

# ICC Blighted and Vacant Buildings Draft Guideline

Before



After



**ICC Major Jurisdiction  
Blighted and Vacant Buildings  
Committee**

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## **Preface**

The principle purpose of this ICC document is to provide in one location a volume of knowledge that will contribute to public health, safety, and general welfare in the built environment. This document is based on market relevancy, demand and the realization that existing technical information, regulations, standards or laws, if any, do not adequately address the subject or that such existing information needs to be enhanced, clarified and made more user friendly. At this time this document has not officially attained Guideline status, but will be moved and processed in that direction. ICC Guidelines are in-depth topic-specific publications that have global relevancy and may be used internationally. They are different from codes or standards in that they will use non-mandatory language. We believe this document will fill the void in the area of blighted and vacant buildings.

## **Development**

Development of this document was approved by the Major Jurisdiction committee at the 2011 conference in Phoenix, Arizona. The Development Committee is made up of a diverse stakeholder population and the participants are focused on ensuring high-quality and timely information for the built environment's usage. The document will be vetted through the committee and revised as appropriate.

## **Maintenance**

This document is not required to be updated on a specific cycle; however, it will be reviewed periodically and may be updated on an as needed basis, based on new laws, changing trends, technological advancements or when other relevant information becomes available.

## **About this Document**

It is intended to help state and local jurisdictions address structures that are vacant and have a blighting influence in their jurisdiction. In some jurisdictions blight is 50 years in the making and will not be solved overnight. In others, the economic downturn has made blight an issue in their communities. There have been many implementations with varying degrees of success throughout the country over a long period of time. Issues of blight are not one size fits all, but a good start is the enforcement of the ICC Property Maintenance Code, especially the exterior property areas and exterior structure chapters. Some of what you will read may not apply to all jurisdictions so we must resist the attempt to codify some of these ideas in an international setting. However, if a jurisdiction finds portions of this document helpful, extract and make it part of your plan or addendum to your jurisdiction's laws. Blight is not just a Building Department issue, but rather a jurisdictional concern where many agencies, Federal, State and Local need to work to together and "own" it.

### **Benefits of this Guideline**

- Enhance public safety by providing the tools in one location to do so.

- Conserve local resources by not reinventing a plan or implementing a practice which may not work in your type of jurisdiction.
- Reduce the time of implementing a strategy in a jurisdiction.

## Philadelphia

The Department of Licenses & Inspections launched a new initiative as part of a larger program led by the Managing Directors Office and the Finance Directors Office regarding how both City and privately owned vacant property is bought, sold, and maintained. This initiative was recognized by *American City and County* magazine as one of the 6 most innovative government programs of 2011. The program was selected based on its ability to achieve impressive results in addressing issues such as infrastructure improvements and economic development despite economic constraints.

The Department's efforts focused on holding property owners responsible for vacant and blighted conditions of their properties. The initiative seeks to make private owners accountable for the maintenance of their vacant property by incenting owners to repair or sell their properties thereby improving the neighborhood in accordance with the vision of residents and community groups.

The Department identified approximately 25,000 structures in its database that were believed to be vacant because the owner had either obtained a vacant property license, or had been cited for violations that are the likely indicators of vacancy. The Department mapped these properties, and depending on the market conditions of the overall neighborhood, planned to use a variety of legal tools to hold owners accountable for the state of their properties.

Having identified these properties, the Department's current initiative is characterized by three main objectives:

**Finding the Right Owners.** In the past, the City faced difficulties in holding private property owners responsible for the conditions of their blighted or vacant properties. This was the result of inconsistent or incomplete ownership information that prevented effective notice and legal actions from being taken against these individuals. In its current initiative, the Department is using a dedicated team of researchers to cross-reference several databases to find good names and addresses for the owners of vacant properties.

**Utilizing New Enforcement Measures.** The Department is now enforcing a "doors and windows" ordinance passed by Philadelphia City Council that allows the Department to ask the court to fine owners \$300 per day per opening that is not covered with a functional door or window. Properties in violation of this ordinance are posted with a bright pink poster. Also, State Act 90, sponsored by Rep. John Taylor allows the Department to ask the court to attach these potentially high dollar fines to an owner's personal property. Further, the Department can also leverage these fines to bring the property to Sheriff's sale.

**Dedicating Court Time.** In the past, enforcement efforts had run into difficulties getting cases into the court system. In its current initiative, the Department has worked alongside with the City of Philadelphia Law Department and Judge Bradley Moss to dedicate court dates exclusively to address vacant cases. This ensures that these cases flow through the legal process quickly.

## Objective

The initiative seeks to make private owners accountable for the maintenance of vacant property by incenting owners to repair or sell properties thereby improving the neighborhood in accordance with the vision of residents and community groups.

## The Plan

As an overall city-wide plan was developing, the Code Enforcement Division was trying to assess the true number of vacant buildings in the city. There are two ways to count the number of vacant buildings. The first way would be to do a block by block comprehensive survey. These types of surveys are expensive and time consuming. The economic downturn has also shrunk the workforce available to do this. The second way is to take the existing computer data and map the results to come up with a basic strategy to combat blight.

Since vacant properties are fluid the Division chose to use the existing data (violations, licenses and complaints) to map the number of vacant properties. The result yielded approximately 25,000 vacant buildings. We believed that this was a fairly accurate number and based the future of the strategy on this data. It was also opined that vacant buildings happen in clusters and the inspectional force would be able to “pick-up” additional vacant properties while performing inspections of the “known” vacant properties.

The most successful property maintenance programs focus on the exterior conditions of buildings. This plan is designed to target vacant structures that are a blighting influence to our community and bringing the owners in front of a judge to remedy these conditions. The inspectors will draw from a finite group of violations which will have the most impact.

Based on the map (see Figure 1), the Field Operation portion of this task in Phase I will start with census tracts, which are geographical areas, containing 50 or less vacant structures. According to the map there are 193 census tracts with 50 or less vacant structures, with a combined total of approximately 4,000 structures. Our research team also compiled a list of the largest owners of blight and will have the properties inspected regardless of location. These owners are “speculators” and have a significant negative effect on areas.

From the data and map we can make the assumption that all of these reside on blocks that are 80% occupied. The structures in these areas have a market value and, by looking at the map, blighting influences can be eliminated or at least contained.

Council President Clarke created an ordinance which was codified and incorporated into our Property Maintenance Code. Also included is the definition of a “blighting influence.” This tool allows the Department to cite buildings to install doors and windows if the block is at least 80% occupied.

The “Doors & Windows” violation (see Figure 2) will be written along with any other exterior violations. These properties for the most part will have a “good” owner to cite since there is a higher market value in these areas. The violations will go out with a letter signed by the Commissioner and the City Solicitor (see

Figure 3). The letter will basically say that “we mean business, and if you don’t comply, we’ll see you in court.”

There will be two re-inspections, each 35 days apart (70 days), after which the case is sent to court if it remains non-compliant.

Phase II of the initiative will focus on census tracts with 51 to 150 blighted buildings per tract. There are 93 census tracts, which is half the number of census tracts than Phase I, but has more vacant structures totally approximately 9,000. The method used in Phase I will be duplicated, with the possibility of some demolitions. Demolitions will be surgical and will be based on our usable/unusable criteria (see Figure 4).

Phase III will focus on census tracts with 151 to 250 blighted buildings per tract. There are 35 census tracts in this phase, accounting for approximately 8,000 structures. Phase III will mirror Phase II with a greater possibility of demolitions due to the number of vacant structures and smaller geographical area. Also, by the fact that the market value in these areas is lower, the Department may not be able to compel the owner (if found) through fines to make the repairs.

Phase IV will then focus on census tracts with 251 or more blighted buildings per tract. There are 10 census tracts in this phase, accounting for 5,000 structures. While we will utilize the methods in the previous phases, demolition may be a bigger part of this phase than bringing the owners to justice due to low market values and the decreased likelihood of finding the owners.

## Finding the Owners

Prior to hitting the street, inspection forms were created. The research team cross-referenced several databases, starting in-house with Revenue, Water, L&I, and the Office of Property Assessment. Hard to find owners were also searched through Accurint and the internet. The team extracted and merged the owner information onto inspector forms (see Figure 5). The forms have all of the owner information and a checklist of violations. Two inspectors were used in a pilot to determine ease of use for the inspectors. Some adjustments were made prior to rolling out city-wide. A bright pink poster was also developed for posting on the property (see Figure 6).

## Hitting the Street

The inspector forms (or walk sheets) were separated by inspector areas and given to the inspectors. The inspectors were also provided with blank sheets for any building they may “pick-up” while performing their inspections. There were two inspectors dedicated to the owners who had amassed a large volume of vacant buildings.

The inspectors were trained and made familiar with the process, which included a flow chart (see Figure 7). It was important that all of the cases followed the same protocol in order to consistently uphold the cases in court.

The inspector protocol is as follows:

1. Count the number of openings (doors & windows)

2. Check for additional exterior violations
3. Post the structure
4. Take pictures
5. Write the violation

It is important that actions for every property are the same. Additional exterior violations help solidify the fact that the building is a blighting influence on the surrounding properties. Exterior property maintenance violations are critical in the legal argument, which determines the “abandonment” of the property by the owner.

The work of the inspector is then reviewed by the Supervisor and again by the research team. Two re-inspections are made prior to sending the case to court.

## **Court**

The court system has dedicated 2 days a month to what is now unofficially known as “blight court,” under the Court of Common Pleas. The court is overseen by the Honorable Judge Bradley Moss. Due to the volume of cases, it is of the utmost importance to be organized and consistent in the presentation of the cases. The Building Department works closely with the Law Department in assuring the consistent presentation and outcome of each case.

The Research Team is a critical part in this process. They make sure all of the cases are prepared properly with pictures and documentation from the inspections to uphold as evidence in court. Given the volume of vacant properties, they prioritize what is believed to be the cases which we will most likely result in compliance in Common Pleas Court. Various criteria are used in the prioritization of cases such as the ability to find the owner or heirs, large scale owners or speculators, property taxes are up to date and high market value to name a few. If the property does not come into compliance or, in some cases, sold by the court hearing, a judgment may be imposed upon the property. This judgment is calculated according to the \$300 per opening per day calculation from the date of citation to the date of compliance or the hearing date, whichever comes first. The amount often exceeds the value of the property, so, to prevent owners from walking away from the judgment and the property, a small percentage of the potential fine is imposed. Pennsylvania State Act 90 allows for this fine to be imposed against the owner as a personal judgment, making it possible to go after the defendant’s personal home if they refuse to comply the vacant building.

In the event that a case goes to court and the property remains non-compliant, a larger percentage of the potential fine is assessed as a default judgment, which can be executed upon as a lien against the property, allowing the city to force the property to Sherriff’s sale.

## **Outcomes**

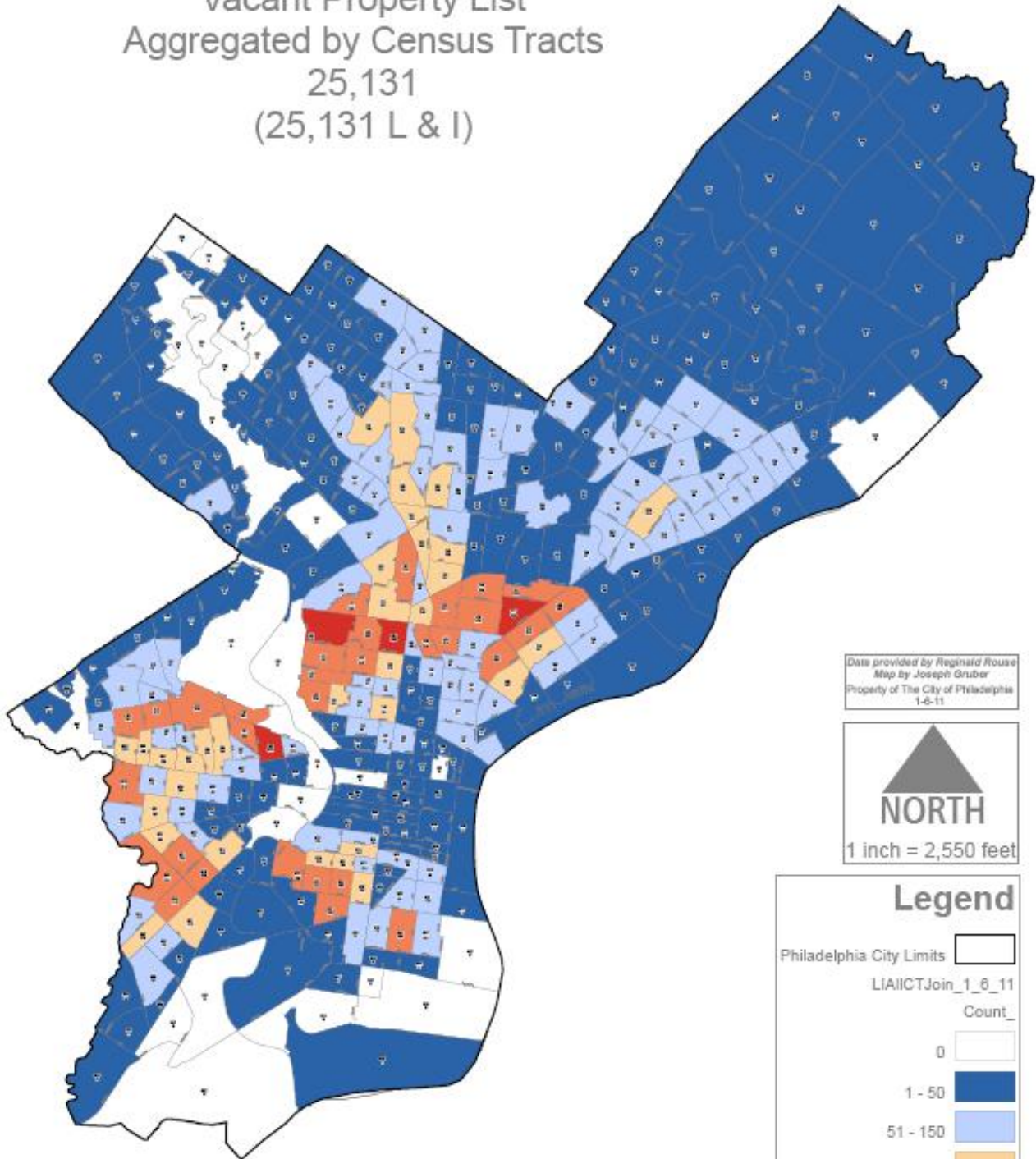
Since the beginning of the initiative in 2011, over 438 properties have installed new doors and windows, while owners of many others have taken out permits and licenses to renovate and legally house tenants. Prior to this initiative the previous compliance rate of vacant buildings was 6%. On average, 54% of owners of blighted properties in marketable neighborhoods respond in compliance, sale, or applications for permits/licenses. As a result, over \$405,000 has been collected by the Department for permits and licenses. Another \$350,000 has

been assessed in absolute fines by the court, and \$998,755 has been imposed against properties that are in default judgments to eventually push them back onto the market through Sheriff's sale. The total possible revenue generated is \$1,732,961.

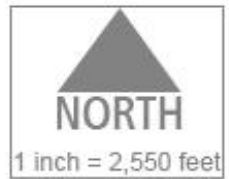


Figure 1

Department of Licenses and Inspections  
Vacant Property List  
Aggregated by Census Tracts  
25,131  
(25,131 L & I)



Data provided by Reginald Rouse  
Map by Joseph Gruber  
Property of The City of Philadelphia  
1-8-11



**Legend**

Philadelphia City Limits	
LIAlICTJoin_1_8_11	
Count_	
0	
1 - 50	
51 - 150	
151 - 250	
251 - 500	
501 - 850	



Vacant\_Property\_Vio  
Vacant\_Property\_ID\_Vio  
Vacant\_Propert\_Vio\_Unsafe

## Figure 2

### Definition of Blighting Influence

#### Section 202 Definition

**Blighting Influence:** A vacant building that lacks windows with frames and glazing and/or lacks one or more doors in entryways of the building if:

1. the building is located on a block face where 80% or more buildings on the block face are occupied; or
2. the Department has provided 20 days notice to the owner of the property that the Commissioner of Licenses and Inspections has determined, in consultation with other City officials as appropriate, that the lack of windows and/or entry doors has a significant adverse influence on the community based on the following factors:

deterioration and/or safety of the property;

safety of the surrounding community;

the value of intact, occupied properties in the surrounding vicinity of the property;

marketability of the property; and community morale.

#### Violation

##### **PM-306.2/4**

This structure has been declared a Blighting Influence on the Community by the Department of Licenses and Inspections. This building is vacant and lacks one or more windows with frames and glazing and/or one or more entryway doors. (See PM-202) You must secure all spaces designed as windows with windows that have frames and glazing and all entryways with doors. Each such opening is a separate offense for which a separate fine (\$300.00) may be imposed. (See PM-306.2 and 306.5) This remedy supersedes any lesser remedy regarding window or door openings. Sealing this property with materials that are not windows with frames and glazing or entry doors does not constitute good repair or being locked, fastened or otherwise secured. As a vacant building, not secured against entry, this building is deemed unsafe in accordance with the Property Maintenance Code.

(See PM-306.2) During the period of the vacancy or rehabilitation you must maintain the premises in a clean, safe, and secure condition. All doors or windows or other openings that are accessible to trespassers must be kept securely locked, fastened or otherwise secured. The premises must be kept free of debris. The roof and drainage system must be maintained so as to prevent damage to this or adjoining premises.

(See PM-306.1, 306.2 and 302.4) The owner of every vacant building must obtain a license. (See PM-102.4)

If immediate compliance is not feasible, you must notify the Department in writing within 10 days. Explain the steps taken to correct the conditions and estimate the time required to fully comply. (See PM-306.4) If you fail to comply with this order the City may do so with its own forces or by contract. Consideration of public safety at your property may cause the City to perform, or have performed, an interim cleaning and sealing of your property until proper replacement of the window(s) and/or door(s) is done. You will be financially responsible for such work. (Such work being done does not remove the requirement that you replace windows and/or doors as ordered above.) You will be billed for all costs, including administrative costs (21%) incurred by the City to clean and seal your property and/or to replace such window(s) and door(s) as it deems necessary.

Failure to pay such bill will result in a lien being placed against the property and/or costs and charges being recovered by a civil action brought against you. (See A-503.2)

To appeal this violation, apply at Boards Administration, 11th Floor, MSB, 1401 JFK Blvd., Phila. PA 19102, within 5 days of the date of this notice. (See A-801.2)

**PM-102.4/2**

The owner of every vacant building must obtain a license from the department.

**PM-302.4/7**

The defective or missing rain conductor(s), downspout(s) or gutter must be repaired or replaced. (See

**PM-304.1/1**

The exterior of a structure must be maintained in good repair, structurally sound and sanitary so as not to pose a threat to the public health, safety or welfare. All structural members must be maintained free from deterioration, and must be capable of safely supporting the imposed dead and live loads.

**PM-304.5/2**

All exposed surfaces of metal not rust resistant or wood not naturally durable, must be protected from the elements and against rust or decay by periodic application of weather-coating materials, such as paint or similar surface treatment.

**PM-304.5/3**

The defective cornice and/or barge board must be repaired or replaced.

**PM-304.8**

Loose and hanging glass and/or broken or deteriorated window elements must be repaired or replaced.

### Figure 3

Dear [Property Owner]:

Our records show that you own vacant property in the City of Philadelphia at [address], which is in violation of one or more sections of the Philadelphia Code. The purpose of this letter is to inform you that if these violations are not brought into compliance, the City will pursue enforcement actions against you which could include fines, liens against the property, and seizure of personal assets.

Blighted, deteriorated and poorly maintained [properties] [lots] are not only eyesores in the community but create hazardous and unsafe conditions for their neighbors, and Mayor Nutter is committed to eliminating these conditions in our neighborhoods.

Owners of vacant [property] [lots] in Philadelphia are required to obtain a Vacant Property License from the City pursuant to Section PM-102.4 of the Code. This license must be renewed every year. In addition, all properties – including vacant properties – must be maintained against blighted, unsafe and nuisance conditions under the Property Maintenance sections of the Code. Specifically, Section PM-306.2 requires that doors and windows be installed rather than a plywood or metal covering in some vacant buildings. Each opening will be cited as a separate violation. Failure to comply with this section can result in a fine of \$300 per day for each and every violation.

The Department of Licenses and Inspections has inspected your property and found that it is in violation of these regulations. As part of this effort to eliminate blight throughout the City, please be advised that we will pursue enforcement action against the owners of properties that remain in violation of the Code, including filing suit against you in the Court of Common Pleas.

An enforcement action in court could result not only in an Order requiring you to correct the open violations, but in penalties including fines and liens against your property for the cost of necessary clean-up and repairs done by the City. In addition, under new powers granted to the City by the Neighborhood Blight Reclamation and Revitalization Act of 2009 (Pennsylvania General Assembly, Senate Bill No. 900,) the City may obtain a judgment against you and seize your personal property to satisfy the judgment. Judgments entered against you may appear on your credit report and adversely affect your credit score.

If you need information on correcting the violations at this location, or about the enforcement actions we will be pursuing, please contact [ ] at [ ]. If you take no action to comply, we will begin re-inspecting properties and filing lawsuits as of [date].

Thank you for your cooperation and assistance. We look forward to working with you to make Philadelphia a city of beautiful, safe and healthy neighborhoods.

Carlton Williams

Commissioner of Licenses and Inspections

Shelley R. Smith

City Solicitor

## Figure 4

### VACANT USABLE VS. UNUSABLE

#### Quality of the building

##### Demolish- Unusable

The building is obsolete by virtue of small size or physical character.

##### Preserve-Usable

The building is attractive, of high quality, or of architectural or historical value.

#### Neighborhood fabric

##### Demolish- Unusable

The building is located in an area where the neighborhood fabric has largely been lost through incompatible land uses and demolitions

##### Preserve-Usable

The building is located in an area where the neighborhood fabric is still strong, and its physical presence contributes to the fabric.

#### Reuse potential of resulting lot

##### Demolish-Unusable

Demolition will facilitate a comprehensive rebuilding or revitalization strategy in the area.

##### Preserve-Usable

Demolition will result in a potentially unusable vacant lot rather than an opportunity for redevelopment or revitalization.

#### Usable Guideline

Properties that are vacant but meet one or more of the following conditions;

1. Properties that are structurally sound, (bearing walls are intact, foundation has not been compromised and the floors are intact)
2. The property is on a block that is 95% occupied.
3. Properties that are in a developing area, (new construction on the block, renovations on the block)

Figure 5

Tract: 281  
Address: 8888 NSMEDLEY ST  
Date \_\_\_\_\_  
Initials \_\_\_\_\_

Case No. \_\_\_\_\_

Need more info? \_\_\_\_\_

**Logs and Violations**

Check ALL that apply and include in case entry.

Enter the following information in your CASE in the SYSTEM under CONTACTS.

**Property Identifiers**

- VPR – Vacant Residential
- VPC – Vacant Commercial
- VPM – Vacant Mixed Use (comm w/ res.)
  
- VL – Vacant License Violation
- PM-102.4/2-Vacant Residential License
- PM-102.4/4-Vacant Commercial License
- PM-102.4/1-Vacant Lot License
  
- Lot – Check for license!

Note: Partial occupancy is not considered vacant.

- VDW – Vacant Windows & Doors  
80% block occ'd
- PM-306.2/4  
Number of windows \_\_\_\_\_  
Number of doors \_\_\_\_\_  
(Include #s in Violation Comments)

- VE – Vacant Exterior Violations
- PM-302.4/7 Defective/missing downspout/gutter
- PM-304.1/1 Exterior structure must be maintained in good repair, structurally sound
- PM-304.5/2 Exposed metal and wood
- PM-304.5/3 Defective cornice or bargeboard
- PM-304.8/1 Loose and hanging glass

VNOT – Not Vacant (use w/ any of the below)

- PM-102.0/1- Obtain Res. Rental License
- Occupied – Check for HIL!
- Under Rehab – Check for permits!

**Referrals to Supervisor:**


- CSU
- Building
- CLIP

**Owner(s):**  
Maura Kennedy  
999 W Ruscomb St  
Philadelphia, PA 19141  
(215) 111-1111  
  
1000 Germantown Ave  
Philadelphia, PA 19153

Notes:

Service Request #

Figure 6

	<b>CITY OF PHILADELPHIA DEPARTMENT OF LICENSES AND INSPECTIONS</b>	
<h1>NOTICE</h1>		
(ADDRESS)		
<b>The Department of Licenses and Inspections has determined that this vacant building is a blighting influence, as defined in the Property Maintenance Code. (See PM-202)</b>		
<b>The Department has issued a violation notice to the owner and is ordering that the owner secure all _____ spaces designed as windows with windows that have frames and glazing and all _____ entryways with entry doors.</b>		
<b>Sealing the property with boards or masonry or other materials that are not windows with frames and glazing or entry doors shall not constitute good repair or being locked, fastened or otherwise secured as required by the Property Maintenance Code. (See PM-306.2)</b>		
<b>If designated historic or in a designated Historic District, this building is subject to special historic repair and replacement requirements.</b>		
<b>(See PM-301, PM-704 and 14-2007)</b>		
<b>The owner may appeal this violation and order at Boards Administration, 11th floor, M.S.B., 1401 John F. Kennedy Blvd. Philadelphia, PA. 19102 within 5 days. (See A-801.2)</b>		
(DATE)	(UNIT)	(PHONE NUMBER)
81-35		

## Vacant Property Strategy: Flow Chart

Last updated: July 17, 2012

Revised by Kathryn Rouillard

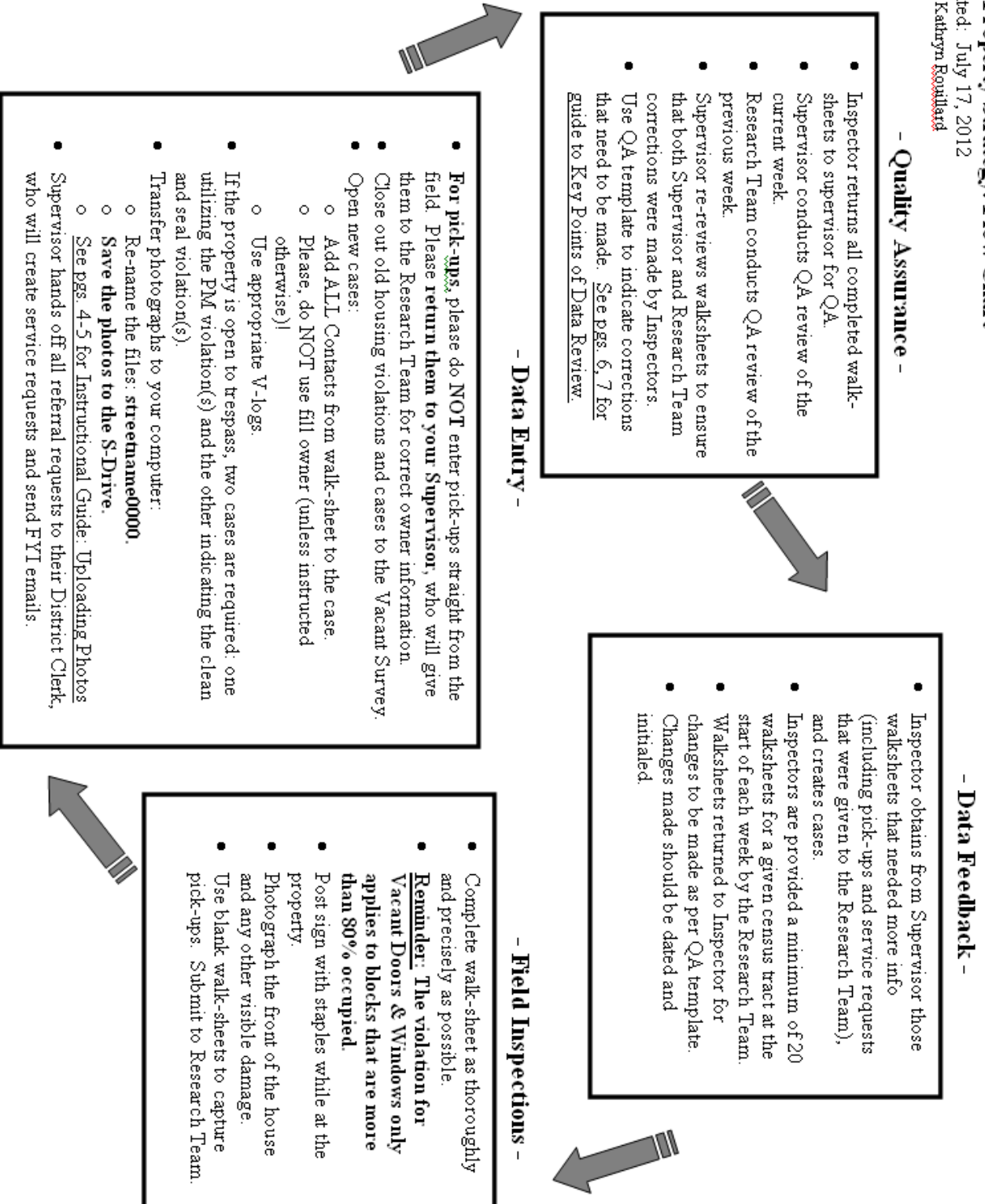


Figure 7



# Chicago

Abandoned and vacant buildings have posed a problem for certain Chicago neighborhoods for many years. According to US Census Bureau data, in the year 2000, the City of Chicago contained 86,325 vacant units. In line with national trends, the recent foreclosure crisis and subsequent national economic downturn has exacerbated the problem of vacant and abandoned buildings for the City of Chicago. US Census Bureau data reaffirm this development; in 2010 the City of Chicago contained 138,264 vacant units – a 60 percent increase from 2000. The city’s South and West sides have borne the brunt of these developments as they contain a disproportionate number of these vacant and abandoned buildings. (see Appendix Figure 1)

The consequences stemming from vacant and abandoned buildings – for both Chicago and all cities alike – are as catastrophic as they are well documented. Most notably, vacant and abandoned buildings produce lower property values for the surrounding community, lead to public and private disinvestment within the affected community, and serve as a magnet for illegal activity. Furthermore, they often place an additional burden on public service departments (such as police) as they try to deal with the negative effects stemming from these properties. Because Chicago’s South and West sides contain a disproportionate number of vacant and abandoned buildings – and thus a disproportionate share of the negative effects they produce – the City of Chicago has been presented with a unique and complex set of challenges in dealing with vacant buildings.

## General Background

Though the recent foreclosure crisis and economic downturn have presented cities all across the country with a slew of challenges in dealing with vacant and abandoned buildings, the City Of Chicago has long utilized a flexible and adaptive approach in dealing with them. In 1993, the Chicago City Council passed the Fast Track Demolition ordinance (FTD) which authorized the City to board, repair, or demolish residential and commercial buildings of up to three stories which were deemed as vacant, open, and a hazard to the community – all without the time consuming process of seeking a court ordered demolition. The FTD was amended in 1998 to reflect changes in state law. ([http://www.cityofchicago.org/city/en/depts/bldgs/supp\\_info/fast\\_track\\_abatementprogram.html](http://www.cityofchicago.org/city/en/depts/bldgs/supp_info/fast_track_abatementprogram.html)). In 2002, and in the wake of the September 11<sup>th</sup> attacks, the City of Chicago began aggressively repairing and demolishing vacant buildings near vital public assets – such as train tracks and hospitals – in an effort to free up the resources of key public service departments, such as the police and fire. ([http://articles.chicagotribune.com/2002-03-31/news/0203310400\\_1\\_vacant-building-demolition-housing-court](http://articles.chicagotribune.com/2002-03-31/news/0203310400_1_vacant-building-demolition-housing-court)) In 2003, in collaboration with 14 different City agencies and community organizations, the City of Chicago established the Troubled Building Initiative (TBI) in an effort to help prevent multi-family properties from going into a state of disrepair which in turn often leads to property vacancy. Specifically, if a building owner cannot demonstrate that he/she is taking steps toward compliance, the TBI provides the City with a variety of economic disincentives it can use to pressure the owner into compliance. (<http://www.occ.gov/static/community-affairs/community-developments-newsletter/spring08/articles/nonprofits/cdn08spring12.htm>) In 2011, in response to the national foreclosure crisis, the City of Chicago adopted the Vacant Building Ordinance (VBO) in an effort to hold lenders and mortgage servicers more accountable for securing and maintaining abandoned residential buildings. While the VBO increases mortgagee

accountability in a number of ways, most notably, it places the burden of maintaining a residential property on lenders 60 days after it has been abandoned, regardless of whether or not the mortgage holder is the legal owner. (<http://www.chicagonow.com/chicago-muckrakers/2011/11/new-vacant-property-ordinance-will-it-be-effective-in-chicago-neighborhoods/>). Most recently, in July of 2012, the City of Chicago began aggressively targeting vacant buildings for demolition in high crime neighborhoods in an effort to combat crime associated with vacant buildings. ([http://articles.chicagotribune.com/2012-07-13/news/ct-met-rahm-emanuel-crime-0713-20120713\\_1\\_homicide-rate-fewer-homicides-hot-spots](http://articles.chicagotribune.com/2012-07-13/news/ct-met-rahm-emanuel-crime-0713-20120713_1_homicide-rate-fewer-homicides-hot-spots)) In sum, the City of Chicago has long maintained an innovative and flexible approach in dealing with vacant and abandoned buildings, responding with changes in both code and policy when necessitated by conditions on the ground.

([http://www.cityofchicago.org/city/en/depts/dcd/supp\\_info/troubled\\_buildinginitiativebi.html](http://www.cityofchicago.org/city/en/depts/dcd/supp_info/troubled_buildinginitiativebi.html))

## **Chicago's Vacant and Abandoned Building Program**

In general, the City of Chicago uses a wide variety of tools – providing building owners, mortgagees, and community members both incentives and disincentives – to help ensure vacant buildings are identified, registered, secured, maintained, and re-developed when appropriate. Though, due to limited financial resources and manpower – exacerbated by the recent economic crisis – the City of Chicago has once again had to adapt to conditions on the ground by triaging resources to where they will have the greatest impact, ensuring public safety is maximized. To this end, Chicago allocates much of its resources to the South and West sides of the city as they contain a disproportionate share of the vacant and abandoned properties.

More specifically, Chicago's vacant and abandoned building program is outlined below.

### **Identification of Vacant and Abandoned Buildings**

One of the first steps necessary in ensuring proper action with regards to vacant buildings is to identify a building as being vacant and/or unsecured. By identifying a building as vacant and/or unsecured, the City can attempt to notify the owner to register the building as vacant, to bring their building up to code, and to secure it. Even if an owner cannot be located, by having a building identified as vacant the City can at a minimum ensure it is either properly secured, or demolished if it poses an inherent risk to the public. (pursuant to code section...).

Recognizing the importance of identifying buildings as vacant and unsecured, the City of Chicago has developed a system wherein community members can report suspected vacant and/or unsecured buildings online. In addition, community members are encouraged to call Chicago's non-emergency number, 3-1-1, to report suspected vacant and/or unsecured

buildings. In both instances, a Chicago building inspector will investigate the building within 21 days of the report to ensure proper action is taken. (13-8-60).

[http://www.cityofchicago.org/city/en/depts/bldgs/provdrs/inspect/svcs/report\\_a\\_vacant\\_building.html](http://www.cityofchicago.org/city/en/depts/bldgs/provdrs/inspect/svcs/report_a_vacant_building.html)

In Chicago, a single-family home or residential building with less than 10 units is considered vacant if no one is legally living in the building and no one who has lived at the building in the past intends to return to live there in the next six months. For a residential building with 10 or more units, if 90% or more of the units are unoccupied the building is considered vacant. For a non-residential building, if all lawful business operations have ceased, the building is considered vacant (Code section 13-12-125).

### **Registering, Securing, and Maintaining Vacant Buildings**

If a building is identified as being vacant and/or unsecured and the building owner(s) can be located, the City of Chicago will require them to register their building as vacant, as well as to secure and maintain it. The City of Chicago allows vacant building owners to register their building online in a streamlined and user friendly web-based process to help encourage compliance (address here). If a building owner cannot be located, the City will secure the building, and if necessary, takes the proper steps required to demolish it.

The registration process provides the City a powerful tool in tracking vacant buildings as well as communicating with their owners. More specifically, once a building is registered as vacant, it is placed in an online database managed by the City which can be accessed by anyone (address). This feature provides transparency to the public regarding the City's actions as well as empowers community members to monitor vacant buildings in their neighborhoods to help ensure they are being properly secured and maintained. In addition, properties in the database are linked to an e-mail list which gives the City the ability to communicate with vacant building owners on a regular basis. This function allows the City to send registered vacant building owners periodic reminders about maintenance as well as any notices of outstanding complaints against their property. Finally, the online registration process allows the City to receive the payment for registration immediately, providing the City an efficient stream of revenue to cover program costs. .

However, while vacant building registration serves as a powerful tool in helping track, maintain, and secure vacant buildings, it is essential to note that different building owners face different sets of incentives when deciding whether or not to register their building. For example, the lender responsible for a recently built building which has been vacated is much more likely to register and maintain their building in an effort to secure their investment, than is the owner of a dilapidated building located in a high-crime neighborhood. The City of Chicago, recognizing this reality, makes special note of the responsibility of certain parties in its code. Specifically, Chicago's code separately cites the responsibilities of residential property owners whose buildings are less than 10 units, the mortgagees of a vacant residential building(s), and the owners of large commercial, residential, and industrial buildings.

Owners of Vacant Residential Buildings with Fewer than 10 Units

Chicago's code as it pertains to registering, securing, and maintaining vacant residential buildings with fewer than 10 units is located below:

**1. If a building is vacant for more than 30 days, the owner must:**

1. Secure all openings to ensure against unlawful entry
2. Register the vacant building with the Department of Buildings (done online at <https://ipweb.cityofchicago.org/VBR/>)
  - a. Each time a vacant building is registered, a \$250 fee is assessed. The initial owner registration fee is \$250 if registration is voluntary and timely. Effective January 1, 2012, if an owner registers after the City has cited the property for a violation of the vacant building requirements, the initial fee is doubled (\$500), as are all subsequent renewal fees
  - b. Each registration lasts for 6 months
  - c. Proof of "liability insurance" must be provided and maintained in the following amounts:
    - i. 300,000 minimum for residential structures
    - ii. 1,000,000 minimum for commercial structures
3. Post a sign with the name, address, and phone number of the building owner (or agent) in a conspicuous location
4. Keep the premises clean .This includes cutting the grass, removing weeds, garbage, debris, dead trees or any fallen limbs. In winter, the owner must shovel any accumulated snow to allow public use of the adjacent sidewalk and keep the property free from pests such as rats and other rodents
5. Maintain foundation, basements, crawlspaces, exterior walls, exterior windows and doors, roof, gutters, downspouts, scuppers, flashing, chimneys, flues outside stairs, steps, decks, verandas and balconies. Keep exit areas continuously lit from dusk to dawn
6. Keep the vacant building's interior free from junk, debris, trash, rodents and pests. Keep plumbing free from leaks and winterize the structure. Maintain the foundation, floors, walls, stairs, and ceilings. Exit doors should be secured with an internal deadbolt lock. Maintain interior stairs and risers in a safe, usable condition
7. The building owner must abide by Chicago's building security standards
  - a. Building doors, windows and openings may be secured with plywood for the first six months
  - b. After 6 months, all plywood must be removed and replaced with commercial-grade steel security panels or, alternatively, replace the plywood with secure doors, glazed windows and an operable 24-hour burglar alarm system

8. If the building is demolished, reoccupied, or sold, it must be deregistered within 20 days.

#### *Mortgagees of Vacant Residential Buildings with Fewer than 10 Units*

With the onset of the national foreclosure crisis, the City of Chicago has adapted its code to help ensure lenders do not evade their responsibility in registering, securing, and maintaining the vacant buildings they helped finance while buildings are in the foreclosure process. With the adoption of the Vacant Building Ordinance (VBO) in 2011, the City of Chicago has taken the lead nationally in ensuring lenders meet these responsibilities. In the first three months of 2012, the VBO has garnered the City \$619,000 in fines, as well as nearly doubled the number of vacant buildings registered.

Key features of the VBO are outlined below:

Most notably, mortgagees of residential buildings with fewer than 10 units must register their vacant building (subject to the security guidelines and registration process listed above under “Owners of Residential Buildings with Fewer than 10 Units”) 30 days after it has been vacated or 60 days after a default on the property has occurred – regardless of whether or not they are listed as the legal owner. Registration for mortgagees costs \$500 and must be renewed every 6 months – there is no fee for renewal to help incentivize the building’s original registration. In addition, the mortgagee must verify the property is vacant every month. A mortgagee’s responsibility regarding a vacant building will only be terminated with the recorded satisfaction or release of the mortgage, the title is conveyed to a new owner, the building ceases to be vacant, or the building is demolished in accordance with code.

Under this ordinance, a building is not considered vacant if it is undergoing active construction, being marketed for sale or rent, is in an ownership dispute, or is otherwise secure and in compliance with all other code.

#### *Owners of Vacant Commercial, Industrial, and Residential Buildings with More than 10 Units*

These building owners are subject to the same guidelines and registration process listed under “Owners of Vacant Residential Buildings with Fewer than 10 Units” described above. Because these buildings are larger, however, if they are maintained and secured or demolished by the city, the tax-payer is burdened with a greater cost. Consequently, the City of Chicago has taken steps to ensure these building owners do not evade their legal responsibilities by transferring the titles to these buildings to entities with limited financial resources (a church or non-profit organization, for example).

To ensure building owners do not evade their legal responsibilities, they must notify the City of Chicago Building Commissioner within 60 days if the property will be transferred without any consideration to a non-profit, when the building will be sold for less than 50% of its estimated market value, when more than 50% of the purchase price will be financed by loan, or when the property will be sold for more than 50% but less than 80% of the building’s most recent estimated market value. To this end, five industry experts are appointed by the Mayor to form the Large Building

Transfer Review Committee to evaluate whether or not the proposed transferee will have the financial resources necessary to maintain, repair, enclose, or demolish the building should the need arise.

## **Property Demolition**

Realizing different building owners face different sets of incentives and thus may choose not to register, secure, and maintain their building, the City of Chicago possesses an adaptive and innovative strategy for demolishing buildings which have been abandoned and deemed to pose a threat to public safety. Most notably, the City actively uses demolition as a tool to aid law enforcement in high-crime neighborhoods.

Due to limited resources and man power, the City of Chicago does not possess a 'list' of buildings to be demolished, but rather, responds to building code violations on a case-by-case basis to determine whether or not a building should be considered for demolition. To this end, building inspectors use a 'check-list' when inspecting a building tallying up violations.[FIG 3] This process results in the inspector issuing a percentage – the higher the percentage, the greater the likelihood the building will be considered for demolition (typically 25%+). However, this process is not rigid nor is it binding, rather, it serves as a starting point to guide discussion regarding what should be done with a building. For an example a Historic Landmark building will be given more leniency.

The City of Chicago actively employs demolition as a tool to aid law enforcement in high-crime neighborhoods. Most notably, the City of Chicago recently announced a new initiative to aggressively target abandoned properties in high-crime neighborhoods for demolition in hopes of reducing the crime that often associated with these buildings. The City is taking this initiative seriously as demonstrated by the \$4 million dollars received to fund the program and 200 properties have already been identified for possible demolition. In addition, the City has created a "Strategic Task Force" which brings together seven different city Departments to actively target buildings suspected of illegal activity for inspection and investigation.

[http://www.cityofchicago.org/city/en/depts/mayor/press\\_room/press\\_releases/2012/july\\_2012/mayor\\_emanuel\\_announces\\_initiative\\_to\\_prevent\\_gang\\_activity\\_in\\_and\\_around\\_.html](http://www.cityofchicago.org/city/en/depts/mayor/press_room/press_releases/2012/july_2012/mayor_emanuel_announces_initiative_to_prevent_gang_activity_in_and_around_.html)

<http://directives.chicagopolice.org/directives-mobile/data/a7a57be2-129a8470-c3d12-9a96-6993e4d5a5751b0f.html?ownapi=1>

More specifically, the Fast Track demolition process as outlined in the Chicago municipal code is outlined below:

If the City of Chicago finds cause to demolish a building, the owner of the building will be notified that they must take action to demolish the building in compliance with all code, or the City will take action to do so. No later than 30 days after this notice is issued, the City will contact the building owner notifying them with the city's intent to demolish the

building, publish the address of the property and the City's intent in a Chicago newspaper for three consecutive days, and file with the office of the recorder of deeds and registrar of titles the city's intent. The owner may then file their objection in a court of competent jurisdiction. If no objection is filed, the city will then take action to demolish the building within 120 days. Within 180 days following the demolition, the city will file a notice of lien against the real estate for the cost of demolition. (Code section 13-9-10)

## **Enforcement**

The City of Chicago employs flexible enforcement mechanisms to help ensure building owners comply with all codes regarding vacant and abandoned buildings. Most notably, the City of Chicago issues and collects fines for code violations through administrative court hearings though the city also uses building inspections, as well as its online database, to help encourage compliance.

A crucial component to the City of Chicago's enforcement mechanism is the issuance and collection of fines through administrative court hearings. Fines range from \$100 to \$2000 depending on the offense, and each day a building continues to not be in compliance constitutes a new and distinct offense. In addition, the City of Chicago can put a lien against a property for the cost of any remedial action it has to take against the property to ensure compliance with code. In cases of egregious negligence on the part of vacant building owners where somebody is injured or killed in a vacant building – or if a building poses an imminent threat to public safety and the owner fails to take action – the owner may be punished by 30 days to 6 months of incarceration. (Code sections 13-12-147 and 13-12-145)

In addition, the City uses building inspections to ensure vacant building owners are in compliance with code. The City does not randomly conduct follow-up inspections, but rather responds to complaints against vacant buildings on a case-by-case basis to ensure the City's resources are being expended efficiently. The City takes in good faith that a building owner who has taken the time and paid the fee to register a vacant building will in fact be making an effort to be in compliance with code. The City encourages its citizens to be vigilant and report all suspected code violations on vacant buildings using its website or by calling the City's non-emergency number, 3-1-1. A building inspector will inspect any such complaints within 21 days to ensure proper action is taken.

Finally, the city reserves its right to shut off the water supply to any building within 30 days of it being deemed vacant or abandoned. (Code section 13-12-128)

## **Re-Development**

With the onset of the foreclosure crisis and subsequent economic downturn, the City of Chicago has recently invigorated its efforts to strategically re-develop vacant and abandoned properties. The City of Chicago through a variety of programs and initiatives has targeted Chicago's West and South sides for re-development as they have been disproportionately impacted by the foreclosure crisis. The goal of these programs is to invest substantial amounts of money into communities where there has traditionally been private and public disinvestment, to combat the disastrous affects vacant and abandoned buildings have had on these communities. The City of Chicago believes re-development is a necessary component in any strategy combating the negative effects of vacant and abandoned buildings.

Over the past three years the City of Chicago has been in the process of receiving \$153 million dollars from the federal government as a part of the Neighborhood Stabilization Program (NSP). The goal of the program is to get vacant

foreclosed homes up to code as quickly as possible to stabilize targeted neighborhoods. Over the next 3-5 years, the City expects to assist 2,000 to 2,500 units. Other goals include purchasing and rehabbing foreclosed vacant properties and then selling or renting them to qualified buyers, as well as demolishing and re-developing where appropriate. To maximize the impact this program will have, the City is targeting specific neighborhoods which are located in areas affected by the foreclosure crisis on Chicago's South and West sides [FIG].

In addition, the City has recently announced its "Micro Market Recovery Program" which actively coordinates the City's financial resources with non-profit and for-profit capital sources to increase property values and encourage private re-investment in certain neighborhoods. The Micro Market Recovery Program will create a \$15-\$20 million loan pool from which the collaborators will draw from.

The City of Chicago has also established the Tax Incremental Financing Purchase Rehab Program (TIF) to help qualified buyers receive forgivable loans to be used on one to four unit rehabs. Specifically, the program provides a loan for the cost of the work needing to be done on vacant properties, providing qualified buyers an incentive to seek out "fixer-uppers." Provided the buyer lives in the property for a period 5-10 years (the exact time period is determined by the amount of assistance received), the loan will be forgiven.

In sum, the City of Chicago has recently invigorated its efforts to help re-develop the neighborhoods that have been the most affected by the recent foreclosure crisis. Instead of securing, maintaining, and demolishing these buildings – further continuing the cycle of disinvestment in these neighborhoods – the City has chosen to carefully invest its resources to more fundamentally address the issues caused by vacant and abandoned buildings.

## **Conclusion**

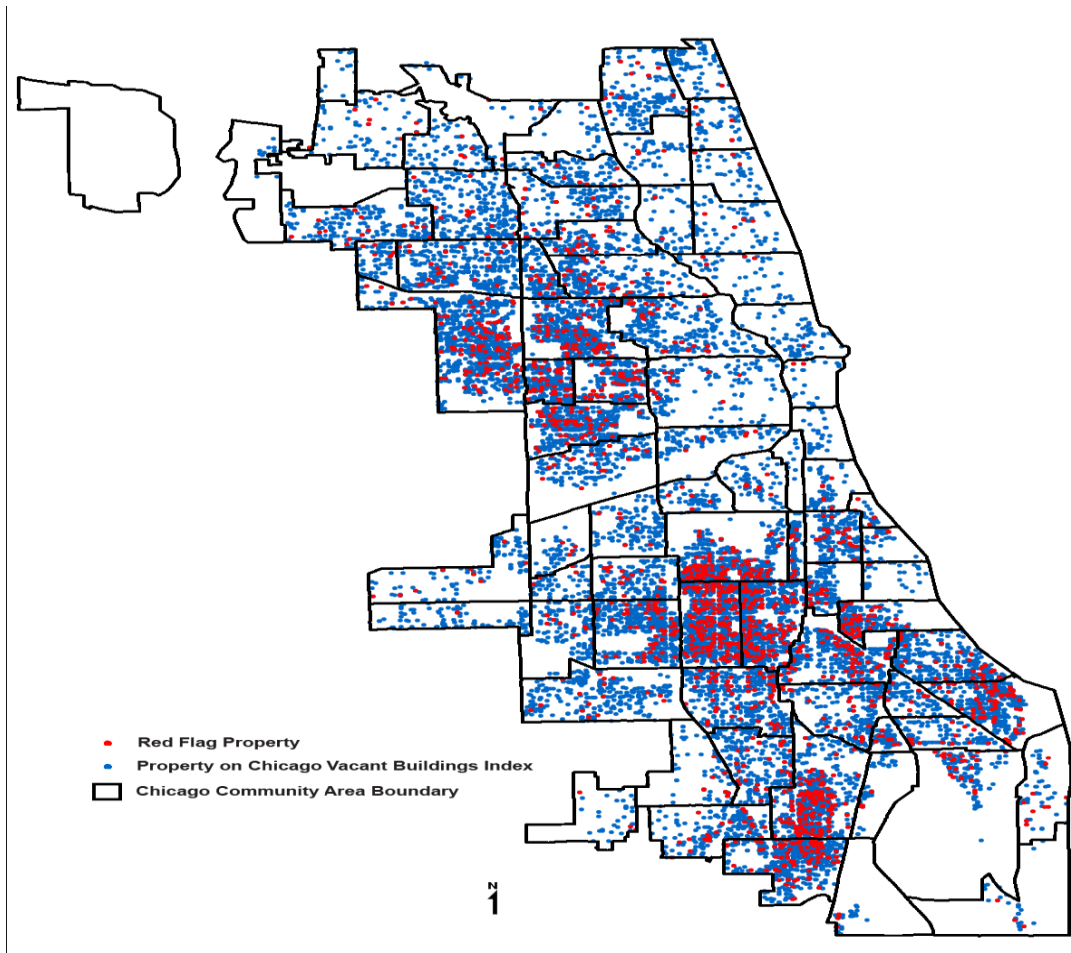
The City of Chicago has long maintained a comprehensive - yet flexible - strategy in dealing with vacant and abandoned buildings. This approach has provided the City a powerful kit of tools which allows it to address problems as they arise and adapt to them as they change. Because of this track record, the City of Chicago did not need to start from scratch when the foreclosure crisis hit. Rather, the City's flexible approach allowed it to build upon past successes and culminated in the adoption of the Vacant Building Ordinance in 2011. The recent national foreclosure crisis and subsequent economic downturn have certainly presented Chicago with a unique and complex set of challenges that will take time to address. However, the City of Chicago is confident that it has the tools necessary to begin addressing them and will continue to adapt to and address problems as they arise to ensure its citizens wellbeing and safety.



# Appendix

## Distribution of Vacant Properties in the City of Chicago

[FIG 1]



Source: the Woodstock Institute

## Big Ideas

Encapsulation was tried on a limited basis with varying degrees of success. So it is included as a big idea because it may work in your jurisdiction.

### **Encapsulation of vacant properties;**

Encapsulation should only be done if the property fits into the above criteria and has been deemed "Unsafe but usable".

The criteria should also include the stipulation that we will only encapsulate a property if it will be developed within 1 year of encapsulation.

There have been some problems with the encapsulation program such as windows getting stolen, squatters moving in. This adds costs to government.

Encapsulation should be done as quickly as possible after it becomes vacant. This will preserve the building longer and reduces costs significantly.

### **Ideas**

Put the properties in the hands of those who want to develop. Have the person wanting the property get an appraisal from an Appraiser that is MAI certified. This is the only recognized appraisal the banks accept and are certified by the State like Attorneys and Architects.

But let's face it no one builds with their own money.

We give the property to the person or company. There is a deed restriction that they must develop in 18 months, complete. Additional time can be awarded if there are zoning snags, acts of God, etc. The City will collect the original appraised value of the property (and possibly a designated percentage for processing) prior to issuing a Certificate of Occupancy.

This puts people to work not only in the construction industry but those that support it. The city will immediately collect permit fees and city wage tax. Growth of woman and minority businesses can be fostered with this by putting out packages of 5 to 10 buildings solely for these businesses. This will also reduce the future costs to the city and puts the responsibility to the owner.

Market the fact that reuse of a building is "green" and additional costs of installing sprinklers are not required in an existing building.