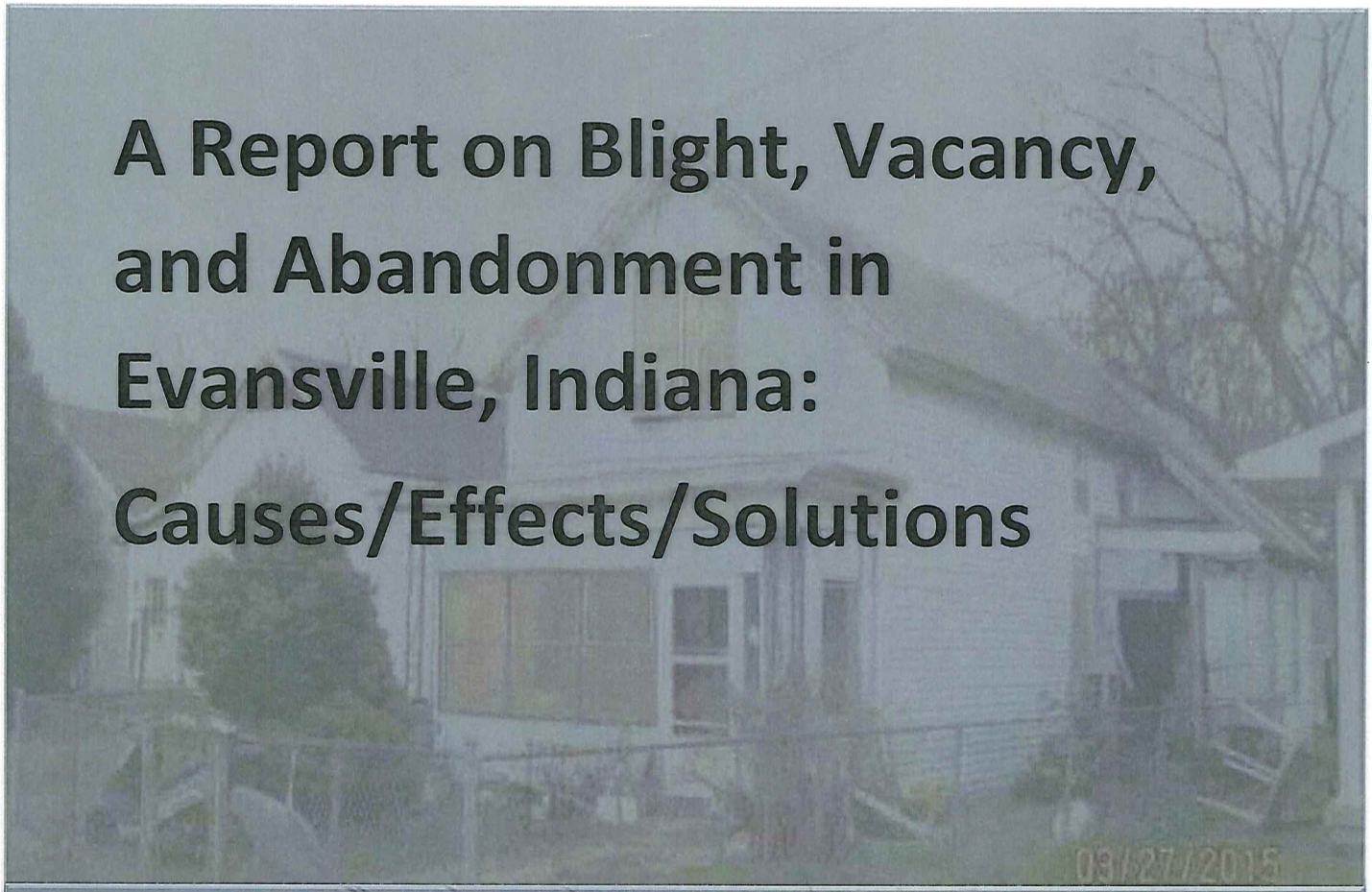
A Report on Blight, Vacancy, and Abandonment in Evansville, Indiana: Causes/Effects/Solutions



Prepared by the Department of Metropolitan Development in cooperation with:

The Evansville-Vanderburgh County Building Commission

The Evansville Police Department

The Evansville Fire Department

Central Dispatch (911)

2015

CITY OF EVANSVILLE

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August 3, 2015

Letter from the Mayor regarding blight:

Evansville, like many midwestern cities faces a dual edged crisis: Vacant and abandoned homes that have become blighted and a drain on our neighborhoods, and a need for more infill housing of all types in the inner core of the community.

The issue of vacant and abandoned property in Evansville has been a major concern to our community for many years. This report is the culmination of months of research and data gathering by city departments and their staffs after becoming involved with the issue last year when Evansville decided to participate in the Hardest Hit Fund, made available by the State of Indiana through the Indiana Housing and Community Development Authority (IHCDA). We were able to identify 113 properties that met the rigorous grant requirements, but the need to do more was evident.

In March I authorized the Department of Metropolitan Development to engage a consultant from the Center for Community Progress, experts on vacancy and abandonment, to visit Evansville and lead a public discussion of the problem. Over 70 citizens attended and gave their input. A team from various city departments and boards visited Detroit, Michigan in May to attend a regional land banking conference, and brought back important information and further guidance on our efforts.

The Building Commission and the Department of Metropolitan Development have worked to define the issues, identify the necessary areas of work, and began the process of formulating a long term, sustainable funding stream to support the work of a proposed city/county wide land bank. The land bank choice would be to expand the Evansville Brownfield Corporation, a city funded and managed separate 501 c3 corporation, with an expanded board of directors to oversee the implementation of acquisition, demolition of blighted properties, and maintenance of those blighted properties until new development comes to these areas.

What we found in the data collected from police, fire, 911 and code enforcement is staggering. Over a five year period, if we do nothing to address the vacant, blighted properties that populate our neighborhoods, taxpayers will spend over $26 million in maintenance costs for police runs, fire runs, and 911 calls, not to mention code enforcement work on the same properties. Lost tax revenues total over

$1 million every year, as well as other costs we cannot measure. It is very difficult for homeowners who maintain their homes to obtain fire insurance when a boarded up property is next door, and the fear factor of living near abandoned homes causes undue stress in our community.

This report and its findings and recommendations are not a "cure" for blight, but a way to begin the process of elimination of a source of stress in our neighborhoods and a strain on taxpayers. If initial funding for the program is approved for 2016, I will appoint a Fight Blight Task Force made up of builders, real estate professionals, affordable home development experts, current property management leaders, and others in the community to serve as an advisory body to the expanded Brownfield Board. This important Task Force will not only assist with oversight but make recommendations for the marketing of cleared lots and those properties deemed to be salvageable and help find qualified buyers for them.

Everyone in the community is a stakeholder in this effort, and the solution will not be overnight. We believe that working together, government and citizens united can ensure every Evansville neighborhood is more appealing, has economic stability, and is safer for all of us.

Sincerely,



Lloyd Winnecke, Mayor
City of Evansville

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EXECUTIVE SUMMARY

In December 2013, the Indiana Housing and Community Development Authority (IHCDA), through the Hardest Hit Fund, made available funds that could be used to eliminate vacant, abandoned and blighted housing in Indiana communities through a competitive application process. The application process was rigorous, and several requirements made inclusion of large numbers of properties difficult.

Each property considered by IHCDA for inclusion was required to have an approved program partner willing to take ownership of the property post-demolition, and the end use of the resulting lot had to be approved by the state. This limited Evansville's ability to include large numbers of blighted properties with that particular program; only 113 properties were included, for which there were identified program partners.

During the initial assessment of Evansville's existing housing stock, the Building Commission through its Code Enforcement division was able to identify roughly 1,800 parcels within the City that were deemed eligible for consideration and would likely pass the 82 point evaluation matrix for blight.

The concern for neighborhoods and the mounting costs to the City and County to maintain a standing inventory of blighted, vacant dwellings led to a more intensive study of the problem, the causes, effects and a search for short and long term solutions.

A Look at the Past and Present

To develop a plan to address the future of the vacant and abandoned property problem in Evansville, we need to first examine the past, as well as the present.

- The vacant and abandoned property problem in Evansville has several causes, including population decline within the urban core, loss of high pay/low skill manufacturing jobs and plant closures. Continued home construction in outlying areas (where property taxes are lower) without population growth, the national housing crisis, and a conversion of urban dwellings to rental property, owned in large part by absentee landlords have compounded the problem. This is coupled with a tax sale process that, until this year, featured a lengthy redemption period along with a cumbersome County auction system that encourages speculative, unqualified buying and worse, scavengers.

- June of 2014 saw the implementation of the Good Neighbor Ordinance (Exhibit A) throughout Evansville. As an addition to the City's Drug House Expansion Ordinance, the Good Neighbor Ordinance looks to be utilized as another tool by the City in an effort to promote neighborhood stability and safety. This ordinance provides three strikes to landlords who have code violations. Additionally, the ordinance empowers landlords to mitigate situations involving tenants with misdemeanor offenses such as theft, disorderly conduct, or public indecency.

- In March 2015, the Department of Metropolitan Development (DMD) brought Kim Graziani from the Center for Community Progress to assist the community in mapping a path forward to educate the public, elected officials and city/county employees in the process of blight and abandonment remediation.

  The DMD hosted a public meeting on March 30, 2015 at which over 70 citizens participated in a robust discussion of blight, its effect on neighborhoods and suggested solutions. Raw data from the public meeting as collated by DMD staff who attended and scribed results gleaned from small group sessions (the raw data) is included in Exhibit B. The groups discussed both the issues and potential solutions to the blight problem.

  One of the significant outcomes of the public meeting was a general agreement that through the proper use of data the City should categorize all abandoned dwellings into three groups, each with its own action step (chart below).

TYPE OF PROPERTY	CITY/COUNTY ACTION STEPS
Houses that can be repaired with little capital investment.	Building Commission supervise sale to qualified buyer who shows ability to complete repairs up to City Maintenance Code.
Houses that might be repaired but with significant investment.	Land bank for future rehabilitation without demolition. Evaluation by known agencies who will take property.
Houses that cannot be rehabbed within economic reason.	Demolish and land bank the vacant lot to be maintained by land bank until transfer of ownership.

- The Evansville Brownfields Corporation (EBC) was established in 2003 to acquire underutilized or potentially environmentally contaminated properties and seek out developers for new uses. Later in the decade, the EBC was utilized in a limited way to "land bank" parcels in the newly established Art District in and around the historic Haynie's Corner commercial corridor. The Goosetown, Blackfords Grove and Culver neighborhoods contained a significant amount of blight and after years of disinvestment were high crime areas.

  With a robust code enforcement effort, limited land banking by the EBC and a focus on new housing and crime reduction, those neighborhoods today are relatively peaceful. Over 80 new homes have been built and the commercial corridor, with investments of federal funds and local funds by the DMD, has seen a rebirth of new economic and people centered activity.

- Code Enforcement needs to focus on what it does best: Enforcing good property maintenance. Code Enforcement spends an abundance of its resources on vacant and abandoned properties that should be demolished. The time factor for Code Enforcement to demolish a dwelling coupled with the legal red tape forces inspectors to work years on each vacant property. If the most blighted dwellings were gone, Code Enforcement could be freed to focus on occupied dwellings enforcing good maintenance where possible, and identifying failed maintenance by irresponsible owners. Code Enforcement would then have the time to pursue aggressive repair orders where practical, recommending demolition when necessary.

IDENTIFYING THE PROBLEM

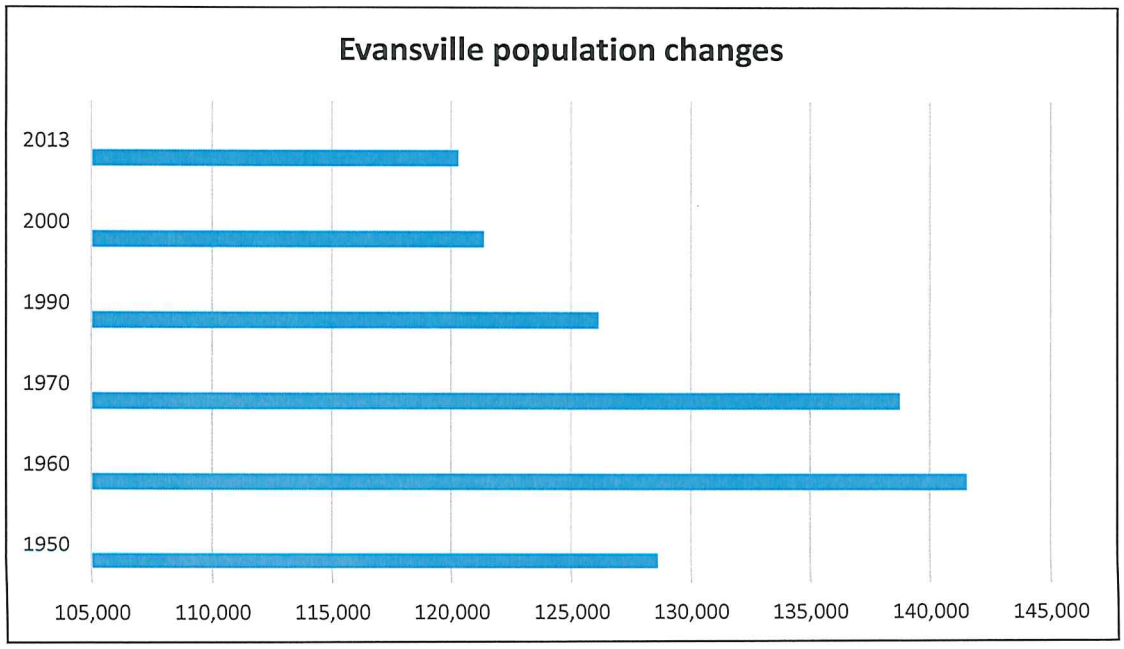
Assessing The Situation

Over the years multiple factors have contributed to the number of vacant, abandoned and blighted homes in Evansville including:

- Population decline
- Loss of high wage/ low skill manufacturing jobs
- The nationwide housing crisis
- Property tax rates city vs. county

Between the end of World War II and the dawn of the 21st Century, Evansville saw a dramatic shift in population. Although Evansville's industrial growth was phenomenal in the late 19th and early 20th centuries, and the City was a significant contributor to the WWII material effort, the period after 1950 presented serious challenges to the community.

Population shifts began with the home building boom of the mid to late 1950's on the eastern and northern edges of the City, mainly outside the city limits at the time. A loss of population, which would have resulted in reductions in state and federal assistance funds, spurred the largest annexation program in Evansville's history in 1958-59 when major areas were added east and north to the City. Although there were lawsuits brought as a result, the annexations were left intact and the population increased by the 1960 census. This was made necessary due to the closure of major manufacturing plants like Chrysler and Servel, which saw over 20,000 high wage/low skilled labor jobs vanish seemingly overnight during this era.



The City population continued to drop in the ensuing decades, leaving Evansville only slightly above its pre-World War II level. This population shift contributed heavily to the abandonment issue.

The new housing built in more suburban areas attracted homeowners from the urban core creating urban flight; without new population growth from outside the area, the existing housing stock became mainly utilized as income properties, and homes purchased by lower income people. In many cases, the lower income bracket homeowners were not able to fund necessary repairs and maintenance on these homes as years went by.

The aging housing stock within the City has aggravated the propensity for homes to first become vacant and abandoned, and then as they decay, blighted.

AGE OF EVANSVILLE HOUSING STOCK
(American Community Survey Data 2011-2013)

Year Built	Percent of Total Stock
2000-2010	5.9%
1990-1999	6.7%
1980-1989	11.9%
1970-1979	16.6%
1960-1969	16.0%
1940-1959	20.7%
1939 and older	22.1%

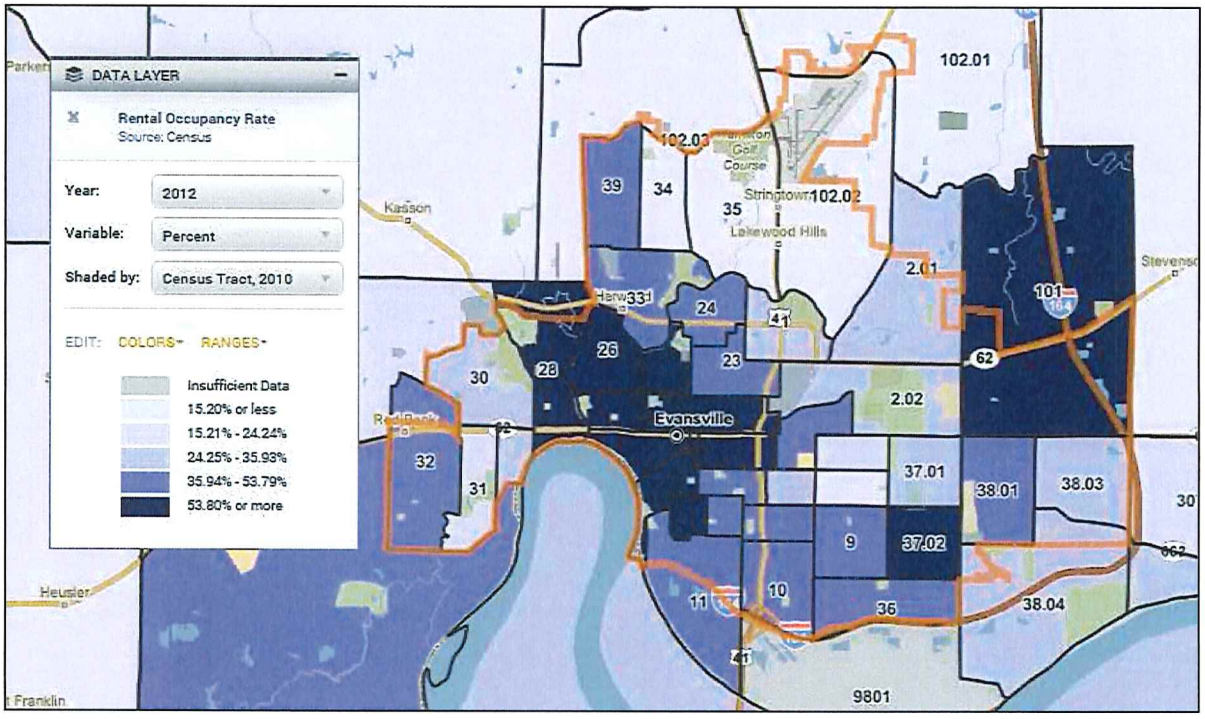
As Evansville outgrew its 1950's boundaries and expanded east and north, newer subdivisions were built (and are still being constructed) outside of the city limits, with no new population influx into the city core, older homes became either vacant or rental properties, frequently owned by out of town landlords who did little or no maintenance on them. Often these homes, constructed nearly a century ago, were not built to any modern building standards, or during lean decades, constructed with substandard materials, accelerating decay.



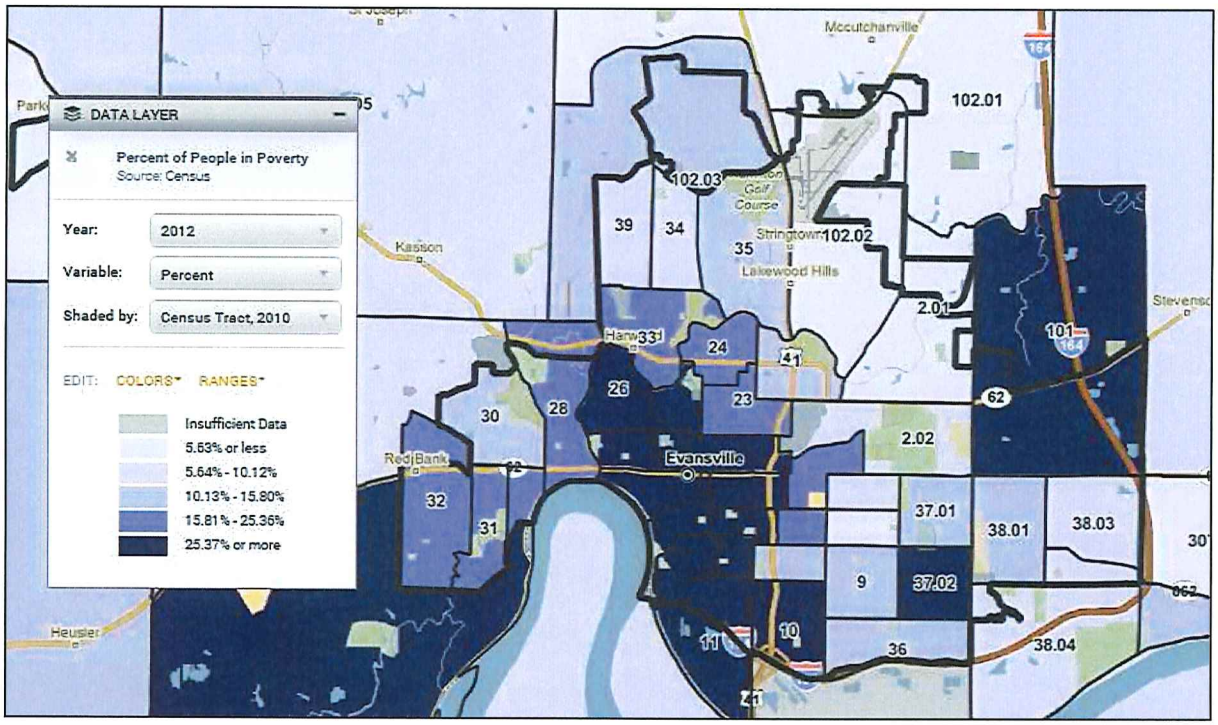
Beginning in 2006, the national mortgage crisis led to a serious foreclosure problem which was amplified in Evansville. Evansville's rate of foreclosure is 40% higher than the national average, and many of the homes that fell into foreclosure were the lower priced homes in the urban core, owned by lower income persons who, when faced with unemployment during the Great Recession, were forced to abandon their properties.

Many of these now vacant homes have become the blighted homes throughout our urban landscape that negatively impact our neighborhoods thus becoming a significant burden on City/County expenditures.

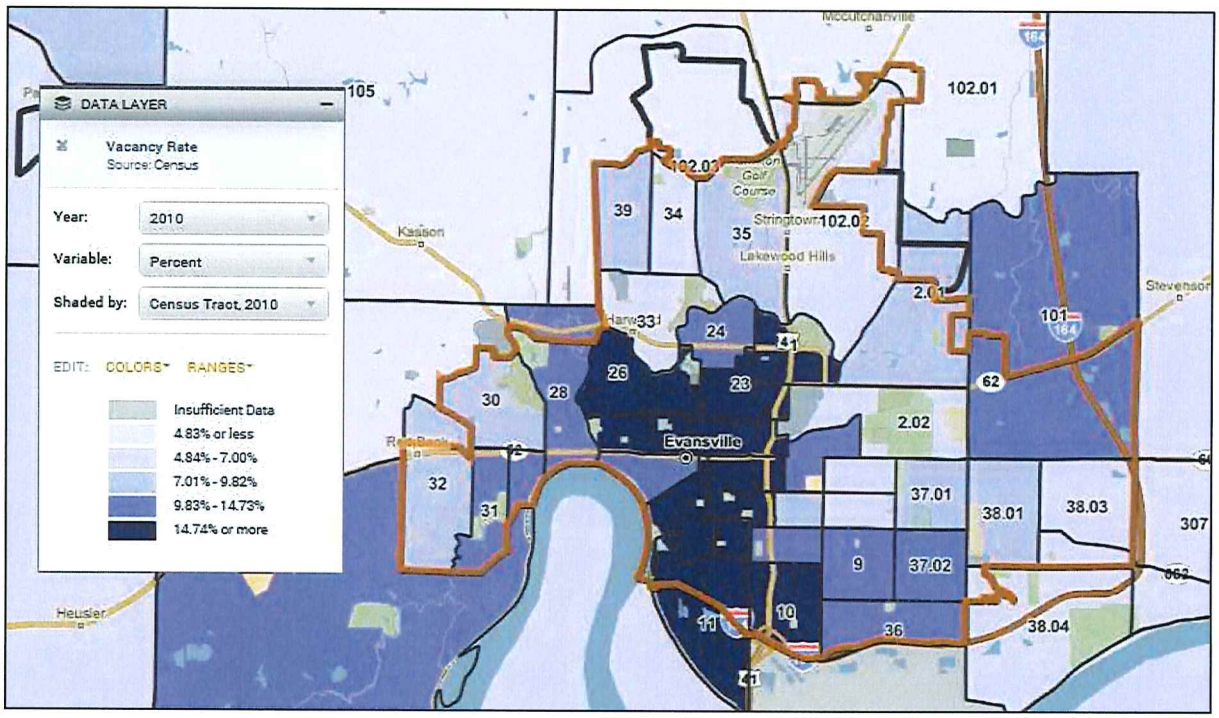
The map below reflects areas within the City with high percentages of rental properties.



This large area of rental properties almost perfectly overlays areas of high poverty concentration and housing abandonment.



High poverty concentrations in the central core within the city limits would presumably be the area of high vacancy. But, as reflected on the map below, poverty is not a direct correlation to vacancy, particularly on the west side and northeast side of the City.



CURRENT STATUS

As mentioned earlier, during the process of the City applying for the Hardest Hit Fund's Blight Elimination Program (BEP), the Building Commission was able to identify roughly 1,800 residential properties in the City that would more than likely meet the scoring criteria with a minimum of 82 points set forth in the BEP guidelines. As we further examined these blighted properties we recognized that in order to effect real change in neighborhoods affected by this problem, a larger and more comprehensive solution must be found.

A work group was created representing both County and City governments where discussion began on a comprehensive plan to attack and remove blight. Work began to identify ways to eliminate blight and improve processes, and the problems were broken down into three focus areas:

1. Address the blighted properties and vacant land that were "no sales" from the prior year tax sale which a land bank entity could acquire and demolish immediately, if required
2. Develop a plan for the Building Commission to:
   a. Speed up demolition of properties already on their demolition list
   b. Systematically ensure rehabable properties on the "no sale" list are brought up to code after sale forcing purchasers of tax sale properties to become accountable
3. Seek revisions in state legislation to change the tax sale/redemption process

The immediate demolition of "no sales" that the County already owns would be a simple matter of acquisition for a nominal fee by the land bank (Evansville Brownfields Corporation). As owner, the demolition process would be swifter than the City's Code Enforcement process. Neighborhoods would see an immediate change with those demolitions. Funding for legal/title work, additional staff for the land bank and funds for maintenance (mowing, trash and debris removal) and insurance would have to be identified and allocated accordingly. These costs were anticipated to be low, in comparison to current City expenditures on these properties.

Stabilization of Neighborhoods: Value Shift/Policy Shift

The goal of a reorganization of the treatment of vacancy, abandonment and blight is first and foremost to stabilize neighborhoods. This will require a complete shift in both values and policy and may be difficult to implement. However, this stabilization process will result in several positive outcomes:

- Reduced crime in our most vulnerable neighborhoods
- Target remaining vacant and abandoned dwellings for rehab or demolition with input from those living in the neighborhoods as well as Code Enforcement staff
- Significantly reduced public expenditures for Fire/Police/Code Enforcement activity at these vacant and abandoned properties
- Increased property values of existing homes that are properly maintained
- Increased tax revenue from both new homes constructed and existing homes with increased property value due to removal of blight in proximity

- Redirection of Code Enforcement efforts to occupied dwellings to prevent future blight
- Increased neighborhood sense of place and security for both renters and homeowners

Below are some basic statistics regarding housing in Evansville from the US Census 2009-2013 American Community Survey (5 year estimates). Note that over 7,500 housing units are unoccupied, this accounts for an abundance of the abandoned structures that exist within the community.

The number of rental units in the survey (2006-2010) to the current available data (2009-2013) reflects a significant decrease in the number of owner occupied units of 1,895 to an increase in the number of rental units of 1,876. This is not sustainable as Evansville has a rental rate of 46% of the housing units, well above the national average of 35.1%.

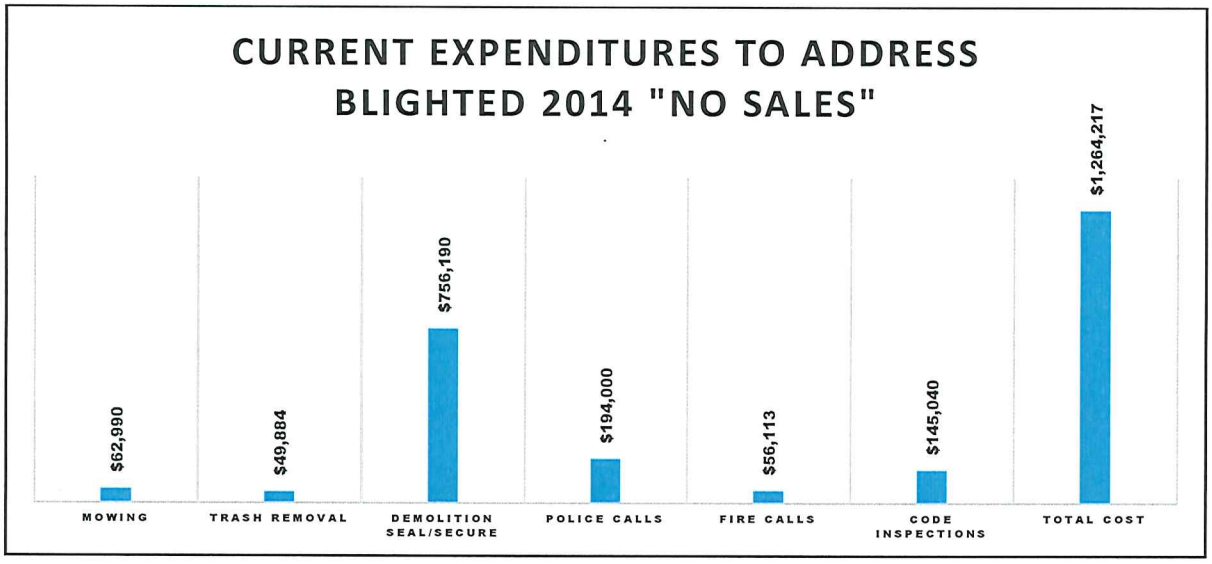
Total Housing Units = 58,828

- Occupied Housing Units = 51,214
- Owner Occupied = 27,491
  - Mortgage = 17,873
  - Without a Mortgage = 9,818
- Renter Occupied = 23,723
- Structure Type
  - Single Family = 38,723
  - Multi-Family = 19,589
  - Mobile Home = 516

The Cost of Doing Nothing

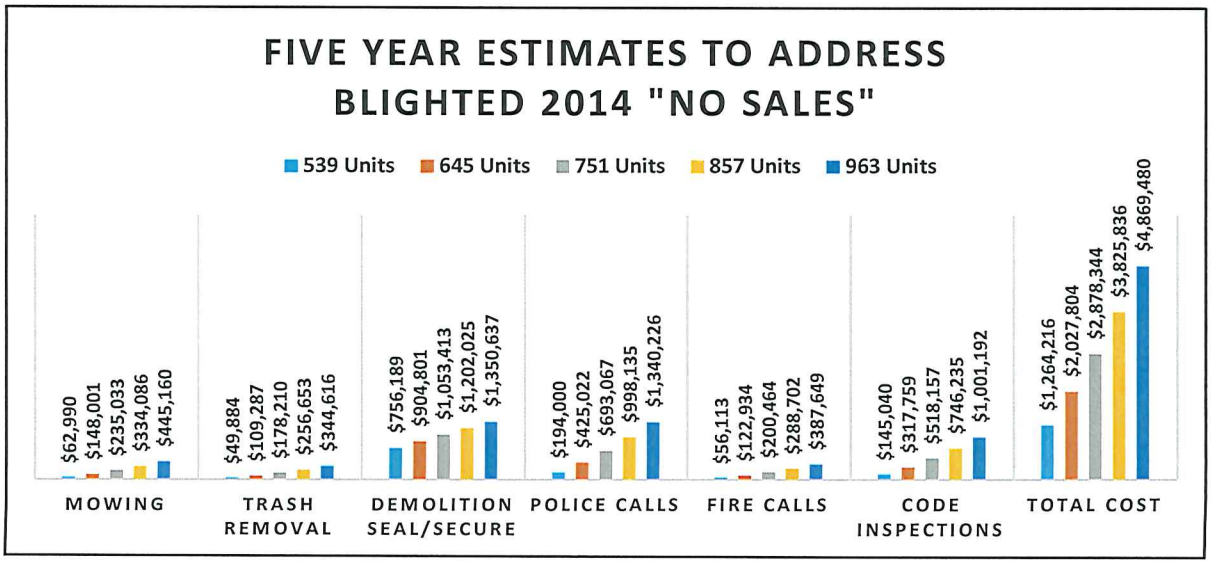
If the City of Evansville chooses to do nothing different to deal with the blighted properties within the City, there will be significant ongoing costs as demonstrated in the following charts. The costs depicted in the following charts only represent hard costs; the expenditure of public funds for administrative costs, gasoline, recording fees, insurance, equipment depreciation, etc. are not included. Lost property tax revenue or other unquantifiable costs (social costs) are also not included.

The first chart represents a sampling of costs already expended by City departments to address the 522 properties unsold at the 2013 and 2014 tax sales. Total cost for City departments to address blighted 2013 and 2014 "no sale" properties for calendar year 2014 exceeded $1.2 million. The major expense for these properties stemmed from sealing and securing costs plus demolitions at $756,190. This accounted for more than 71% of the Code Enforcement Department's operational budget. The Evansville Fire Department responded 192 times to these initial 522 properties accounting for an expense of $56,113. The Evansville Police Department, not including County Sheriff's responses, responded 992 times to these properties accounting for expenditures of $194,000.

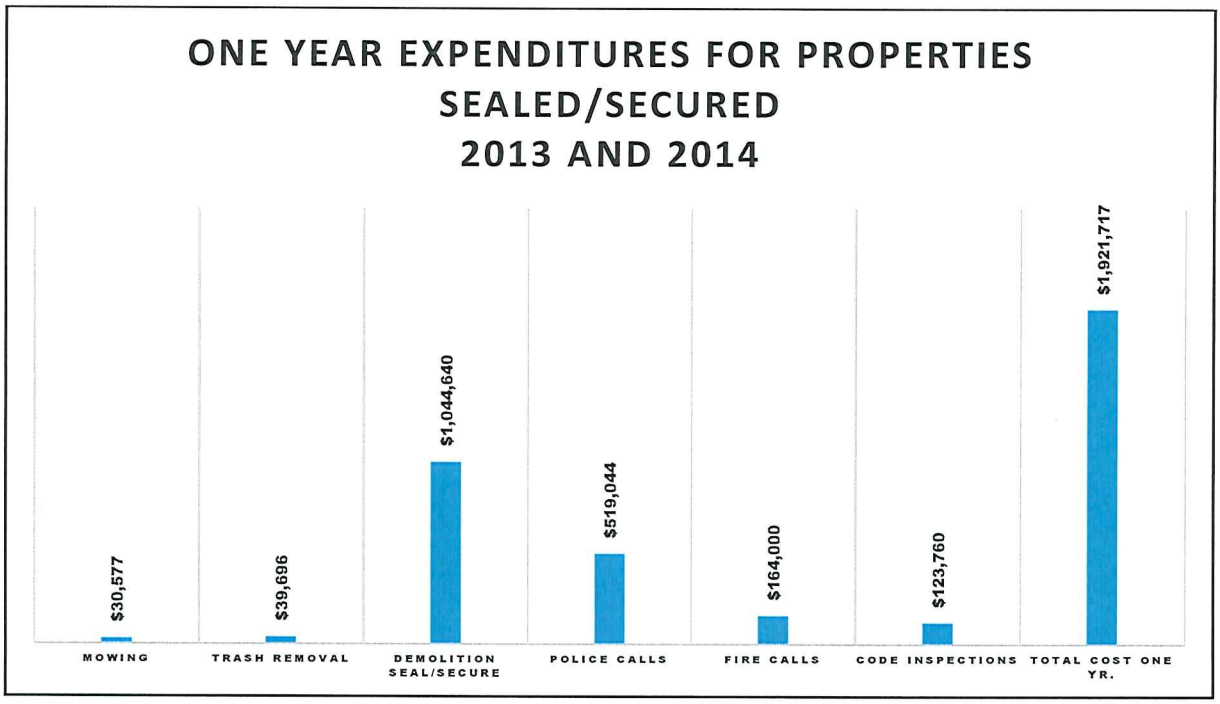


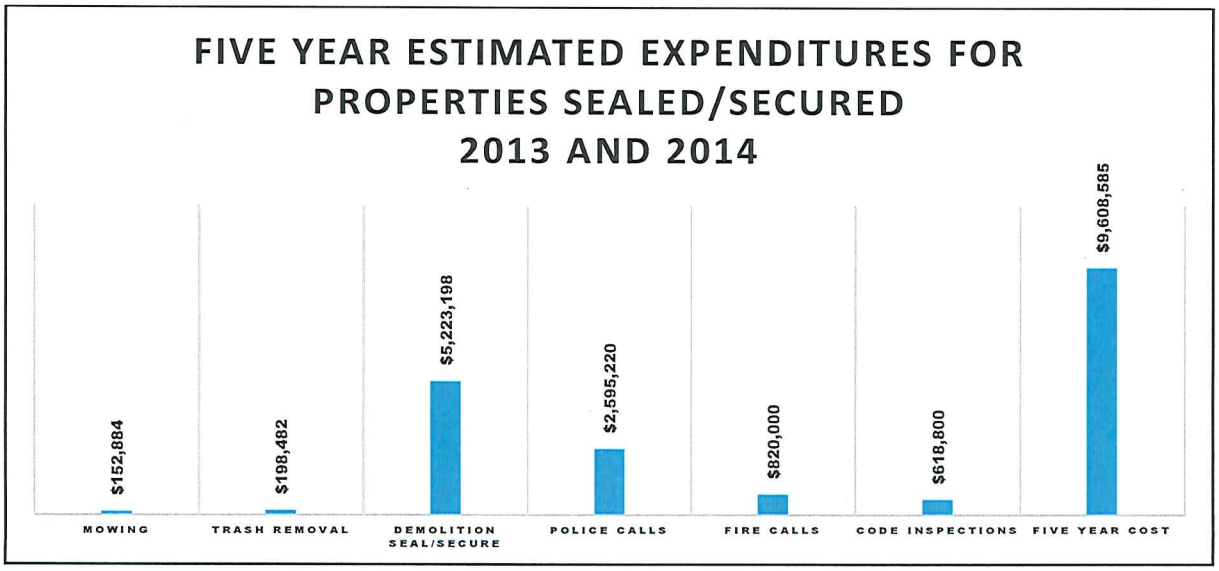
An estimation concerning these same properties carried out over a five year timeline without the addition of properties that would later fall into this category shows the dire fiscal constraints placed on the City. The total costs exceed $3.2 million. The Fire Department expends $280,000 and Police Department approaches the million dollar mark at $725,000.

An estimation concerning these same properties carried out over a five year timeline with the addition of properties that would annually fall into this category shows the fiscal constraints placed on the City. The total costs exceed $4.8 million. Demolition exceeds $1.3 million while the Fire Department expends $387,000 and Police Department surpasses the million dollar mark at $1.3 million. The addition of more than 100 properties per year over a five year timeframe adds $1.6 million to the existing $3.2 million had no properties been added.

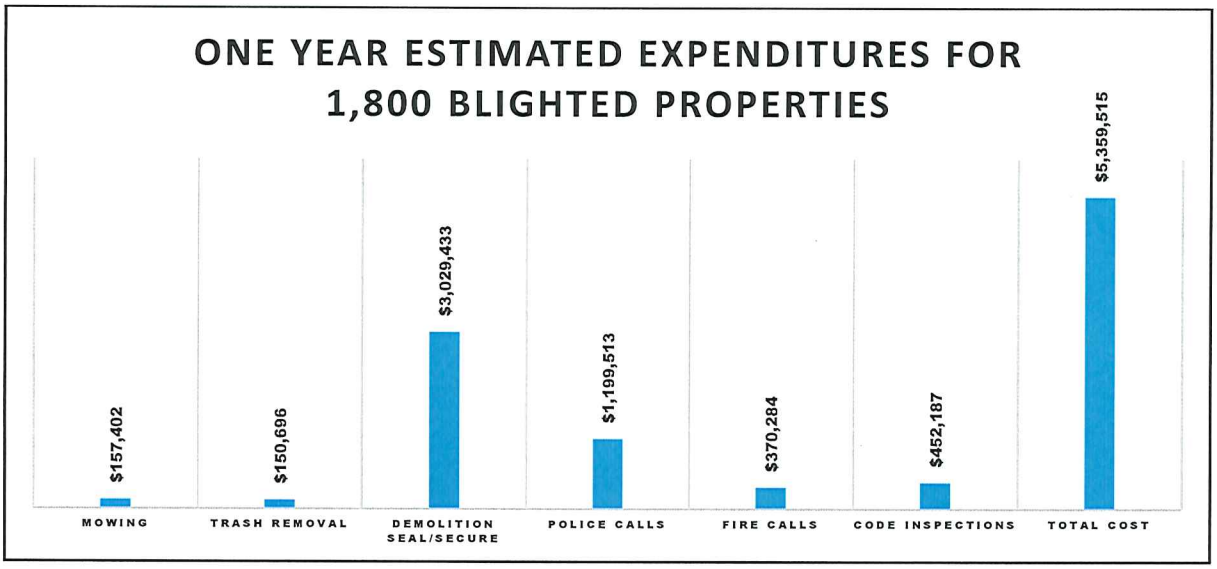


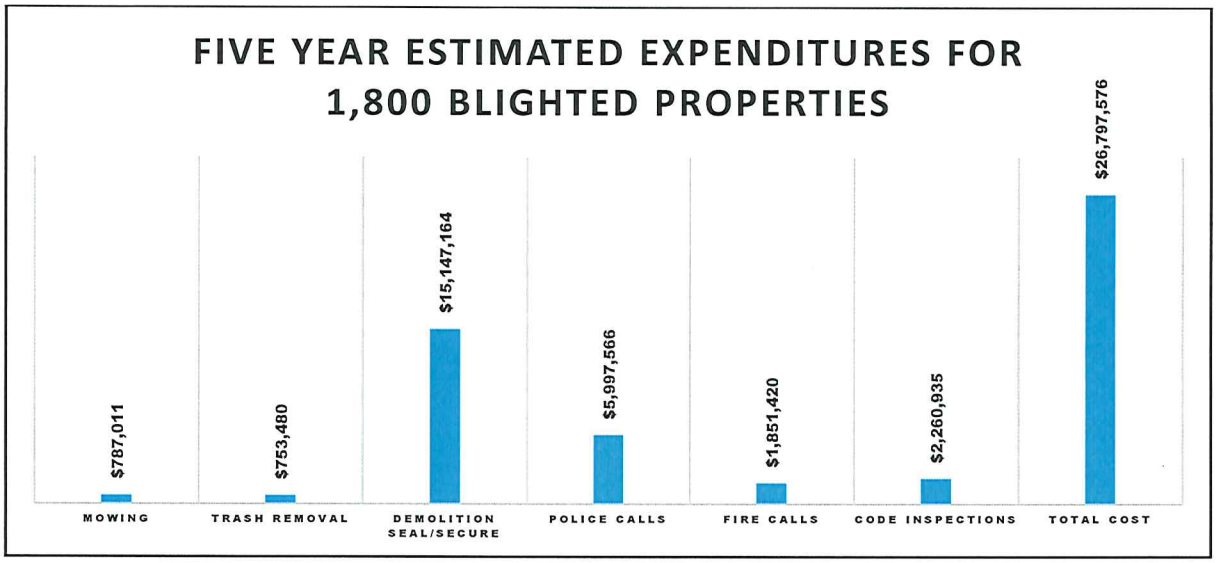
In addition, an analysis was done of the properties that had seal and secure orders issued by the Building Commission during 2013 and 2014. These properties were presumably vacant and abandoned resulting in the seal and secure orders. The charts below reflect hard costs for these 467 properties for one year and five years.





Lastly, the data was extrapolated for estimated expenditures for the estimated 1,800 properties believed to be vacant and abandoned in Evansville.





The Broader Cost of Blight

The Broken Window theory illustrates that just the presence of abandoned housing results in damage, both social and economic to a neighborhood. Unbridled blight demonstrates to outsiders and residents that the neighborhood is a place ripe for crime and poverty, creating a downward cycle of property values and anxiety, resulting in further abandonment.

There is a cost to local government outside of fire/police/code enforcement expenditures. A study of these costs by the Southwestern Pennsylvania Council of Governments found that 7,158 blighted structures not only led to $10,720,302 in municipal services but lost tax revenues of $8,637,875 and indirect costs of declining property values of between $218 million and $247 million.

In Vanderburgh County, abandoned and vacant properties cost between $1.5 million and $3 million every year in lost tax revenues that would normally support local government and its services to the public. Recapturing this lost revenue through increased infill housing would alleviate the shortfalls caused by tax caps adopted several years ago in Indiana.

In addition to fiscally measurable costs to the City there are non-quantifiable costs. Continued degradation of properties further enables gaps in socioeconomic stratification. The reduction in property values created throughout an entire neighborhood prevents property values from increasing with normal inflation processes. This prevalence in depreciated property values impairs investments and stimulates maladjustments thus reducing capacity to pay taxes ultimately leading to tax receipts paid being inadequate for the cost of public services rendered. A further strain on property owners found in these neighborhoods is the increasing costs of homeowners' insurance which is both expensive and hard to get. The most difficult measurements to quantify are the effects on social mobility and opportunity costs which leads to emotional deterioration.

Code Enforcement – The Building Commission

Responsibilities

The Evansville Vanderburgh Building Commission has a broad set of responsibilities in the community, from issuing licenses and permits to demolition of unsafe structures. It is funded by both City and County government. The Code Enforcement operation falls under the supervision of the Building Commission and is intended to improve the quality of life in neighborhoods by addressing trash, debris, un-mowed grass and weeds, potential lead paint contamination and most importantly to this discussion, building code violations.



Typically the Building Commission is allotted approximately $500,000 per year for

demolitions, which is sufficient for 50-60 residential demolitions per year. This is not adequate to address the growing number of dilapidated structures as the housing stock ages.



Code Enforcement has a team of inspectors who monitor and inspect property throughout the City including responding to complaints from citizens regarding potential code violations, see Action Flow Chart in Exhibit C. The inspectors are the "boots on the ground" in combating blight. The Building Commission can assess fines against property owners who violate the property maintenance code or other building code violations based upon the number of infractions and inspections to the property with civil penalties up to $5,000. There is an enforcement administrative hearing process that is the "end game" for the enforcement process, which can result in additional fines or an order to repair and/or raze a structure deemed unsafe.

Property owners are given an opportunity to defend themselves at the hearings, and frequently a work plan is established for repairs to be made, bring the property into code compliance. There are instances of "compliant blight" when an owner will only do specific repairs to cure the code violations without doing much else to improve the overall condition of the property.

Code Enforcement is the City's only method of dealing with vacancy and abandonment with respect to property maintenance issues. The Building Commission is only allocated enough funding to demolish a small percentage of the blighted properties that have been identified as vacant, abandoned and blighted beyond reasonable repair.

Lag Time

Because Indiana takes private property rights very seriously, it is difficult and time consuming to take a property from the point of initial inspection and determining it unsafe, to demolition. It can take years in some cases to demolish a blighted structure given the mandated notice requirement that must be followed and the potential for long term work plans and "compliant blight" repairs.



The Unsafe Building Law (city ordinance) gives property owners many avenues to avoid demolition. "Compliant blight" is the method many property owners use to continue to generate rental income by performing minimal repairs to satisfy code

requirements without having to significantly improve the property; this does not constitute a rehab.

The Unsafe Building Law provides for orders to clean, seal, vacate, repair or raze (demolish) a property and for the property owner to appeal to a superior court magistrate for review of the order, and for the City to seek additional relief by the courts.

The Case for Demolition

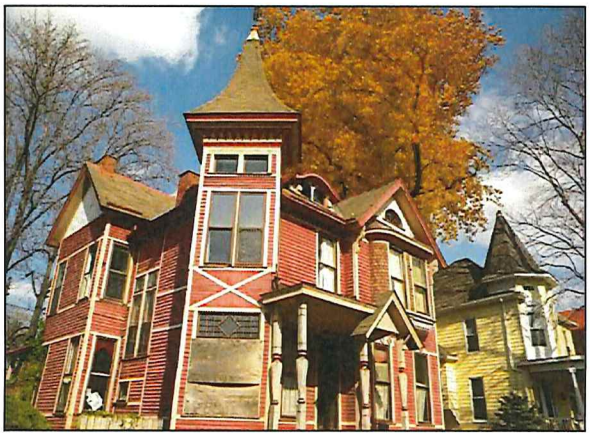
The Unsafe Building Law does permit demolition by the Building Commission if the condition of the property and/or the threat it poses to people or nearby property justifies its removal. It is determining that threat that becomes difficult, and the time lag to get to that point is long in many cases.

Some cases are easy. When a structure is severely damaged and becomes a danger to neighbors, the property can be torn down and removed quickly. The Building Commission is funded annually $500,000 per year, which is normally spent on these types of situations. Some properties are clearly severely dilapidated but require an interior inspection to definitively determine that they are beyond repair prior to Code Enforcement requesting a raze order. In many cases, the inspection will conclude that even though the dwelling is in a state of disrepair or vacant and abandoned it may not be beyond reasonable repair. The cost to repair must be reviewed to determine if it would be feasible to repair the structure. There is a predetermined lengthy series of notices, hearings and opportunities to repair a structure that is required by law; unless there is an immediate threat, this can take months.

Orders to Repair

As mentioned, the Building Commission can bring a property owner into administrative hearings in order to seek an Order to Repair by the hearing officer. This process is very time consuming, demanding an extraordinary effort on staff time both administrative work for the hearings and Code Enforcement inspectors, who frequently testify many times on the same property.

BEFORE REHAB



AFTER REHAB



Legally, property owners are given time to implement a repair order even if they have neither resources nor intention of making the ordered repairs. No evaluation of the property owner's capacity to make repairs is made when a compliance period is awarded at the hearing. If Code Enforcement and its processes were able to only focus on structures that can be rehabilitated, and an evaluation was made of the capacity of the owner to complete that rehabilitation, it would free many employee hours and other resources.

Maximize Effectiveness of Resources

If the City could eliminate the worst of the vacant and abandoned structures with a widespread demolition effort, the City could then redirect Code Enforcement's efforts to **"Targeted Code Enforcement",** directing resources to occupied dwellings, "compliant blight" and landlords who do not maintain their occupied property. This would improve neighborhoods and the lives of renters who frequently have maintenance issues, resulting in occupying substandard housing. If Code Enforcement could be freed from the constant complaints on the same vacant, blighted properties they could strategically manage resources to quickly resolve newly vacant properties in order to repair, enforce positive ownership, rehabilitate or demolish those structures. In this way Evansville would be able to prioritize its response to neglected property.

The Tax Sale Process: An Inefficient System

Each fall, Vanderburgh County holds a tax sale for properties that are tax delinquent for three consecutive payments, which encompasses a year and one half to two years of non-payment. At the tax sale, the property is sold for the tax liens, approximately 50-60% of the properties offered are not sold, reflecting a lack of reinvestment in our neighborhoods.

TAX SALE PARCEL SUMMARY

Tax Sale Year	Properties Offered at Sale	Deeded to Vanderburgh County
2012	518	311
2013	495	271
2014	456	271

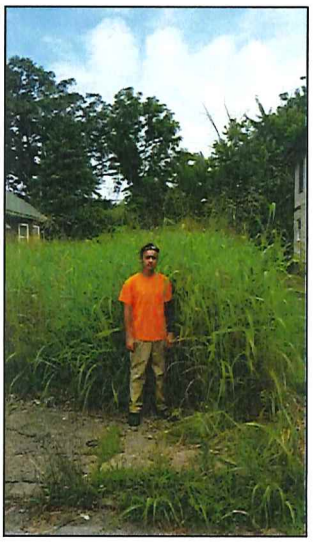
The 2015 Indiana legislature enacted SB 415 which changed the process considerably, Exhibit D. The new law provides that a hearing authority may use the same standards that are used by a court in finding that real property is abandoned or vacant for purposes of selling the real property at an abandoned and vacant property sale. The bill prohibits owners of tax delinquent properties from purchasing at tax sale and requires the Attorney General to include those owners on a blight registry.

The biggest change is a quicker process for the local government to eliminate the vacant and abandoned dwelling. Under the new law, the code enforcement hearing authority can declare

properties vacant, triggering an auction at the next tax sale. Effective July 1, 2015 the buyer will acquire the deed immediately, bypassing the redemption period completely. Also, local government can adopt an ordinance to establish a tax deduction period of 5 to 15 years for rehabilitated property that has also been determined to be abandoned or vacant.

The law specifies that there must be delinquent property taxes or other special assessments (weeds, repair etc.) on the real property before it may be sold by the County Treasurer as abandoned or vacant property. It specifies the County Treasurer is to auction the property rather than the Auditor.

Frequently speculators purchase property at the auction for the minimal cost thinking they will put a few dollars into rehabilitating them for rental income. They do a few repairs then rent the substandard homes to individuals, make their investment back, but never bring the property up to Code Enforcement standards or pay any taxes. Within a few years, the cycle repeats and the substandard property is offered again on tax sale. In Indiana, approximately 70% of the properties with residential structures offered at tax sale are back on the tax sale list within five years.



Overgrown Weeds

This creates an even larger problem for local government. Code Enforcement continues to flag, mow, and place liens against the property which mount up, while no property taxes are paid. In Vanderburgh County, each year over $1 million dollars goes uncollected in property taxes alone from these "no sales" which does not include unpaid Code Enforcement liens, sewer liens, water bills, etc. that continue to accrue. These properties account for 10 percent of all Fire Department runs. One property in the Jacobsville neighborhood accounted for 290 Evansville Police Department runs and 911 dispatches in a five year period.

Proposed Legislative Changes

In recent years, the State of Indiana has made some progress to repair the tax sale system but more needs to be done. In addition, there is currently little state enabling legislation in place for land banking to permit cities to effectively address blighted properties through land banking. However, following are some legislative actions we feel would be beneficial to fighting blight on the local level:

1. Adopt enabling legislation permitting broad land banking powers as was done in Michigan several years ago. Establish a state wide program where local governments can establish a land bank when the need exists. Enabling legislation should also include creative funding solutions for land banks such as special fees.
2. Curb property maintenance violations by tying permits, re-zonings, etc. to tax currency on all properties owned by the entity.
3. Withhold state tax refunds if property taxes are delinquent.

Land Banking as a Response to Blight

Land banking is a growing trend in cities across the country, offering a long term solution for addressing vacancy and abandonment of properties. The cost to taxpayers in allowing blighted properties to exist is a significant drain on resources and potential revenue; land banking is an intervention method to curtail blight. Demolishing the severely dilapidated structures standing in urban cores of a city has numerous immediate effects:

1. Remove health hazards in neighborhoods
2. Remove the source of anxiety in neighborhoods
3. Remove dangerous potential fire hazards, which put adjacent homes and firefighters at risk representing significant cost to taxpayers
4. Remove crime hotspots where drugs, vagrants and other criminal activity occurs potentially causing harm to neighbors
5. Stabilize surrounding property values overnight
6. Eventually offer the cleared lots for new development, which will result in new property taxes.

LAND BANKING IN EVANSVILLE

Pilot Land Banking in Haynie's Corner

Evansville Brownfields Corp. (EBC) began purchasing properties in and around the Haynie's Corner area of Evansville in 2006. This area was strategically chosen for its:

- Proximity to the Historic District
- Existing assets due to location to riverfront amenities
- Unique features such as the fountain focal point, the Alhambra Theatre and existing neighborhood businesses
- The number of available tax sale parcels which could easily be acquired.



In addition to acquiring properties through tax sale, the EBC acquired strategic parcels directly from property owners who desired to sell their properties. Comprehensive code enforcement on a block by block action was key to individual property improvements as well as tactical demolitions.

Effectiveness of Land Banking in Evansville

- The EBC sold the first parcel in 2007.

- In the past 7 years the EBC has transferred 160 parcels for various uses:
  - 135 parcels for NEW HOMES including a few rehabs, 116 of those to non-profit organizations to provide affordable housing including: Memorial CDC, Hope of Evansville, Habitat, ECHO and the Evansville Housing Authority
  - 19 parcels have been transferred to adjacent neighbors for sideyards
  - 6 parcels have been transferred for green space uses such as parks, a church playground and a neighborhood open space.

- Transferred parcels account for over 80 new housing units, for an investment of approximately $15,000,000.

- 93% of the housing units created are owner-occupied units.

- It is projected that within the next six months there will be $2.3 million of additional new PRIVATE investment on properties formerly owned by the Brownfields Corp.

- DMD has invested approximately $500,000 in federal funds in the historic commercial corridor since June 2014 which has resulted in a significant increase in economic activity and leveraged over $2 million dollars in private investment.

- Crime has declined steeply in the area, private investment has risen and the area has become a desirable place for new residents and business.

- The newly formed Haynie's Corner business association now sponsors a First Friday event which brings thousands to the area. Five new restaurants/bars have or will soon open in Haynies Corner reflecting a robust business climate.

- The City is constructing a new public parking lot and a new transportation roundabout and boulevard will be constructed in 2017 on two of the major roadways through the neighborhood. The later project by INDOT is a $2 million dollar state investment.

Duplication of the Haynies Corner Success

How can this pilot program be duplicated throughout the City of Evansville?

1. A comprehensive plan for blight elimination must be adopted.
2. Funding for both short term (3-5 years) and long term must be established.
3. Effective legislative changes must be made at the state level to allow strong land banking in Indiana and make critical changes to the tax sale process.
4. Long term funding streams must be identified to assure land banking can exist for ongoing perpetuity.
5. A land bank, while working in concert with local government should remain a separate entity, enabling the land bank to act more quickly without the constraints of government.











SOLUTIONS TO THE BLIGHT PROBLEM

The immediate steps in this process are critical to the success of the program and require the lion's share of funding underscoring a shift in values and focus.

- Enlisting Neighborhood Associations in the fight
- Creating a land bank
- Aggressive demolitions and acquisitions
- Narrowing the focus of Code Enforcement

Input from Neighborhood Associations Critical

Neighborhood associations can help immeasurably by identify properties in their immediate area that are vacant or abandoned (or suspected to be) and notifying Code Enforcement of the address so it can be inspected and put into the system quickly. This is critical since Code Enforcement inspections are complaint driven.

Some of the neighborhoods are very active at identifying problem properties. Goosetown, Culver and Tepe Park among others, monitor properties and especially problem renters, plus alerting the City to conditions in alleys that are affected by trash and debris.

Creating a Land Bank

Land banking is suggested as a strategic initiative in the regional Millennial Plan for 2040 which promotes sustainable development (see Exhibit E). The plan calls for stronger enabling state legislation and points to the evolution of the Evansville Brownfields Corporation as a full-fledged land bank for the community.

A fully constituted land bank would serve dual functions. First and foremost it would be the repository of properties that have been abandoned or foreclosed upon, or are blighted and vacant. The houses that cannot be rehabbed in an economically sound way would be demolished and the new green lots maintained until development occurs. The land bank would manage all the properties therein including maintenance, trash and debris removal, clearing titles (quiet title), and marketing lots to developers, neighbors, neighborhood groups and monitoring their use, where necessary.

The second function would be data collection and monitoring contiguous neighborhoods that are not blighted yet, but are showing indicators that blight may be encroaching upon their neighborhood. The indicators to be monitored are:

1. Abandoned properties
2. Vacant residential properties
3. Vacant commercial properties
4. Mortgage foreclosed properties
5. Tax delinquent properties

6. Demolished structures
7. Increased calls to Code Enforcement for weed complaints and other potential violations
8. Conversion from owner occupied to rental occupancy
9. Reduced selling prices

When the land bank finds a neighborhood that is showing these indicators, more strategic code enforcement and pro-active steps by the land bank can occur, which may prevent vacancy and abandonment issues from engulfing the area, and in many instances decline can be reversed with quick action to repair/rehab/resell.

Sources for monitoring data can be, but are not limited to:

1. Local real estate multi-list services
2. The US Postal Service
3. County Treasurer's Office
4. Local bank consortium (foreclosures)
5. Immediate neighbors and the neighborhood association

Monitoring will indicate that land bank strategic efforts are needed to prevent blight from spreading or beginning in a particular neighborhood.

In addition to funding and monitoring, in order for the Evansville Brownfields Corporation to evolve into a city-wide land bank, the organization would need to:

- Expand the board of directors to draw on additional city and county officials
- Potentially add an advisory group made up of citizens culled from impacted neighborhoods and drawing in low to moderate income persons. The advisory group could also include representatives of the Affordable Housing Trust Fund Advisory Committee, United Neighborhoods of Evansville, university and real estate professionals.

Demolitions and Acquisitions

- Identify in core neighborhoods the most blighted dwellings that need to immediately be demolished. Like Detroit, we must concentrate demolitions on the strongest neighborhoods first to curtail further decay. Demolitions necessary in a neighborhood would all be done at one time.
- Some of these properties could be acquired immediately from the tax sale/no sale list. A flow chart representing how tax sale properties could be addressed for faster demolition and break the cycle of offering properties beyond reasonable repair at the tax sale is included as Exhibit F. The Evansville Brownfields Corporation would acquire them and immediately begin the demolition process.
- Following demolition, the work of clearing the title would begin and the properties would be added to the maintenance (mowing) rotation.

- Properties that are not County owned through the tax sale process, but in a state of incurable blight would be taken immediately into Code Enforcement hearings to pursue raze orders. Those structures would have to be demolished by the Building Commission, liens placed on the properties, and then foreclosed on immediately. When a Sheriff's deed is awarded, ownership could transfer to the Evansville Brownfields Corporation with new enabling state legislation.
- Lots that are cleared and absorbed into the land bank must be mowed, cleared of debris when necessary, and regularly inspected, which will require a full time inspector/property manager.
    - A minimum of three staff people would be necessary for a fully operational land bank:
        i. A coordinator to manage the process
        ii. An administrative assistant to manage the operation, keep property inventory records, maintain files and log data
        iii. Plus an inspector to monitor conditions on all properties in the land bank inventory on a regular basis, evaluate structures and monitor properties sold with an escrow deed.

Narrowing the Focus of Code Enforcement

Once the initial block of blighted structures are cleared, Code Enforcement can realign itself to focus on neighborhoods with landlords who fail to maintain properties where existing tenants are living, and on occupied homes with non-compliant owner/occupants. Code Enforcement cases can then be expedited to bring owners to administrative hearings, especially landlords.



Where possible, the Building Commission should work with non-compliant owners prior to seeking a repair order to determine whether or not the owner has the capacity to make the repair. It is futile to issue such an order where repairs/rehab is not feasible.

At the time of consideration of a repair order, the Building Commissioner/Inspector should attempt to estimate for the hearing officer the cost to repair the violations in question. This will guide a property owner in complying with a repair order, and a determination can be made if repairs are even feasible.

The Code Enforcement department should attempt to connect owner occupants to DMD Community Development staff who can direct them to agencies that are funded to do emergency home repairs for income qualified homeowner occupants. The Community



Property flagged for high weeds

Development staff can inform the homeowner of the income qualifications necessary and refer the homeowner to appropriate agencies for assistance.

Cooperation among departments may result in better outcomes for repair orders in some cases. People may not be aware assistance is available. It won't be applicable in all instances, but where possible those referrals should be made and time allowed to make application for assistance.

Funding the Blight Fight

Every state and every community has a variety of funding sources dedicated to funding land banks, demolitions, rehabilitations, etc. Below are some avenues Evansville may wish to pursue to fund the blight fight:

- Grants – public and private
- Rental/lease Income
- Federal CDBG funds
- Reallocation of existing local funds
- Issuance of a bond
- Surcharge on a vacant property registry
- Contribution by Vanderburgh County
- Sales of land, structures to be rehabilitated, or structural salvage (this would fit under the new 5/15 program approved this year offering tax deductions for "rehabilitated property" that has been determined to be vacant or abandoned.)
- Cash from responsible entities who wish to donate properties
- With enabling state legislation, percent of no sales subsequently redeemed
- With enabling state legislation, tax recapture income, a percentage of newly generated taxes for a specific time period typically known as a 5/75 plan (for 5 years land bank recaptures 75% of the new taxes generated on a formerly land banked property)
- Fees for services provided such as mowing, property monitoring, removal of trash or debris to other entities such as absentee landlords, banks or individuals
- REO properties "deposited" by banks into the land bank after foreclosure, could generate considerable fees; other states have shown this to be very successful.

Community Garden on Franklin St.



IN SUMMARY

The long term goal is to see new housing in the urban core and removal of blight. While costing some dollars upfront, land banking will save taxpayers in the long run by redirecting resources and increasing property values on existing homes as well as revenues from new homes and apartments in the community. According to the 2014 SEAC plan, an infill housing rate of 40% is necessary to maintain adequate property tax collections to continue city services at the current level; Evansville's infill rate is only 6.4% (see Exhibit G).

Simply put, the City of Evansville must decide whether or not it will make the bold choice to eliminate dangerous and costly barriers to neighborhood peace and security, and reclaim its vacant and abandoned properties to make room for new housing. Senior citizens who have cared for their homes for decades and now watch the houses surrounding them deteriorate and burn have a stake in the cause. Young families who move into a home and feel they cannot allow their children to play outside for fear of whom or what is lurking in the boarded up property next door have a stake in the cause. People whose largest investment is their home, which is deteriorating in value due to nearby blighted structures have a stake in the cause.

County and city governments who are missing the millions of property tax dollars uncollected annually have a stake. Fire fighters who are at great risk entering dilapidated structure fires, and police who approach boarded up homes where shots have been fired all have a stake. As a community we must decide if we are going to continue to spend Code Enforcement resources tagging and patrolling empty structures rather than direct efforts to more effective property ownership enforcement where it can actually prevent blight.

Ultimately Evansville must decide whether or not we will invest in improving human social activity. Families tend to interact in neighborhoods where they feel safe. Healthy neighborhoods ultimately make a healthy city. We have the opportunity to create a new, vibrant urban core with our existing strong network of neighborhood associations led by UNOE (United Neighborhoods of Evansville). Removing as much blight and deteriorated structures as we can, and turning new cleared areas over to developers for new homes and apartments, or larger side yards and greenspace will help us reach that outcome over the long term.



First Year Land Bank (Brownfield) budget

Assuming there is a sound, sustainable funding source, we believe the first efforts would be to acquire the properties currently owned by Vanderburgh County (past no sales from 2013 and 2014's now coming online avoiding a Commissioner's sale this year).

ESTIMATED ANNUAL LAND BANK EXPENSES
EVANSVILLE, INDIANA - INITIAL YEAR
(Based on 300 parcels)

Acquisition/Disposition		
Purchase Price	$200,000	
Taxes	$10,000	
Title Services (closing costs, title searches, etc.)	$100,000	
Demolition and Boarding	$1,000,000	
Maintenance (trash removal) and Mowing	$250,000	
Legal Services (quiet title action, contracts, evictions, etc.)	$275,000	
Miscellaneous (rekeying, recording costs, for sale signs, etc.)	$25,000	
Total Property Expenses		**$1,860,000**
Administrative Costs		
Salaries & Payroll Taxes	$200,000	
Benefits	$30,000	
Contractual Services (web development, inspections, etc.)	$20,000	
Professional Services (surveying, commissions, appraisals, auditing/accounting services, etc.)	$100,000	
Utilities (% of DMD expenses)	$20,000	
Vehicle/Gas/Insurance/Maintenance	$30,000	
Training/Education/Travel	$5,000	
Office Supplies	$5,000	
Total Administrative Expenses		**$410,000**
Total Annual Land Bank Expenses		**$2,270,000**

EXHIBIT A



Which nuisances can result in an automatic eviction?

- (1) Murder; (2) Rape; (3) Child molestation;
- (4) Prostitution occurring in the tenant's neighborhood;
- (5) Sale or possession of illegal drugs or the sale of controlled substances, with the exception of the possession of marijuana, in the tenant's neighborhood;
- (6) Stalking related to a neighbor;
- (7) Manufacturing of methamphetamines in the tenant's neighborhood;
- (8) Arson; (9) Robbery; (10) Burglary;
- (11) Sexual crimes as defined in IC 35-42-4-1 through 35-42-4-13, as may be amended from time to time;
- (12) Any violation of EMC 9.20.130;
- (13) Any attempt to commit and/or conspiracy to commit any of the above activities, behaviors or conduct.

How to enact the GNO

If you suspect a violation of the defined nuisance behaviors by a residential rental property ***tenant*** or their ***guest***, or if a ***tenant*** or their ***guest*** of the rental property is arrested or cited for a defined nuisance behavior, contact the Evansville Police Department's Crime Prevention Unit. Remember: criminal convictions are not necessary to utilize the GNO.

Questions? Contact the following:

Jared LaFollette:	435-6036
Kevin Corbin:	485-3061
Eric Krogman:	435-6116

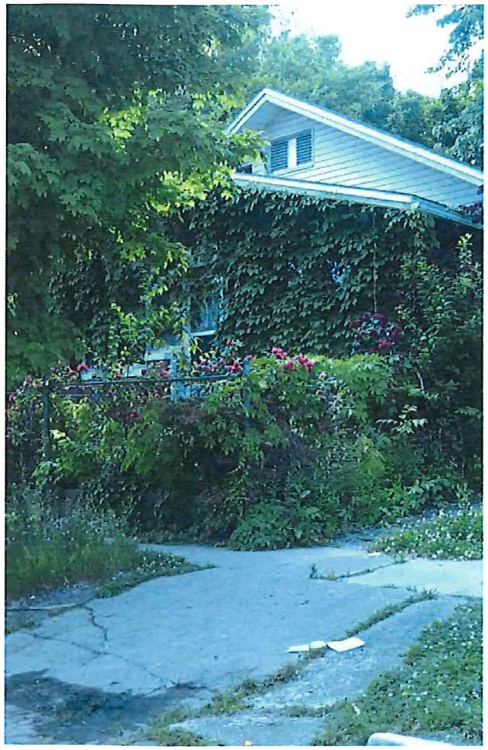
EVANSVILLE POLICE DEPARTMENT

401 E. Columbia St.
Evansville, IN 47711



THE GOOD NEIGHBOR ORDINANCE (GNO)

Evansville Police Department's Crime Prevention Unit



How does the GNO Work?

"The problem subject's home must be a residential rental property!"

If so, is the problem behavior a defined GNO nuisance?

If yes, then the tenant might be eligible to receive a nuisance determination or eviction notice.

What are the defined nuisances?

(1) Criminal mischief in the tenant's neighborhood;

(2) Intimidation of a neighbor;

(3) Theft, forgery or fraud with a neighbor as the victim or intended victim;

(4) Battery against a neighbor;

(5) Harassment of a neighbor;

(6) Invasion of privacy or criminal trespass related to a neighbor;

(7) Vandalism in the tenant's neighborhood;

(8) Disorderly conduct in the tenant's neighborhood;

(9) Public indecency in the tenant's neighborhood;

(10) Public intoxication in the tenant's neighborhood;

(11) Criminal conversion with a neighbor as the victim;

(12) Maintaining a common nuisance;

(13) Alcohol offenses related to underage drinking at the tenant's dwelling unit or residential rental building;

(14) Voyeurism in the tenant's neighborhood;

(15) Possession of marijuana from the tenant's dwelling unit or residential rental building;

(16) Illegal gambling occurring at the tenant's dwelling unit or residential rental building;

Violation of the Evansville Municipal Codes related to:

(17) ...firearms in the tenant's neighborhood;

(18) ...fireworks in the tenant's neighborhood;

(19) ...throwing lighted objects in the tenant's neighborhood;

(20) ...abandoned refrigerators in the tenant's neighborhood;

(21) ...residential noise in the tenant's neighborhood;

(22) ...vehicle noise in the tenant's neighborhood;

(23) ...abandoned vehicles in the tenant's neighborhood;

(24) ...property maintenance of the tenant's residential rental building if the tenant is responsible pursuant to the lease;

(25) ...weeds and rank vegetation related to the tenant's residential rental building if the tenant is responsible pursuant to the lease;

(26) Violation of the municipal code related to open burning; or

(27) Any attempt to commit and/or conspiracy to commit any of the above activities, behaviors or conduct.

.CONVICTIONS ARE NOT REQUIRED!

EXHIBIT B

BLIGHT *ISSUES* DISCUSSED AT PUBLIC MEETING / MARCH 30, 2015

Top Choices	1	2	3	4	5	6	7
1	Speed from vacancy to cure	Economic instability	Absent Owners	Abandoned buildings	Lack of attention by City Leadership - Participation by all City Depts. & Officials	Gun shots	Low/lack of income
2	Lot sizes - 25 ft.	Respect/conviction/ vested interest	"Compliant Blight"	Disrepair of homes	Lack of financing/redlining by banks - affordable financing	Vacant/ Fires/ Drugs	Absentee Landlords
3	Information Gap- I see a problem, how do I fix? What's next? "10 years?"	Affordability of repairs	Commercial Blight - no jobs, businesses etc.	Lack of property owner responsibility	Lack of public resources/can't take advantage of opportunities. Incentives	More investment dollars	Lack of Gov't funding
		Family does not take on responsibility after death/illness	Abandoned houses	Trash	Disconnect between people making decisions & the people living in the community	Lack of funds	Age of property
		Value - lack of	Rats, mice, rodents	Boarded homes	Lack of public services. Example: street cleaning	Parking in front yards	Lack of work, responsibility
		Lack of affordable rentals	Loss of ability to rehab-cycle/length	Condemned homes	Lack of transparency/trust-why now?	Weeds	Drugs
		Are utilities affordable	Lack of motivation to change system/ways	Burned out homes	Public entity vs. Non-profit	Vacant property around schools	Mischief youth
			Lack of problem solving skills	Weeds	Developers-Who? & can they provide jobs for neighborhood residents	Landlords- Absent-Property Management	Recitivism of tax sale/no sale
				Damage from weather	Jobs, low income, education and training	Tax Sales - sell to anybody	Blighted abandoned vehicles
				Lack of lawn care	Absentee ownership- fix up properties- hold accountable	Homeless in woods - behind Fairlawn Center	Renters
				Damaged utilities	Right to security, safety w/out police - create safe environment	Crime-theft, vandalism, drugs, battery, gun shots	Gangs
				Rodents	Illegal activity in abandoned houses		Lack of code enforcement
				Loitering			Contamination
				Homes not habitable			Crime
				Eye Sores			Unihabitable Housing
							Deterioration - "Façade"
							Burned out housing
							Vacant lots

BLIGHT *SOLUTIONS* DISCUSSED AT PUBLIC MEETING - MARCH 30, 2015

Top Choices	1	2	3	4	5	6
1	Affordable Housing Trust Fund	Adjusting State laws to create solutions that work	City Leadership-devolop a Plan, identify resources, focus resources to deal with blight long term	Streamline tax sale	Keep focus on building affordable housing	Spot shooter
2	Encourage new business for job creation	Incentive for success (grant money to benefit property) Funded by a Non-Resident Landlord Fee	Program to put local people to work to fix up, clean up - Example: Community One, YouthBuild	Landbanking Cures	Expand Landbank and funding	Streamline Legislation
3	Landlord Accountable	Having an approved, workable plan (individuals)	City Leadership - go to banks and encourage CRA Investment & transparency- Let people know about programs- Communication	Social Media - TV spots, Devoted to Blight	Educate buyers - codes, process, costs (create buyers guide) and Validate the buyer- Ensure they are capable	Stronger Code enforcement
	Government Funding	Ability to seek out public input (mtg tonight)	Insulation assistance with Utility Bills- Example: Vectren Energy Audit and assistance	Commercials- Evansville Watch	Get behind SB415	More police patrols
	Planning/Education	Having a process that is collaborative (Stakeholders, passionate people, residents etc)	Revive Affordable Housing Trust Fund - find a dedicated funding source	Newspaper? Everyone does not get one.	Promote Active Neighborhood Associations	More money for neighborhoods
	Neighborhood Meetings	Learning civic process on how it works (attending meetings)	Better Lighting in neighborhoods	Speed process from start to finish	Streamline process of demolition	
	Higher Wages	Tax Sale - forgiveable fee per so many years?		Incentives like parks- green community	Fix and sell existing closed industry	
	Aggressive Enforcement	Agency Collaborations (Hope, Memorial, Community One, ECHO etc)		Self sustaining gardens- mini parks for homeless	Demo existing closed industry	
	Rid Hazardous Materials	Community engagement		Dilapidation tax - through code enforcement	Encourage industry partnership to buy vacant lots (parking)	
	Co-op Mowing - Neighbors			Weed and trash - code enforcement	Build sidewalks - improve areas	
	Neighborhood Co-op - Repairs			Tax sale is generally a bad idea	Low interest rate loans for home repairs	
	Create more parks from vacant land			Properties sold too cheap		
	Neighborhood activity					
	Education					

EXHIBIT C

CODE ENFORCEMENT FLOW CHART

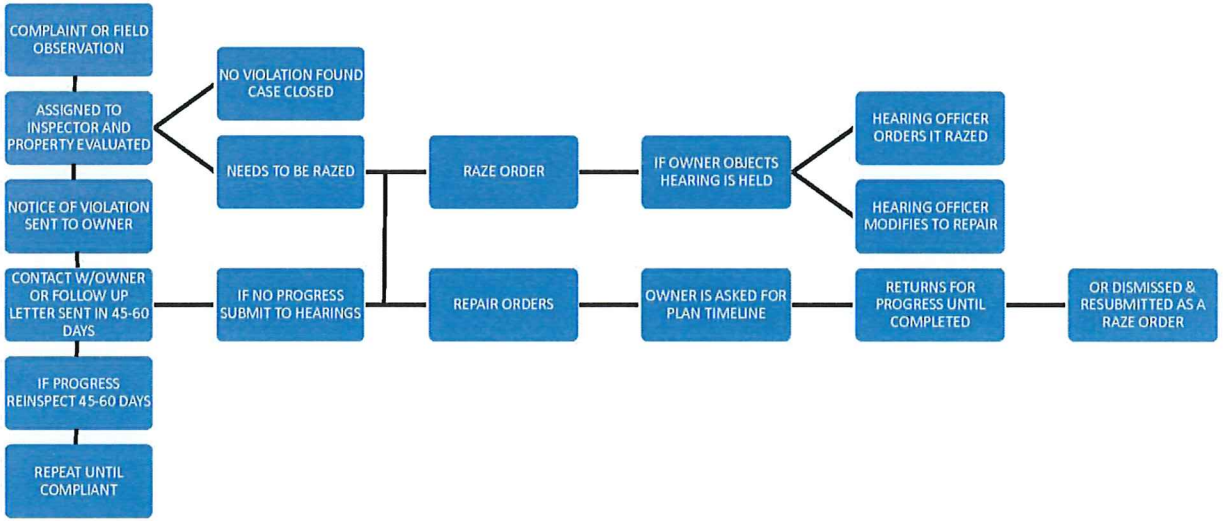


EXHIBIT D

MEMORANDUM

TO: Kelley Coures

FROM: Ziemer, Stayman, Weitzel & Shoulders LLP

RE: City of Evansville/ DMD re: 2015 Senate Bill 415

DATE: July 22, 2015

QUESTION PRESENTED

I. How will the Department of Metropolitan Development be impacted by newly enacted Senate Bill 415?

SUMMARY OF LEGISLATION

Short Summary: Senate Bill 415 was signed into law by Governor Pence on May 6, 2015. Most of the bill became effective July 1, 2015. However, some provisions were retroactive to January 1, 2015.

The biggest change is a quicker process for local governments to eliminate vacant and abandoned home. Previously, when someone eventually bought an abandoned home in a tax sale, the buyer had to wait out a redemption period to acquire the deed (typically one year). Under new law, the code enforcement hearing authority can declare properties vacant,

triggering an auction at the next tax sale. Effective July 1, 2015, the buyer will acquire the deed immediately, bypassing the redemption period.

Much of the discussion below closely follows Senate Bill 415 Fiscal Impact Statement (attached). The new law is quite extensive affecting many statutes. I am unsure of all the dealings of the DMD. Therefore, here is a broad summary of the law citing to the statutes that are affected.

Tax Deductions:

This bill provides that a county, city, or town fiscal body may adopt an ordinance to establish a deduction period (5-15 years) for rehabilitated property that has also been determined to be abandoned or vacant for purposes of IC 6-1.1-24. *See* IC 6-1.1-12-18; OC 6-1.1-12-22. Effective July 1, 2015.

Abandoned or Vacant Property Provisions:

The bill specifies that there must be delinquent property taxes or special assessments on real property before it may be sold by the county treasurer as abandoned or vacant property. It provides that an order of a local building standards hearing authority that real property is abandoned or vacant and nonpayment of the associated penalty permits the executive of the county, city, or town to certify to the county auditor that the real property should be sold as abandoned or vacant property. *See* IC 6-1.1-24-1.5. Effective Retroactively January 1, 2015

This bill specifies that the county treasurer and not the county auditor is to auction abandoned or vacant property. It eliminates the concept of redemption after sale regarding abandoned or vacant property to be sold by the county treasurer. *See* IC 6-1.1-24-5(e). Effective Retroactively January 1, 2015. *Also see* IC 6-1.1-25-4(a);

The bill provides that the county, city, or town executive that certifies a property as abandoned or vacant has an option to take ownership of the property if the minimum bid is not received. *See* IC 6-1.1-24-13. Effective Retroactively January 1, 2015.

This bill separates out several provisions concerning abandoned and vacant property sales from delinquent tax sales and makes related changes.

The bill moves certain provisions concerning determinations of abandonment from the property law to the local government law.

The bill provides that a hearing authority may use the same standards that are used by a court in finding that real property is abandoned or vacant for purposes of selling the real property at

an abandoned and vacant property sale. It permits a county, city, or town executive to use the courts instead of a hearing authority for the determination that a property is abandoned or vacant. *See* IC 32-30-10.6 *et seq*. Effective Retroactively January 1, 2015.

This bill prohibits owners of property that was found to be vacant or abandoned in any county, from buying property at a tax sale and requires the Attorney General to include these owners on the tax sale blight registry.

The bill provides for the following: (1) Removal of properties not suitable for tax sale from the tax sale list. (2) A redemption period of 120 days from the date of the tax sale from which the property was removed. (3) Notice of removal of property from the tax sale list. *See* IC 6-1.1-24-1.7. Effective Retroactively to January 1, 2015.

This bill eliminates a provision that permitted the county auditor to be the only signer of a sales disclosure form in the case of a tax sale because the sale disclosure form is not required for a tax sale. *See* IC 6-1.1-25-20. Effective Retroactively to January 1, 2015.

The bill prohibits business associations that have not registered with the Secretary of State from participating in the tax sale. It specifies that any form of registration by a business entity with the Secretary of State allows the business entity to participate in a tax sale. *See* IC 6-1.1-24-5.1. Effective July 1, 2015.

This bill adds a requirement to issue a judgment when property is found to be abandoned.

The bill requires that notifications of unsafe building law orders state that a property may be determined to be abandoned during administrative proceedings.

This bill provides for hearings to review civil penalties imposed at enforcement proceedings. It provides for civil penalties if a property owner does not comply with a repair order when a hearing was not requested. *See* IC 36-7-9-7.5. Effective July 1, 2015.

The bill provides for administrative approval of costs of emergency action. It also provides for appeals of a hearing authority's determination of abandonment and in approving costs for emergency actions. *See* IC 36-7-9-8 & -9.

The bill provides that the costs of emergency actions may be collected in the same way other unsafe building law costs are collected. *See* IC 36-7-9-8(d). Effective July 1, 2015.

This bill establishes additional provisions for receiverships of abandoned properties. *See* IC 36-7-9-20.5. Effective July 1, 2015.

The bill requires recording of civil penalty orders issued by an enforcement authority.

This bill provides that procedures that apply to judicial determination of abandonment apply to determinations of abandonment in administrative proceedings. *See* IC 36-7-37 et seq. Effective Retroactively January 1, 2015.

Foreclosures: The bill extends the mortgage foreclosure counseling and education court fee until July 1, 2017. *See* IC 33-37-5-33. It also provides that certain actions of political subdivisions relating to mortgage foreclosure are preempted by Indiana law. *See* IC 32-30-10.3-1.

Disposal of County Property: The bill allows the disposing agent of any county to sell or transfer certain properties for no compensation or a nominal fee to a nonprofit corporation created for agricultural, educational, or recreational purposes. (Current law provides the authority to only Grant County.)

This bill also makes technical corrections.

Metropolitan Land Bank

EXHIBIT E

Land Banking as a Strategic Initiative

Both Indiana and Kentucky have enabling legislation and statutes that provide for localities to set up land banks. Land banks exist in Indianapolis, Indiana and Louisville, Kentucky. The cities of Evansville and Henderson need to examine the statutes and make a commitment to strong land banking campaigns for a variety of purposes. If the state enabling legislation is not strong enough to provide effective land banking practice, then Evansville and Henderson will need to work with their state legislators to lobby for stronger land banking provisions.

Strategic land banking policy and execution can help Evansville and Henderson in several ways. A metropolitan land bank could:

- **Collect** vacant lots for greening and ownership transfer;
- **Acquire** contiguous, vacant, dilapidated housing in order to demolish and assemble larger tracts that may be of value or interest to private developers, stimulating neighborhood redevelopment;
- **Mitigate** and re-purpose brownfield sites and industrial legacy properties, making large tracts available to craft industry and start-ups;
- **Assemble** open space tracts by acquiring, clearing, mitigating and greening, adding to open space and recreational amenities in urban areas, or adding urban food sources.

Case Study: Flint, Michigan

While Evansville, Indiana was achieving the status of being the fifth most affordable city in the International Affordability Ranking by *Demographia* in 2011, Flint, Michigan achieved the dubious distinction of being in second place. Flint, Michigan, birthplace of General Motors, has seen closings in auto-related industries and light parts assembly plants along with steady population decline as families have left in search of jobs, leaving behind vacant and abandoned housing. Michigan land bank enabling legislation allows their land banks to recapture 50 percent of property tax revenues for the initial five years after transfer of property to a private entity, providing an ongoing revenue stream.

In Genesee County where Flint, Michigan is located, the county can use revenue generated from selling foreclosed properties to create what is called a "land reutilization fund," helping the city and county to manage their housing inventory. The state enabling laws have also helped streamline the foreclosure process itself, allowing local authorities to reclaim declining tax-delinquent properties in less than three years.

In 2003, Michigan also adopted a key piece of law called the Land Bank Fast Track Act (Public Act 258). This Michigan Law is considered to be the most effective and advanced land banking legislation in the nation. It helps create city and county land bank authorities that have the power to assemble, redevelop, or sell a large number of tax-foreclosed properties in a very expeditious manner. Another important aspect of Michigan enabling legislation is that it also allows jurisdictions in Michigan to adopt a brownfield redevelopment plan for tax-foreclosed properties, facilitating the use of TIF for redevelopment. [6]

6 *"Revitalizing Foreclosed Properties with Land Banks,"* U.S. Department of Housing and Urban Development, Office of Policy Development and Research, by Sage Computing, Inc., Reston, VA, August 2009

In recent years, Genesee County's land banking efforts in Flint, Michigan's neighborhoods have transferred 700 vacant lots for "side yards." Also, 90 affordable rentals and 80 new single-family homes have been reconstructed. Plus the land bank's demolition program has increased local home values. A recent study conducted by the University of Michigan found that the $3.5 million investment in demolition in Flint, over a period of three years, resulted in an increase in property values, in the neighborhoods surrounding the demolitions, of more than $112.5 million. [7]

Flint, Michigan's Side Lot Transfer program makes vacant lots available to adjacent owner-occupied residential property holders who are physically contiguous to the vacant lot, with a significant (75 percent or more) common boundary line. The program helps place vacant properties back on the tax rolls. The Flint Side Lot Transfer Program mandates that homestead property owners, who acquire side lots in the transfer, may not sell their side lots for a minimum of five years. The Genessee County land bank sponsors ten programs: Adopt-a-Lot, Brownfield Redevelopment, Clean and Green, Demolition, Development, Foreclosure Prevention, Housing Renovation, Planning and Outreach, Sales, and Side Lot Transfer.

Metropolitan Land Bank

RECOMMENDATION: *The public sector can give strong encouragement and assistance to private development and neighborhood revitalization efforts by acquiring key properties, assimilating key development blocks, and preparing raw or reclaimed land for prime development by the private sector. The Evansville Brownfields Corporation has been active in the acquisition and transfer of properties in the Haynie's Corner area over the past several years. This organization actively seeks vacant and abandoned properties in the Department of Metropolitan Development's focus area in order to remove blight and stabilize contiguous urban neighborhoods. The impact of their efforts to acquire underutilized parcels and demolish dilapidated buildings, as well as to rehabilitate structures, whenever and wherever possible, is evident in the emerging resurgence of the Haynie's Corner Art District. Addressing urban blight and establishing reuse strategies in older neighborhoods is critical to the sustainability and rebirth of the urban areas of the region.*

The Evansville Brownfields Corporation functions much like a land bank, but on a smaller scale. Land banks typically enhance the objectives of code enforcement, assist in the management of property tax delinquency, and facilitate development of adaptive reuse strategies. With expanded funding, additional staff, and changes in present Brownfields Corp. bylaws, the Evansville Brownfields Corporation could easily transform into a county-wide or even a two-county metropolitan land bank. These changes would allow the present entity to address blight in a much wider geographic area than it presently operates. A metropolitan land bank could assist with sustainable projects such as community gardens, urban orchards, regional parks and open space, and other sustainable community initiatives and assets. The ongoing, active functioning of a metropolitan land bank could help optimize quality of life and economic development, while preventing devaluation of residential properties going through challenges in older neighborhoods. The metropolitan land bank could become indispensable in helping grow the tax base by assembling contiguous properties for residential, commercial and mixed-use development. The City of Evansville and surrounding counties should explore the possibility of a Metropolitan Land Bank.

7 *"Restoring Prosperity: A Roadmap for Revitalizing America's Older Industrial Cities,"* HUD and the Brookings Institution's Metropolitan Policy Program

EXHIBIT F

POTENTIAL DISPOSITION OF NO SALES

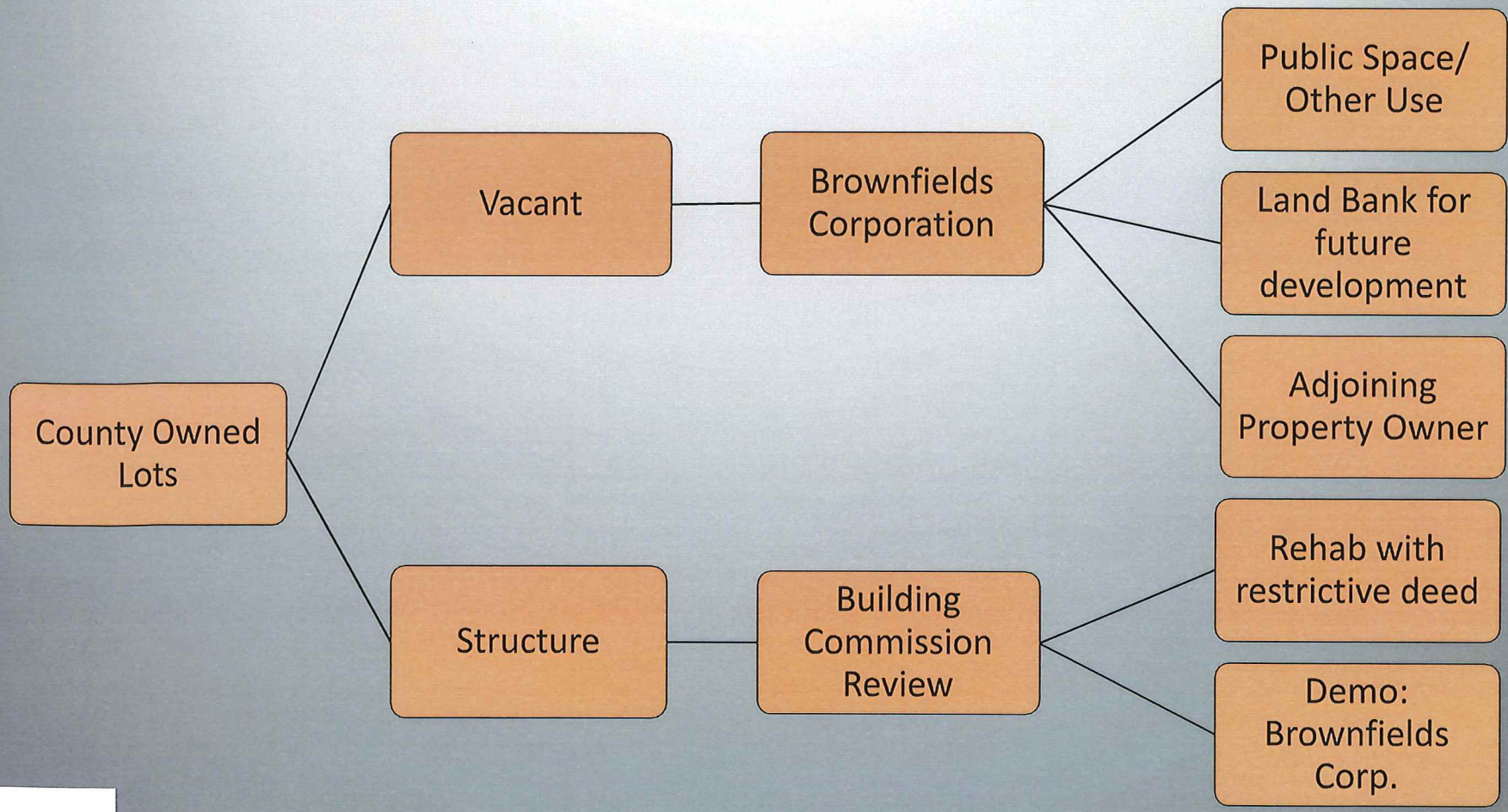


EXHIBIT G

It is time to commit to a long-term growth and development strategy that acknowledges the region simply cannot afford to continue with business as usual. A strategy that lays the groundwork for necessary policy changes, promotes wise investment of limited public dollars, capitalizes on the many existing assets in the region, and enhances the overall quality of life for the people of this region, while attracting additional population growth is required. Implementing this type of strategy now is the key to ensuring the Evansville metro area will become a more vibrant and prosperous region for years to come.

Figure 1-1: Percent of Infill Development

