



# Affordable Housing Preservation



**Rob Finn, Director of Policy and Research, Center for  
Community Progress**

[www.communityprogress.net](http://www.communityprogress.net)

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# About Community Progress

**Mission** To foster strong, **equitable** communities where vacant, abandoned, and deteriorated properties are transformed into assets for neighbors and neighborhoods.

**Services** Technical assistance, education and training, policy and research. Focus on systems-level change, emphasis on racial equity and justice.

**Snapshot** Since 2010, provided TA to +250 communities in +30 states. Supported policy/programmatic change in dozens of communities, reached 5,500 through education, distributed 1000s of publications



**Reclaiming Vacant Properties Conference – every 18 mos.**

*Most recent RVP was October 2019 in Atlanta, GA*

*See past sessions at: [www.reclaimingvacantproperties.org](http://www.reclaimingvacantproperties.org)*



# What Happens When Physical Preservation Fails?



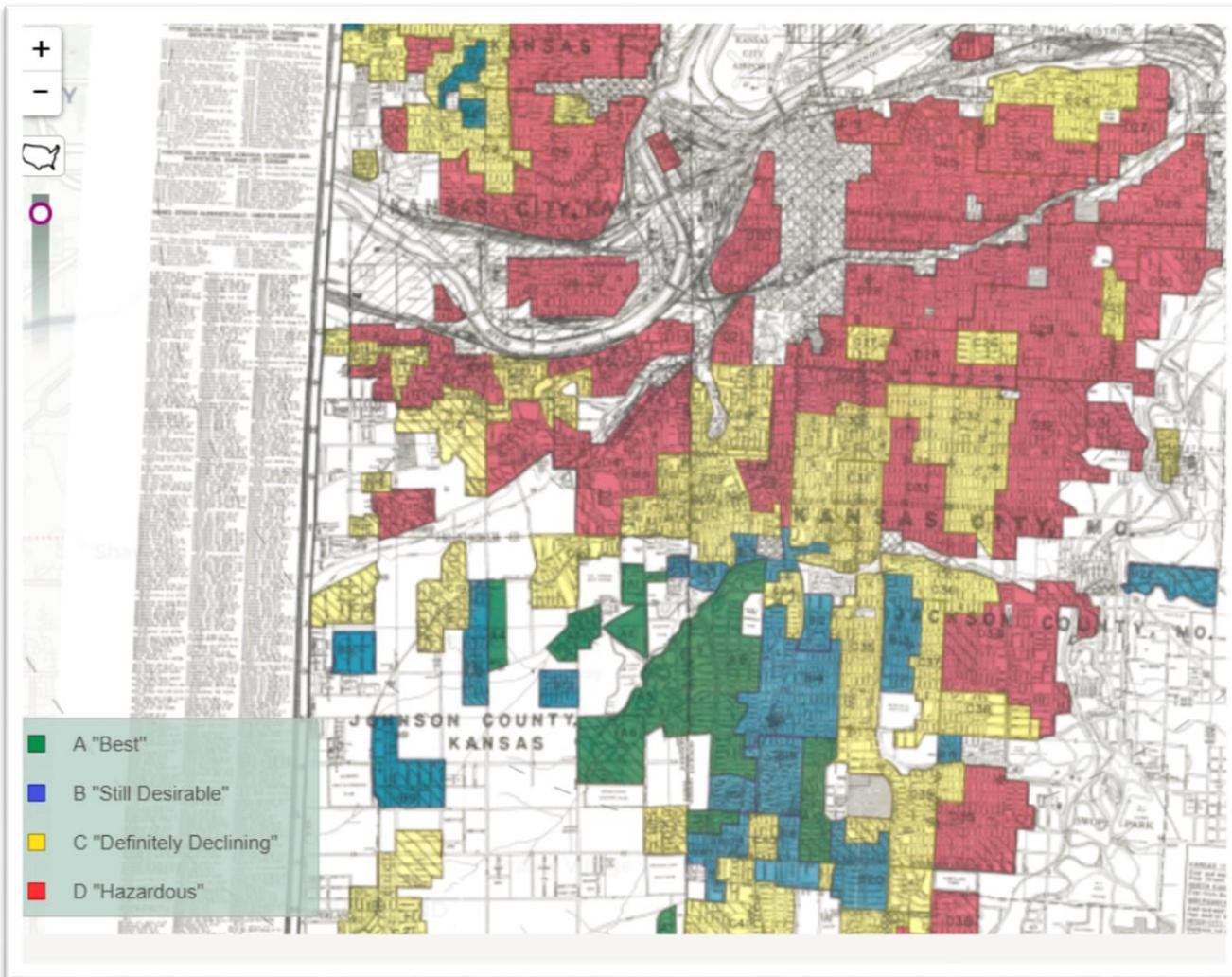
Photo: [The Empty House Next Door](#), Understanding and Reducing Vacancy and Hypervacancy in the United States

*Alan Mallach*, Senior Fellow, Center for Community Progress (May 2018)

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# Which Neighborhoods are Most Affected?



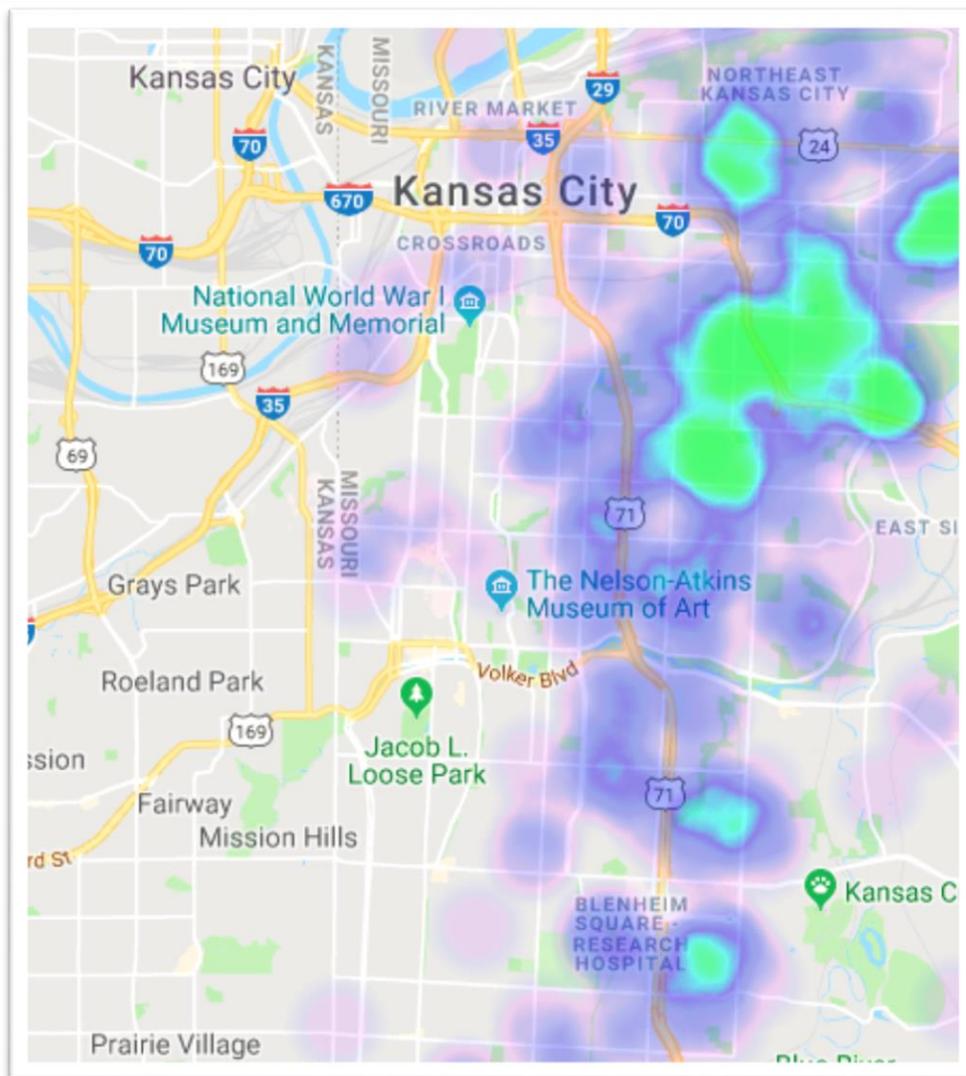
Home Ownership Loan Corporation Redline Map of Kansas City (1930s and 40s)

Source: Digital Scholarship Lab, University of Richmond, and available at: <https://dsl.richmond.edu/panorama/redlining/#loc=12/39.0537/-94.5792&opacity=0.8&city=greater-kansas-city-mo>

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# Which Neighborhoods are Most Affected?



Heat Map of  
Dangerous Buildings  
in Kansas City.

(OpenData KC)

Source: City of Kansas City, MO website, Open Data KC available at:  
<https://data.kcmo.org/Property/Dangerous-Buildings-Heat-Map/tk48-vik5>

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# The Cost of Vacancy

## THE COST OF VACANT AND BLIGHTED PROPERTIES IN PITTSBURGH: A Conservative Analysis of Service, Tax Delinquency, and Spillover Costs

Center for Community Progress Report to the Urban Redevelopment Authority of Pittsburgh, Pennsylvania

March 2017

Authors:

Dan Immergluck, Matt Kreis, Kim Graziani  
National Technical Assistance

[\[Download the report by clicking this link.\]](#)



# The Cost of Vacancy

## PITTSBURGH DATA - 2016

Table 1.1 Per-parcel Annualized Costs for Vacant Parcels/Structures

	Total Annual Costs	Number of Affected Properties <sup>2</sup>	Per-Property Average Cost, per year
Code Enforcement Costs	\$246,290	1,659	\$148
Police Costs	\$1,126,566	779	\$1,446
Fire Costs	\$580,025	653	\$888
Tax Delinquency Costs	\$2,338,206	5,893	\$397
Annual Property Tax Impact of Spillover Costs	\$4,812,956	1,370	\$3,513



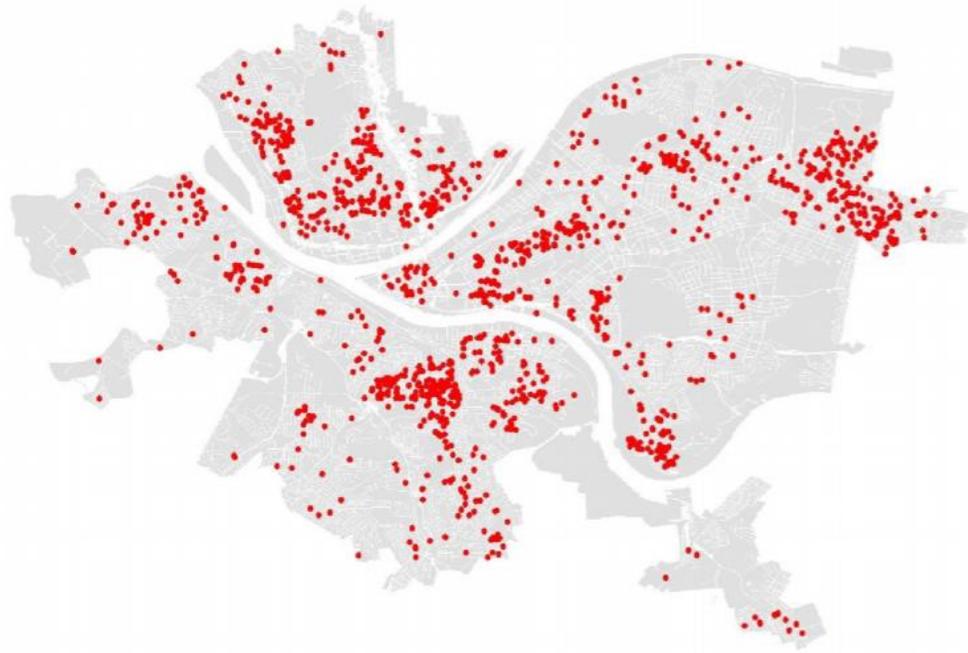
# Understanding the Costs

Table 5.1. Estimated Costs Due to Vacant Properties in the City of Pittsburgh<sup>21</sup>

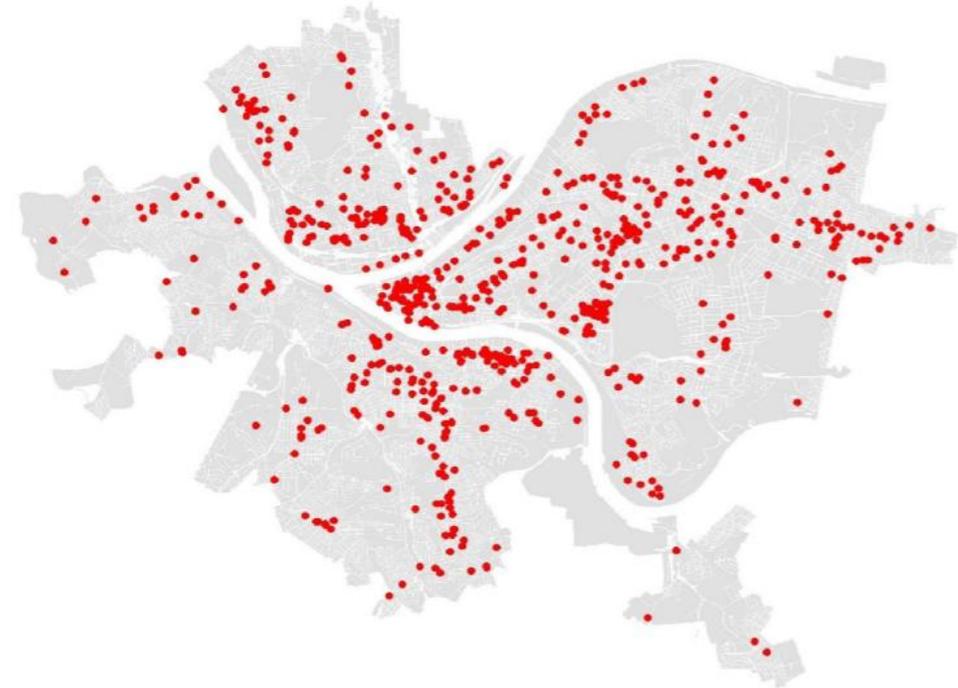
	Annual Costs		One-Time Losses	
	Best Reasonable	Very Conservative	Best Reasonable	Very Conservative
<b>Service Costs</b>				
Code Enforcement	\$246,290	\$246,290		
Police Dispatch Costs	\$1,126,566	\$1,126,566		
Fire Department Dispatch Costs	\$580,025	\$580,025		
<b>Losses Due to Long-Term Tax delinquent Parcels</b>				
Annualized Tax Loss	\$2,338,206	\$2,338,206		
<b>Spillover Costs</b>				
Loss in Residential Property Values			\$266,332,325	\$94,695,938
Annual Decline in Property Tax Revenues	\$4,812,956	\$1,711,273		
<b>Total Estimated Costs</b>	<b>\$ 9,104,043</b>	<b>\$ 6,002,360</b>	<b>\$ 266,332,325</b>	<b>\$ 94,695,938</b>



# Understanding the Costs



Vacant Properties (Structures and Lots) with Code Enforcement Inspections, August through October, 2016



Locations of Dispatches over 10 minutes Associated with Vacant Properties, 2015



# Studies Show Huge Benefits When Problem Properties Are Addressed



- Reduces crime, in particular gun-related violence



- Improves health of residents



- Raises surrounding property values by up to 30% just by greening a vacant lot



- Increases tax revenue for municipalities and school districts



# Affordable Housing Opportunity Cost

- The Pittsburgh report details calculable costs to services (Code Enforcement/Police/Fire) as well as calculable losses (property taxes and home values).
- What it does not quantify is the **cost of losing an otherwise naturally occurring affordable housing unit.**
- The lack of affordable housing was already at crisis levels prior to COVID-19.
- NLIHC's annual study, "[The Gap](#)," found that extremely low income renters face a shortage of 7 million affordable and available rental homes. (Released March 2020, pre-COVID-19.)



# Federal Legislative Activity

- Neighborhood Homes Investment Act
- REHAB Act (SGA)
- National Land Bank Network Act



# Questions?



**Twitter: @CProgressNews**

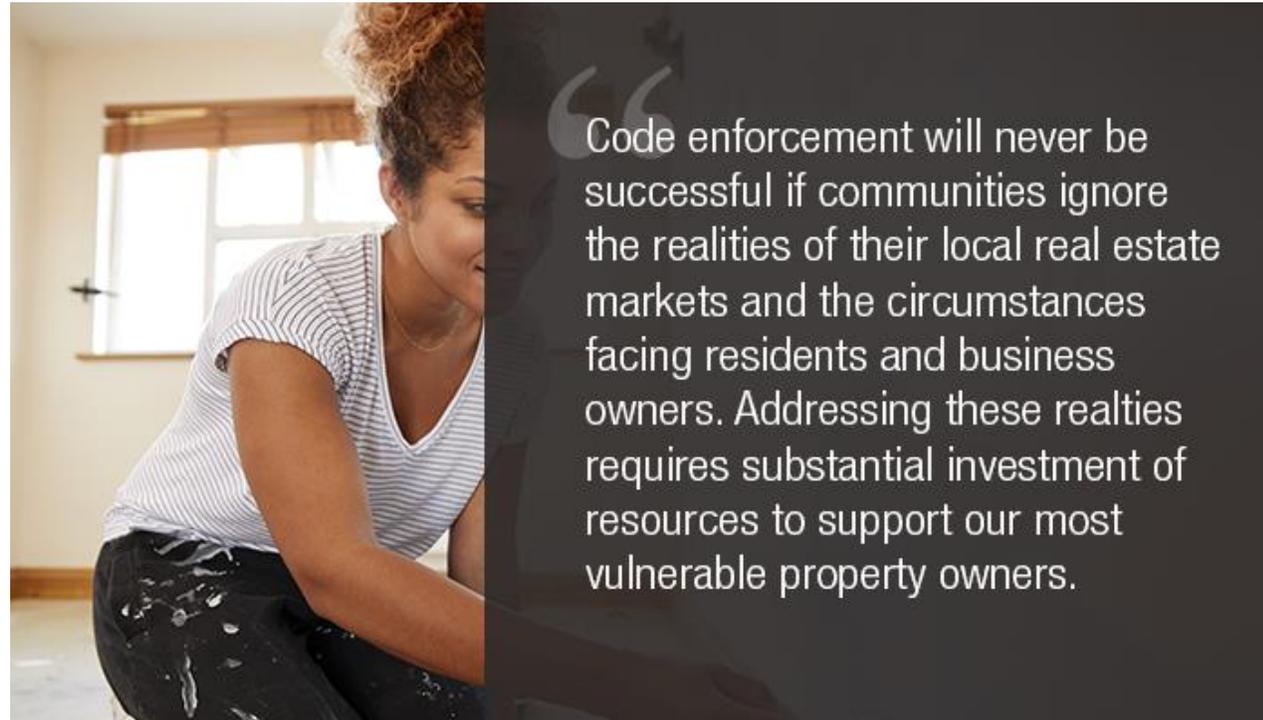
**Facebook:  
@CenterForCommunityProgress**

**Instagram:  
@community.progress**



# Resources- CE Working Group Blog

## Filling the Gaps: Helping Struggling Property Owners Connect to Rehab and Repair Resources



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Center for  
**COMMUNITY  
PROGRESS**

Vacant Spaces into Vibrant Places

**Headquarters:**

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**[facebook.com/CenterForCommunityProgress](https://facebook.com/CenterForCommunityProgress)**



# Affordable Housing Preservation

## July 8, 2020

**Karen L. Black, Esq.**

**May 8 Consulting** Principal

**University of Pennsylvania** Lecturer

**Healthy Rowhouse Project** Co-Founder

**Drexel University Lindy Institute for Urban Innovation** Senior  
Research Fellow





# Importance of Housing Preservation





# Importance of Housing Preservation





# A Philadelphia Story





# Impact of Repairing a Home

	Improve health		Preserve the city's iconic housing stock	
		Create neighborhood jobs	Allow seniors to age in place	Become a more resilient city
	Revitalize neighborhoods	Slow the decline of home ownership		Stop abandonment
		Improve school performance	Lower healthcare costs	Prevent displacement





# Households of All Incomes Need Repairs

## Homes with Health Repair Needs

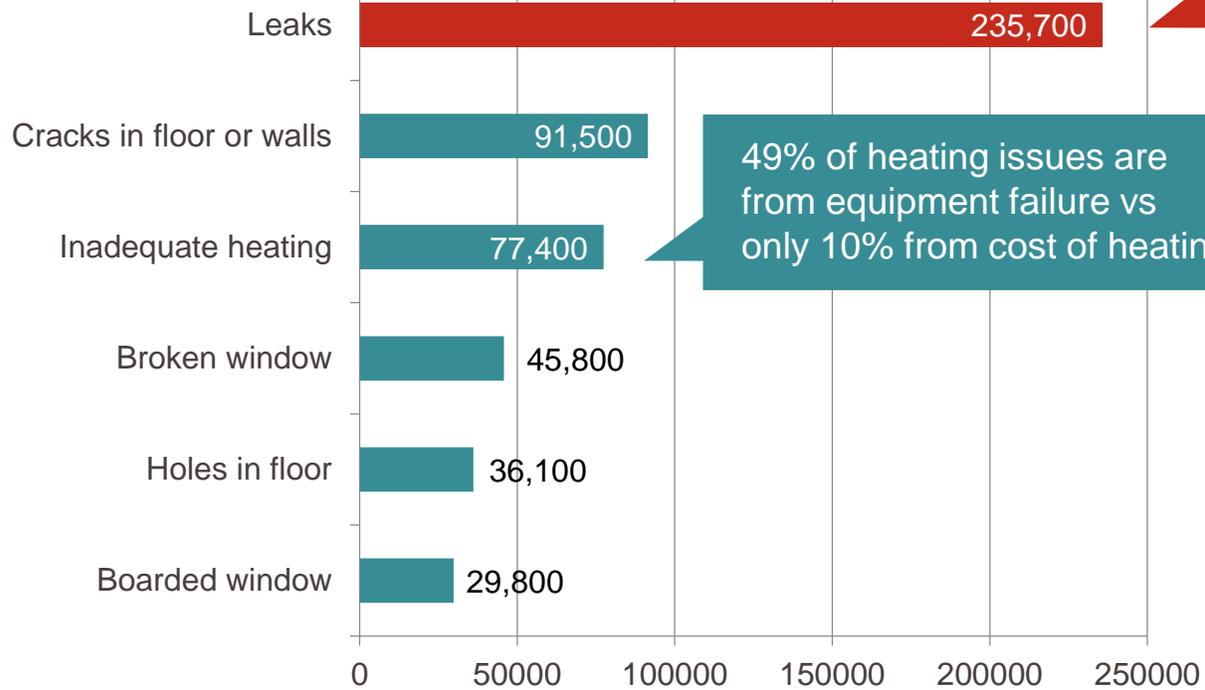
<b>39%</b>	<b>13%</b>	<b>31%</b>	<b>17%</b>
<b>Very Low Income</b> Under \$24,300	<b>Low Income</b> \$24,300- \$36,450	<b>Moderate Income</b> \$36,450- \$85,000	<b>High Income</b> Above \$85,000

*American Housing Survey, 2013*



# Most Common Health-Related Home Repair Needs

## Homes affected



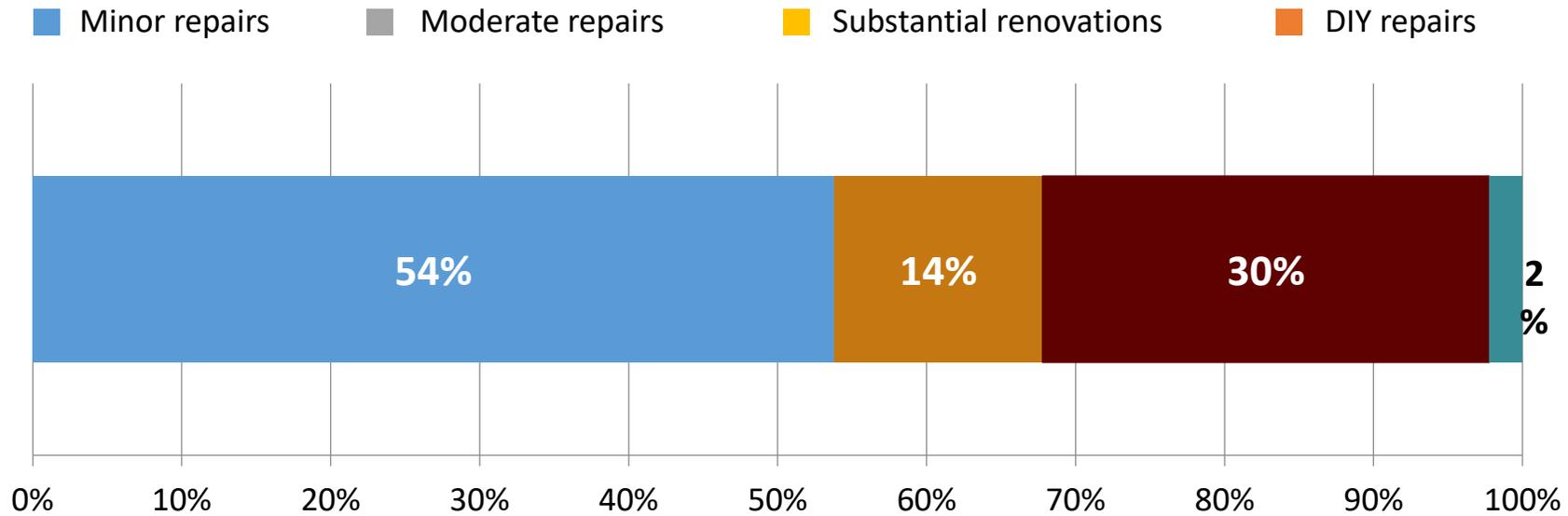
The most common source of leaks is the Roof (61%)

49% of heating issues are from equipment failure vs only 10% from cost of heating

Source: American Housing Survey, 2013



# 54% of Rowhouses Needing Home Repairs Can be Addressed for ~\$10,000



**NOTE:** Excludes 29,700 households that did not disclose their tenure



**Shortfalls in Private  
Capital Flowing to  
Older and Lower  
Value Homes:**

**75% of low- and  
moderate-income  
homeowner applicants  
were denied home  
improvement loans in  
the Philadelphia Metro  
Area from 2015-2017**

*Philadelphia Federal Reserve Study*



# 62% of Homeowners Were Denied (2012-2014)

	Home Purchase	Housing Refinance	Home Repair
Philadelphia Applications:	55,300	100,000	24,197
Philadelphia Denial Rate:	11%	24%	62%
<i>National Denial Rate:</i>	<i>13%</i>	<i>17%</i>	<i>37%</i>

Source: Home Mortgage Disclosure Act Filings, 2012 to 2014



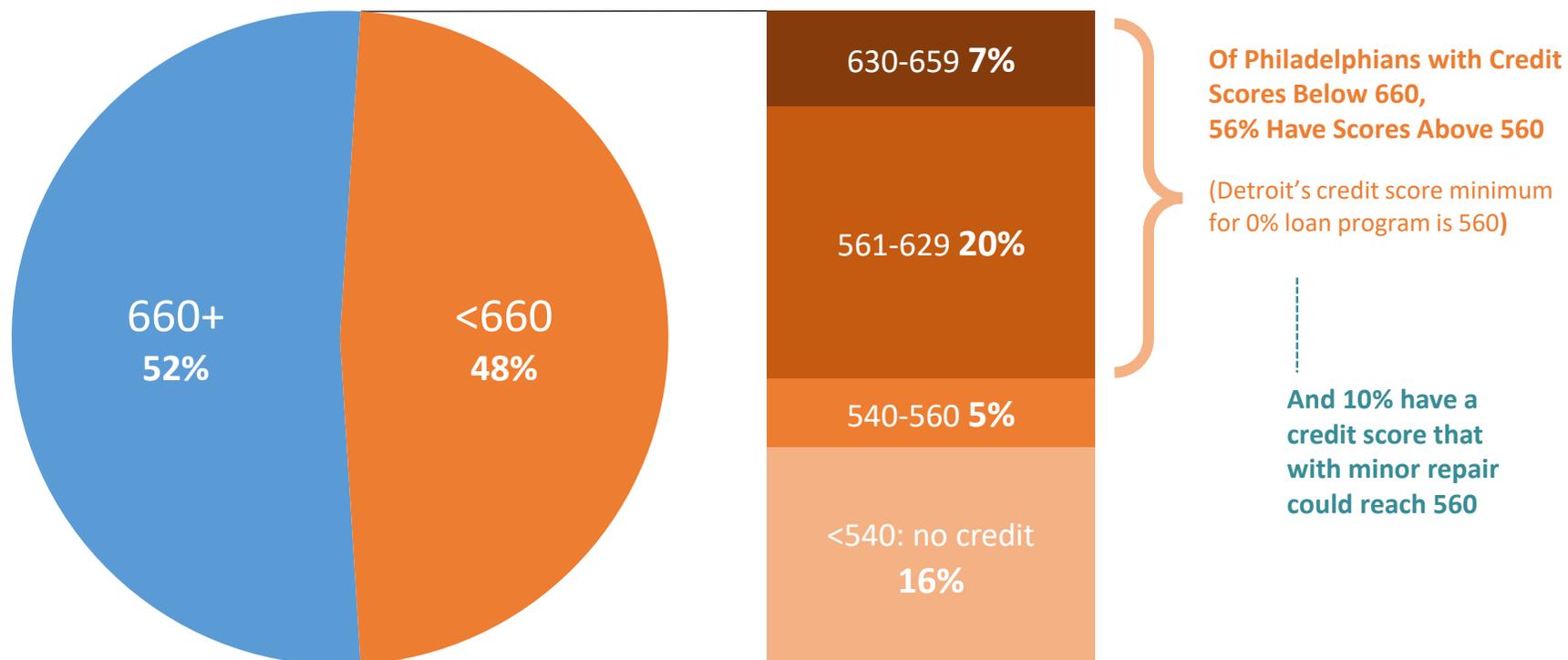
# Most Seek Small Home Repair Loans

Loan Amount	Under \$10,000	\$10k to \$20,000	Over \$20,000
Applications	11,867	3,308	9,022
Percentage Denied	<b>76%</b>	<b>58%</b>	<b>45%</b>
Average income	\$38,000	\$58,000	\$68,000
Percentage Originated	<b>20%</b>	<b>32%</b>	<b>41%</b>
Average Income	\$46,000	\$73,000	\$89,000

Source: Home Mortgage Disclosure Act Filings, 2012 to 2014



# Half Have Credit Scores Below 660





**Philadelphia  
Restore,  
Repair, Renew  
Loan Program**

**\$40 Million Home  
Improvement Loan  
Program**





# Philadelphia's Home Repair Loan Program – Timeline

May 2016:	.1% Transfer Tax Increase
Nov 2016:	\$40 Million Bond Ordinance
Feb 2018:	Select Lenders (2)
August 2018:	Select Non-Profits (3)
March 13, 2019:	Launch Loan Program





# Philadelphia's Home Repair Loan Program – Key Features

- Loan size - \$2,500 - \$25,000
- 3% interest fixed rate (subject to change dependent upon federal rates)
- 10 year term
- Minimum credit score of 580
- Loan-to-Value Ratio <105% value after rehab
- Income as high as 120% AMI (\$84,000 for 2 person household)





# Philadelphia's Home Repair Loan Program – Key Features

- 3 non-profit managers “front door”
- Lenders underwrite, service and inspect
- Public dollars can only be used for eligible homeowners whose loans close
- Fundraised \$2.7 million to provide referrals for those not ready



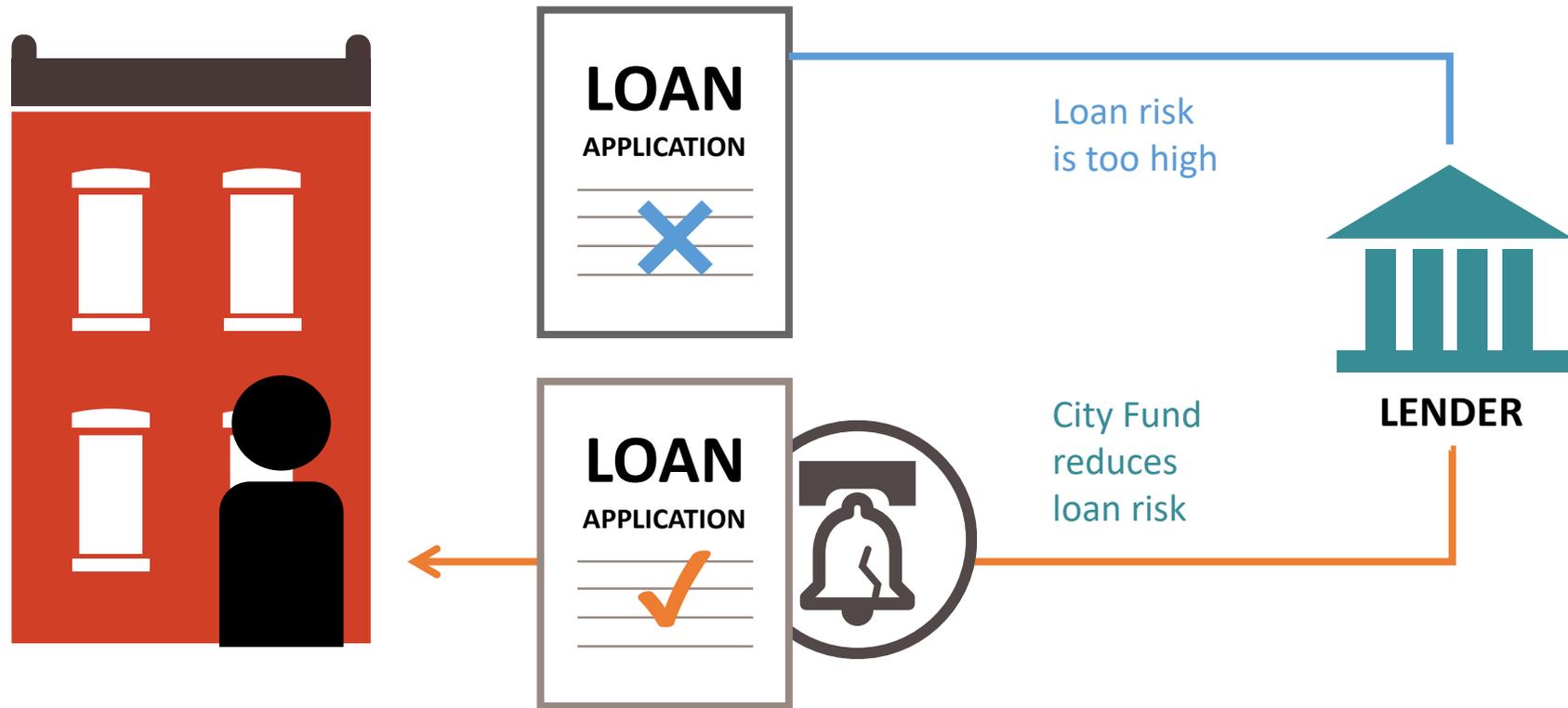


# Philadelphia Revolving Fund – City Funds Loans with Public Dollars





# Cleveland Heights – Loan Guarantee Fund





## **Cleveland Heights Loan Program**

### **LOAN GUARANTEE**

Guaranteed over \$6 million to households considered unlendable over 40 years with investment of \$160,000 placed in the form of a CD with a lender partner





# Cleveland Heights Loan Guarantee Challenge Fund

- \$5000 loan minimum
- Guarantee 40-100% of loan
- 80% of clients are seniors
- High repayment rate (>95%) allows for ongoing use of guarantee funds –typically death is reason for default
- Package with owner funds and matching grants





# Cleveland Heights Loan Guarantee Challenge Fund – Project Example

**\$8,500 roof repair for senior, LMI client on fixed income. Depressed home value means owner is underwater on first mortgage.**

- \$1,500 Senior Grant
- \$ 500 Owner cash from savings
- \$3,000 Challenge Fund guaranteed loan
- \$3,500 Deferred Loan
  
- Total: \$8,500





# Other Critical Strategies

- Efficiencies and Collaboration in home repair delivery
- Tax abatements and incentives
- Rooming houses/Co-living spaces
- Train residents to acquire and rehab affordable rental properties
  - Jumpstart Germantown
- Strategic Code Enforcement
- Community Land Trusts