

*Reinventing Older Communities:
Building Resilient Cities*

Tactical Options for Stable Properties

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Federal Reserve Bank of Philadelphia
Philadelphia, PA
May 10, 2012

Tactical Options for Stable Properties

I. Property Tax Foreclosure Reform

II. Housing & Building Code Enforcement

III. Vacant Property Registration Ordinances

IV. Vacant Property Receiverships

V. Mortgage Foreclosure Reform

Land Banks and Land Banking

The Problem Properties

The Costs of Vacancy, Delinquency and Foreclosure

Vacancy or delinquent lowers values within 500 feet by .8%

Foreclosed but not delinquent or vacant lowers values by 1.8%

Vacant and delinquent lowers values by 3.1%

Foreclosed and vacant or delinquent lowers values by 8.0%

Foreclosed, vacant and delinquent lowers values by 9.6%

Stephen Whitaker and Thomas J. Fitzpatrick IV, *The Impact of Vacant, Tax-Delinquent and Foreclosed Property on Sales Prices of Neighboring Homes*, Federal Reserve Bank of Cleveland (Oct. 2011).

The Overall Strategy

Achieve a greater internalization of external costs and eliminate barriers that are transaction costs to an efficient market in a manner consistent with the common good.

Fix it up

Pay it up

Give it up

Tactical Options for Stable Properties

I. Property Tax Foreclosure Reform

- ✓ Efficient, Effective and Equitable System
- ✓ Shortened Time Frames
- ✓ Constitutionally adequate notice given once
- ✓ Insurable Title
- ✓ Transfer to open market or to governmental entity
- ✓ Halting Sale of Tax Liens

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II. Housing & Building Code Enforcement

- ✓ Revise substantive content of code
- ✓ Avoid criminal process; focus on *in rem* proceedings
- ✓ Increase efficiency of proceeding
- ✓ Lien for fully loaded costs and expenditures
- ✓ Super-priority of code lien
- ✓ Goal of forcing compliance or transfer of property

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III. Vacant Property Registration Ordinances

- ✓ Clarity on dual goals of identification and liability
- ✓ Clarity on subject property
- ✓ Importance of code inspections and violations as triggers
- ✓ Capacity of judicial foreclosure oversight
- ✓ Resistance to Mortgagee Liability Pre-Sale
- ✓ REO Ownership

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IV. Vacant Property Receiverships

- ✓ Standing to File Receivership Petitions
- ✓ Standards for Receivership Petitions
- ✓ Transfer of control to judicially appointed receiver
- ✓ Funding of Receiver's Actions – Lien Priority
- ✓ Problem of Negative FMV
- ✓ Authority for Receiver's Sales

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V. Mortgage Foreclosure Reform

- ✓ Identity of Foreclosing Lender
- ✓ “Standing” to Foreclose
- ✓ Identity of Foreclosure Sale Purchaser
- ✓ Expedited Time Frames for “Vacant” Properties
- ✓ Low Value Transfers
- ✓ Foreclosure Assessments

Tactical Options for Stable Properties

Land Banks and Land Banking

- ✓ Focus on systemic market failure
- ✓ Third Generation of Land Bank Statutes:
NY (2011), GA (2012)
- ✓ Inventory Control: tax foreclosures, code enforcement
- ✓ Intergovernmental Collaboration
- ✓ Internal Financing Mechanisms
- ✓ Flexibility to meet local conditions and priorities