

Acquiring and Redeveloping Abandoned and Underutilized Properties

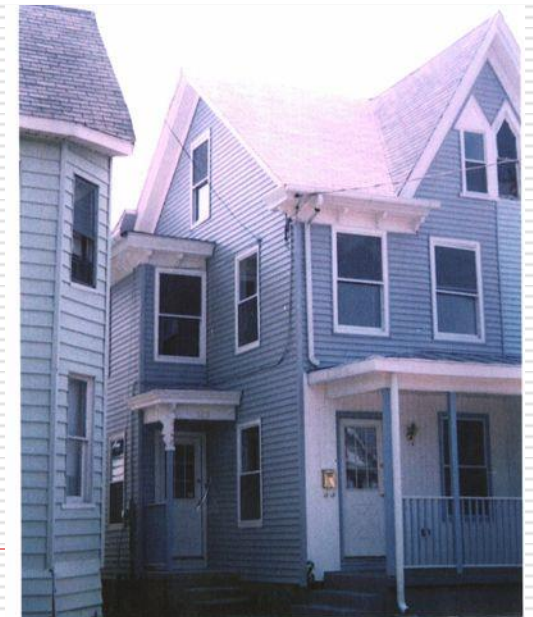
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Housing and
Community Development
Network of New Jersey



The New Jersey abandoned property toolkit

- ❑ Defining abandoned property
 - ❑ Creating an abandoned property list
 - ❑ Tax foreclosure tools
 - ❑ Spot blight eminent domain
 - ❑ Vacant property receivership (possession)
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Defining abandoned property

- Must be vacant for at least six months
- Must meet **one** of four criteria:
 - In need of rehabilitation
 - No construction for six months
 - Tax delinquent one quarter
 - A nuisance
- Certain exceptions apply
- Applies only to buildings, not vacant lots
- Can apply to any type of building
- Special provision for mixed-use buildings



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- ❑ Creating an abandoned property list
 - Adopt an ordinance
 - Designate a public officer
 - Compile the list – the list does not have to include everything
 - Publish list and notify owners
 - Give owners opportunity to appeal listing
 - Once these steps have been followed, the abandoned property list is in effect



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Tax foreclosure tools

■ Accelerated tax foreclosure

- Lienholder can foreclose immediately on abandoned property
- Lienholder has immediate right of entry
- Not limited to properties on abandoned property list – public officer must provide certification upon lienholder request

■ Special tax sale

- Pull out properties from tax sale, and sell at a special tax sale
- Properties MUST be on abandoned property list
- Qualify and set performance conditions for buyers

■ No redemption without rehabilitation for properties on abandoned property list

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- Spot blight eminent domain
 - Use eminent domain to take abandoned properties
 - Properties MUST be on the abandoned property list
 - Properties do not have to be in redevelopment areas
 - Special rule for valuation of properties taken through spot blight eminent domain



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□ Vacant property receivership (possession) – Part I

- For properties municipality wants to see rehabilitated rather than torn down
 - Municipality or designee asks court for order of possession giving it control of property in order to rehabilitate property
 - Municipal designee must be qualified rehabilitation entity.
 - Court must give owner and lienholder opportunity to step in and submit plan to rehabilitate the property
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□ Vacant property receivership (possession) – Part II

- Municipal designee rehabilitates property
 - Has physical control of property
 - Can borrow money for rehab and place first lien on property
 - Can receive state grants or loans for property
 - Owner can buy property back by making all parties whole
 - If owner does not buy property back, property is sold and proceeds distributed.
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■ Putting it together: using the tools strategically

- Define the problem
- Frame strategies
- Link the tools to
the strategies



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□ Define the problem

- What types of abandoned properties are there in the community?
 - How many abandoned properties are there in the community?
 - How are the abandoned properties distributed by location and concentration in the community?
 - What specific properties represent particular problems or opportunities?
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□ Frame strategies

- Motivate owners of abandoned properties to restore them.
 - Promote home ownership and blight reduction in an improving neighborhood by helping people buy and restore abandoned properties for owner-occupancy
 - Revitalize a neighborhood in partnership with a CDC, combining abandoned property reuse with other community improvements
 - Preserve valuable buildings at risk of 'demolition by neglect'
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Linking the Tools to Strategies:

A CDC in "Eastview":

- ❑ Did Inventory of abandoned properties/vacant lots in 20 block section
- ❑ Researched ownership



Linking the Tools to Strategies:

□ Found:

- 5 city-owned manufacturing buildings
 - 7 privately-owned manufacturing buildings
 - 20 abandoned 1-4 family homes
 - 17 city/publicly-owned lots
 - 20+ privately-owned lots
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Multi-Phase Strategy:

- City-owned Buildings
 - Work with city to acquire manufacturing for affordable housing
 - Private Manufacturing Buildings
 - Get city to do abandoned properties ordinance/list
 - Properties conveyed through:
 - Special tax sale
 - Spot blight/ eminent domain
 - Or go to court to petition for receivership possession
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Multi-Phase Strategy:

□ 1-4 Family Homes:

- Buy tax liens
- Acquire or get addressed through accelerated foreclosure

□ Vacant Lots:

- Negotiate with city & individual owners for lots to create mixed-income/mixed-use developments
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Small Group Exercise

