Partners</b>	<ul style="list-style-type: none"> <li>• Local nonprofits, including social and legal services organizations</li> <li>• Hospitals</li> <li>• Utility companies</li> <li>• Corporate giving and volunteer programs</li> <li>• Other local government departments</li> <li>• Workforce training programs</li> </ul>

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# Appendix C: Home Repair and Rehab Program Examples

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## Home Repair Funding Program Examples

- Pennsylvania’s Whole Home Repair Program distributes money to each county to provide grants of up to \$50,000 to homeowners with incomes below 80 percent area median income (AMI) and loans secured by a mortgage on the property to small residential landlords renting affordable units.<sup>80</sup> This funding can be used to address habitability and safety concerns as well as remove any barriers to improving energy and water efficiency. Pennsylvania used \$125 million in ARPA funding to create the program.
- The City of Detroit’s 0% Interest Home Loan Program provides 10-year, interest-free loans of up to \$25,000 to assist eligible homeowners with repairs, including lead paint abatement, roof replacement, and foundation repairs. The program is a partnership between the City, Bank of America, and the Local Initiatives Support Corporation (LISC).
- The City of Milwaukee’s STRONG Homes Loan Program provides partially forgivable 15-year loans of up to \$20,000 to owner-occupants of 1–4-unit properties.<sup>81</sup> The interest rates vary based on income (0 percent interest for homeowners up to 50 percent AMI, 3 percent for homeowners between 50-150 percent AMI), and the City offers deferred payment options to homeowners with less than 50 percent AMI or that are over 60 or disabled. The City will forgive 25 percent of the original loan amount if the homeowner owns and occupies the property for 10 years after the completion of the repairs.

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## Home Repair Free Resources Examples

- The City of Battle Creek’s Paint Program provides up to 10 gallons of exterior paint to eligible residents.<sup>82</sup> The program is carried out in partnership with a local hardware store.
- The City of Greensboro’s Neighborhood Toolbox Tool Lending Center allows residents to borrow home improvement tools and equipment.<sup>83</sup> The Lending Center is sponsored by Lowe’s and allows residents to borrow tools and equipment for up to five days at a time.
- The City of Philadelphia’s Basic Systems Repair Program provides eligible homeowners with free repairs to correct electrical, plumbing, heating, structural, and roofing emergencies.<sup>84</sup> The program is administered by the Philadelphia Housing Development Corporation with funding from the federal Community Development Block Grant (CDBG) program, City’s Housing Trust Fund, and state funding.

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80 “COVID-19 ARPA Whole-Home Repairs Program,” Pennsylvania Department of Community and Economic Development, accessed December 14, 2023, <https://dced.pa.gov/programs/covid-19-arpa-whole-home-repairs-program/>. Affordable rental units are defined as units with rents affordable to tenants with incomes at or below 60 percent AMI. Small landlords are defined to include an individual with an ownership stake in no more than five property and no more than 15 rental units.

81 “STRONG Home Loan Program,” Milwaukee Department of City Development, accessed December 14, 2023, <https://city.milwaukee.gov/DCD/NIDC/STRONGloan>.

82 “Paint Program,” City of Battle Creek, accessed December 14, 2023, <https://www.battlecreekmi.gov/686/Paint-Programel-Programa-de-Pintura>.

83 “Neighborhood Toolbox,” City of Greensboro, accessed December 14, 2023, <https://www.greensboro-nc.gov/departments/housing-neighborhood-development/code-compliance/neighborhood-toolbox>.

84 “Basic Systems Repair Program,” City of Philadelphia, accessed December 14, 2023, <https://phdcphila.org/residents-and-landlords/home-repair-and-improvements/basic-systems-repair-program/>.

## Landlord Repair Assistance Examples

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- The City of St. Paul, Minnesota's Rental Rehab Loan Program provides no-interest loans of up to \$40,000 to landlords with fewer than seven units to make health, safety, accessibility, energy-efficiency, or curb-appeal improvements.<sup>85</sup> The program requires landlords to preserve 50 percent of units for occupants earning at or less than 60 percent AMI through the 10-year loan term, not to increase rents more than 3 percent each year for the assisted units, permit annual inspections, and give equal consideration to Section 8 voucher holders.
- The City of Pittsburgh, Pennsylvania's Urban Redevelopment Authority's Small Landlord Fund provides low-interest loans of up to \$20,000 per unit to landlords with 10 or fewer affordable rental units.<sup>86</sup> The program requires landlords to rent to voucher holders or occupants with incomes at or less than 80 percent AMI.
- The City of Knoxville, Tennessee's Rental Rehabilitation Program provides deferred payment loans of up to \$30,000 to owners of substandard rental properties.<sup>87</sup> The program requires landlords to set rent at 30 percent of 50-65 percent of AMI, maintain the property in compliance with Housing Quality Standards, and attend a fair housing training, among other things. The program also includes tenant protections such as prohibitions on certain lease terms and relocation assistance if tenants are required to vacate while repairs are made.

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85 "Rental Rehab Loan Program," City of St. Paul, Minnesota, accessed December 14, 2023, <https://www.stpaul.gov/departments/planning-and-economic-development/housing/rental-rehab-loan-program>.

86 "Small Landlord Fund," Pittsburg Urban Redevelopment Authority, accessed December 14, 2023, <https://www.ura.org/pages/small-landlord-fund>.

87 "Rental Rehabilitation Program," City of Knoxville, accessed December 14, 2023, [https://www.knoxvilletn.gov/government/city\\_departments\\_offices/housing\\_and\\_neighborhood\\_development/housing/rental\\_rehabilitation\\_program](https://www.knoxvilletn.gov/government/city_departments_offices/housing_and_neighborhood_development/housing/rental_rehabilitation_program).

# Appendix D: Summary of Key Recommendations

## Shift to Strategic Code Compliance

### KEY RECOMMENDATIONS:

- Use parcel, market, and social data to inform proactive actions and strategic allocation of resources;
- Adopt policies and practices informed by data that recognize properties and owners can and should be treated differently;
- Track and evaluate outcomes and make adjustments as needed—with a commitment to transparency and communication;
- Break out of the silos and collaborate across departments and sectors;
- Make broad changes within the department and local government to support a culture of code compliance; and
- Make equity both a core principle and a desired outcome.

## Vacant Properties

### KEY RECOMMENDATION:

- Use a Fix it Up, Pay it Up, Give it Up approach.
  - **Fix it Up** means giving owners notice of the problem and the chance to achieve compliance. In some circumstances, it may be appropriate to provide a willing but resource-limited owner the support needed to bring their property into compliance.
  - **Pay it Up** means that if an owner is unresponsive to violation notices and unwilling to fix the property themselves, the local government will take responsibility for reducing the harm caused by the property. They may quickly secure, maintain, and, where necessary, demolish the property, and then place a priority lien against the property for the full costs of these activities.
  - **Give it Up** means, as a last resort, if the owner refuses to reimburse the local government for the tax dollars used to reduce the harms caused by the property, the local government will take action to compel the transfer of the vacant, harmful property to new ownership, which may include temporary public stewardship. The specific mechanisms local governments can use to compel the transfer of vacant properties to new owners vary based on state law and include legal tools such as receivership, abandonment procedures, property tax foreclosure, and code lien foreclosure. In weak real estate markets, well-designed property tax or priority code lien foreclosure systems are the most equitable, efficient, and effective way to compel transfer of vacant and abandoned properties.

### CONSENSUS NEEDED TO IMPLEMENT KEY RECOMMENDATION:

- It is the local government's responsibility to cite nuisances proactively and promptly at vacant properties. If not remedied by the owner in a timely manner, the local government will immediately abate the nuisance to minimize harms to public health and safety.
- If the owner does not pay the costs of abatement actions, then the local government will take action to compel a transfer of ownership. If needed, the local government will assume temporary ownership and steward the property back to productive reuse.
- In limited situations, certain owner types may need and deserve equitable considerations in order to retain ownership and bring the property into compliance.

▶ **Figure 4: The “Fix it Up, Pay it Up, Give it Up” Approach**  
Safe rental housing protects the health and wellbeing



# Rental Housing

## KEY RECOMMENDATION:

- Create a proactive rental inspection and licensing PRIL program.

## CONSENSUS NEEDED TO IMPLEMENT KEY RECOMMENDATIONS:

- It is the local government’s responsibility to ensure all rental housing units meet basic health and safety standards. Healthy housing is not a privilege, but a right afforded to all residents. The only way to meet this goal is through proactive, periodic inspections of rental units.
- Responsible landlords are critical in every community. A PRIL program should be designed with realistic incentives for landlords who contribute to the community’s goal of ensuring healthy, safe housing for all—and consequences for landlords who fail to comply.
- Units unfit for habitation will be discovered and some low-income tenants will need to be relocated. A just, well-resourced relocation program to support tenants is necessary before a PRIL program is implemented.
- Even with investments in capacity and programming, a PRIL program cannot inspect every unit in a timely manner. Data analysis, program design, and partnerships are critical to achieving the best outcomes.

**Figure 6: Four Essential Components of Code Enforcement on Rental Properties**

Safe rental properties protect the health and wellbeing of tenants and help stabilize neighborhoods. Code compliance departments enforce essential standards that incentivize landlords to improve conditions.



# Owner-Occupied Properties

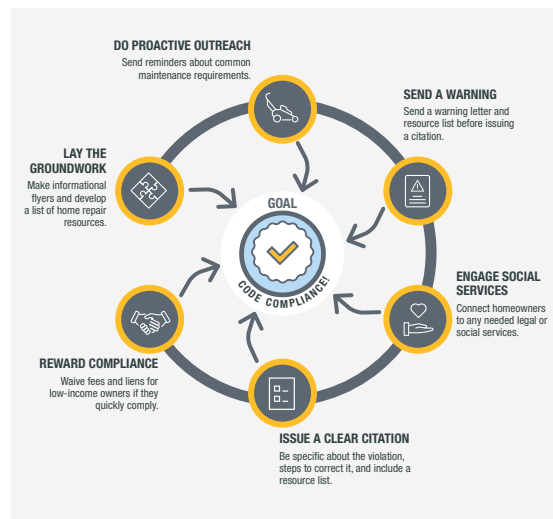
## KEY RECOMMENDATION:

- Create “equitable offramps”—programs, resources, and partnerships designed to help low-income homeowners bring their properties into compliance and avoid penalties like citations, fines, and court actions.

## CONSENSUS NEEDED TO IMPLEMENT KEY RECOMMENDATIONS:

- The costs of addressing deferred maintenance on properties in weak real estate markets will often exceed what an owner could recoup with a sale, so public assistance for many homeowners to address repairs and achieve compliance will be critical.
- For owner-occupied housing, the focus should be almost exclusively on providing resources, assistance, and information to homeowners to help them bring properties into compliance, rather than enforcement actions.
- To avoid imposing uncollectable fees and ineffective penalties on low-income homeowners, local governments should design their enforcement systems with multiple “equitable offramps” that divert these owners toward compliance.

**Figure 7: Equitable Offramps for Owner-Occupied Properties**





# Center for **COMMUNITY PROGRESS**

## **Flint (Headquarters)**

111 E. Court St, Suite 2C-1  
Flint, MI 48502

## **Washington, DC**

1101 14th St NW, Suite 510  
Washington, DC 20005

## **Atlanta**

299 Joseph E. Lowery Blvd NW, Suite 203  
Atlanta, GA 30314

## **Chicago**

100 S. State St, Suite 405  
Chicago, IL 60603

**community  
progress.org**