Program Design and Implementation for Addressing Blight

Scale & Market Define the Strategy

Strategies for addressing blighted properties depend upon a number of variables

- Community Needs
- Frequency/Number
- Density
- Local Market
- Political Climate
- Available Financing and Subsidy
- Etc.

Urban Versus Rural Blight

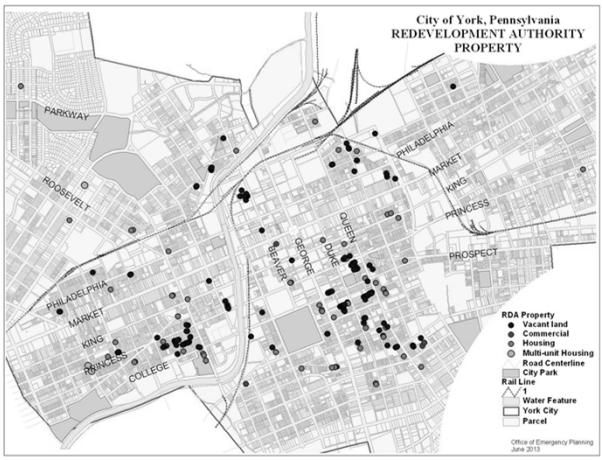
- Let's examine York City's and York County's issues with blight as examples.
- The number of instances has an impact on the strategy

The City's Situation

- The Redevelopment Authority (RDA) owns about 55 single family homes, about 11 multifamily properties, and about 165 vacant lots (+/- 5%)
- The City also owns property separate from that owned by the RDA
- The properties are spread throughout the City

The City's Situation

- There are a few small pockets of properties within a few blocks of each other
- The cost of rehabilitation to an acceptable standard is expensive
- Resale value is significantly lower than development costs



The County's Situation

- Municipalities have been contacting the County regarding vacant and blighted properties
- This is mostly complaint driven
- The municipalities are looking for help/tools
- The similar cost issues will apply in the County

The County's Situation (cont.)

- The County Redevelopment Authority has occasionally held properties
- There is outreach planned with the goal of defining the scale of the problem and the needs of the municipalities:
  - The Township Managers (meet monthly)
  - The Zoning and Planning Officials (meet quarterly)
  - And the Economic Alliance is also doing outreach to the municipalities

The County's Situation (cont.)

- The County's Targeted Initiative may add related data
- A draft County Ordinance has been prepared for the formation of a County Vacant Property Review Committee
- Yoe Borough is considering a "Conservatorship"

Wellsville

- Blighted property that was acquired by the Borough at Tax Sale
- Application was submitted for CDBG funds for demolition
- CDBG funds were granted and the property has been demolished

Wellsville

- Additional photos

Demolition in Goldsboro

CDBG funded the acquisition of the property.

New Construction in Goldsboro

- Developed by Housing Initiatives Corp.

- CDBG
- HOME
- FHLB
- State DCED Brownfields

West York Borough

- Demo & "Pocket Park"

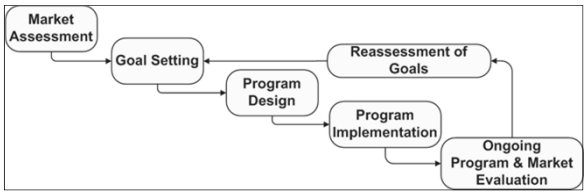
West York Borough

What to do?

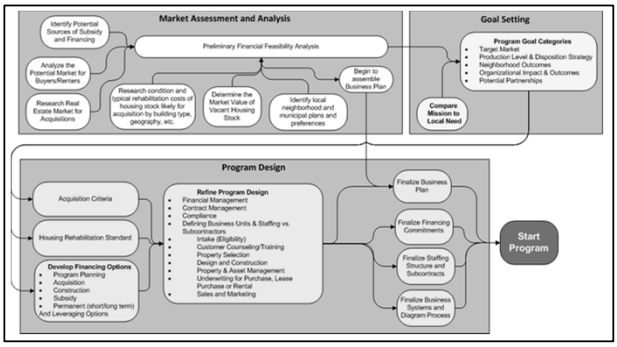
In all cases the most important step is to carefully define the local market

- The Local Market's Property Values and Construction Costs
- Options for Disposition & their Market Potential
- Financial implications of various Disposition Strategies
- The Scale of the Problem

Basic Process for Program Implementation



Expanded Process



Key Issues for "Programs"

- Construction Standards
  - What is the minimum level of quality that is acceptable
- Construction Management
  - Who's watching the construction process
- Disposition
  - Do marketing efforts keep track with the production side

Financing for Redevelopment

- The properties are often suffering from significant deferred maintenance and likely vandalism
- Appraisals (especially in the City) are relatively low
- The Cost of housing rehabilitation to an "above average" standard typically exceeds market value (financing gap)
- Subsidy is typically needed (to fill the gap)
- There are limits to the interest level of private developers

Financing for Redevelopment

- Most often Homeownership is much preferred over Rental as a disposition strategy
- Financing Homeownership programs presents significant practical and sometimes philosophical challenges
- Rental projects of 25+ units in relatively close geographic proximity may be financeable with LIHTCs

Financing for Redevelopment

Know your alphabet soup…….

- HOME, CDBG, FHLB and local foundation funding are the typical sources for acquisition, demolition (CDBG) and redevelopment.

Questions?