Northwest Neighborhood Revitalization Study: Rutland, Vermont

DRAFT REPORT

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Eric Hangen, AICP, I Squared Community Development Consulting, LLC
Alys Mann, Alys Mann Consulting
Marcia Nedland, Fall Creek Consultants
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Summary</td>
<td>3</td>
</tr>
<tr>
<td>Summary of Market Conditions</td>
<td>4</td>
</tr>
<tr>
<td>Outcomes for Healthy Neighborhoods</td>
<td>5</td>
</tr>
<tr>
<td>Maps of Neighborhood Conditions</td>
<td>21</td>
</tr>
</tbody>
</table>
**Executive Summary**

The City of Rutland hired I Squared Community Development Consulting, LLC in fall 2013 to prepare a revitalization study for the Northwest neighborhood of Rutland, Vermont. The area is bounded by Crescent Street on the north; Grove Street on the east; State Street on the south; and East Creek on the west.

This study builds on an earlier housing market study, also prepared by I Squared, that documented the challenge of vacant and blighted properties in that neighborhood. It also incorporates new research, including:

- One-on-one interviews with neighborhood stakeholders
- Detailed research on the ownership and condition of properties in the neighborhood, including a neighborhood site visit by the consulting team
- Mapping of property conditions, land use, police calls, patterns of ownership, amenities and areas subject to flooding
- A community meeting to present and discuss preliminary themes and findings

The goal of this study is to improve four aspects of the Northwest neighborhood: its image, the neighborhood real estate market, physical conditions, and neighborhood management. Challenges are abundant: the neighborhood generally has a negative image among people in Rutland; real estate values are too low to support investment in the neighborhood; vacant and blighted properties are concentrated in the neighborhood; and residents express concerns over safety. At the same time, the Northwest neighborhood has a number of unique strengths that should help it to attract investment over the coming years. These strengths include an ideal location next to newly burgeoning downtown Rutland and recreational amenities including East Creek and Pine Hill Park; some fine historic architecture; friendly neighbors; and great value for a homebuyer’s dollar.

We recommend a strategy with 6 core elements:

1. Build neighborhood confidence, safety, and image – including carrying out a branding strategy that focuses on the core strengths of the neighborhood
2. Increasing owner-occupancy, including protecting and retaining strong existing owner-occupants and intervening in problem properties to create opportunities for homeownership
3. Supporting willing landlords with training, networking opportunities, and low-cost loans
4. Get recalcitrant or overwhelmed landlords out of the neighborhood and seek to flip these properties to responsible owners
5. Improve physical conditions to a “pride” standard including lending for rehab over appraised value, supporting beautification efforts, acquiring and rehabbing key properties to a high standard, and targeting streetscape improvements
6. Improve market values through de-densification, including selective demolition of very poor quality vacant properties, deconversion of properties that have been cut up into many small units back to their single-family form, and rezoning to prevent further cutting up of properties.

As a companion to this report, the consultants have also submitted a detailed set of property-by-property recommendations to the City of Rutland, prioritizing key blocks where concerted action can help to reshape the image and market of the neighborhood.
Summary of Market Conditions
A broad overview about the Rutland housing market is presented in the precursor report to this revitalization study, the Rutland Housing Needs Assessment and Market Study, available online at: www.rutlandvtbusiness.com. Some key findings from that study that are especially relevant for the Northwest neighborhood include the following:

- The City of Rutland has been slowly but steadily losing population and households over the past 30 years, even though the County has grown slightly. This disparity suggests that the City of Rutland has not competed well for the location choices of households.
- Poverty is concentrated in Rutland and especially in the Northwest neighborhood (tract 9631 has a poverty rate of 25%)
- Subsidized rental housing is strongly concentrated in the City of Rutland, which accounts for 61% of Rutland County’s subsidized rental units but only 28% of households and 25% of jobs.
- Homeownership rates in the City are well below state and national averages.
- Rutland has become an exceptionally affordable place in which to buy a home. The 2012 median house price for Rutland City was $115,000, which should be affordable to a household earning approximately $35,000 annually.

- 34 properties have tax delinquencies greater than $1,000; of these 18 are investor-owned, 10 are owner occupied, and 6 have non-residential uses
- 18 properties have active foreclosure filings

The for-sale market in the neighborhood has declined significantly since the market peak in 2006. There were 16 properties held for sale as of October 2013. Census Tracts 9631 and 9632, where the bulk of the neighborhood is located, had a total of 140 home sales in 2012. Tract 9632 had a median price of $97,500, according to Boxwood Means data, down from $134,500 in 2006. Tract 9631 had a median price of $115,000 in 2012, down from $145,000 in 2006. These declines suggest that many landlords and homeowners are likely to have limited amounts of equity in their property.

At the conclusion of this report, we present a series of maps documenting neighborhood physical and market conditions. Based on these maps, some particular areas of strength for the neighborhood appear to be its northern border along Crescent Street, and its eastern border along Grove Street. As discussed in more detail in our companion report, the revitalization strategy should begin by building on these areas of strength before moving westwards and southwards to address more challenged areas.

The Northwest Neighborhood consists of 396 parcels of land containing 845 total housing units. Of these units, 32 percent are owner-occupied and 68 percent are investor owned.

A number of properties evidenced signs of distress as of November 2013:

- There are 21 vacant (abandoned) structures
Outcomes for Healthy Neighborhoods

This plan was developed around a set of Healthy Neighborhood Outcomes, which describe what success would look like in the neighborhood.

<table>
<thead>
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<th>IMAGE</th>
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<tr>
<td>• Healthy neighborhoods have a positive image that makes people want to stay there, and others want to move there.</td>
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<tr>
<td>• It makes business and government want to invest there.</td>
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<td>• In healthy neighborhoods, people are confident in the future.</td>
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<th>REAL ESTATE MARKET</th>
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<td>• In healthy neighborhoods, home values are strong enough to “get back” your investment in maintenance and improvements — and strong enough that homebuyers think buying a home there is a good investment.</td>
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<td>• Healthy neighborhoods attract good neighbors whether they are renters, landlords or owner-occupants, and they attract a variety of income groups.</td>
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<th>PHYSICAL CONDITIONS</th>
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<td>• Homes, businesses, streets and parks look like people are proud to be there — people take care of their property and do their part to keep the neighborhood looking great.</td>
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<tr>
<th>NEIGHBORHOOD MANAGEMENT</th>
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<td>• Neighbors, institutions and businesses are willing and able to manage day-to-day issues in the neighborhood in ways that improve quality of life for everyone.</td>
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<td>• Neighbors feel safe in the neighborhood.</td>
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<td>• Neighbors are socially connected and feel comfortable being neighborly, observing a general set of norms that make living in the neighborhood a pleasure.</td>
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Recommended Strategies for Revitalization

Our recommendations are organized into six strategic goals:

1. Build Confidence, Safety and Image
2. Increase Owner-Occupancy
3. Help Willing Landlords Become Assets
4. Get Recalcitrant or Overwhelmed Landlords Out of the Neighborhood
5. Improve More Physical Conditions to Pride Standard
6. Improve Market Values Through De-Densification

On the next pages, we’ll describe specific strategies to achieve each strategic goal.
1. Build Confidence, Safety and Image

Strategies

A) Build community, organization and skills among neighbors, including renters and landlords, to manage day-to-day issues. Increase opportunities for neighbors to meet each other and identify and implement projects for beautification, increasing social connections, and problem solving. When people know and trust each other, they have a greater sense of control and safety in their environment. By funding neighbors’ ideas for beautification and socialization at the block level, a small amount of money can have enormous impact on outcomes associated with neighborhood image, physical conditions and management skills.

A recent event organized by NeighborWorks of Western Vermont is a good example. Neighbors were invited to attend a wreath-making event where they also heard the results of a recent neighborhood survey and other data collection. In one, low-cost event, homes were beautified, neighbors met and socialized, and neighborhood concerns and points of pride were discussed – paving the way for NWWVT or its partners to act on some of the findings.

B) Implement safety initiatives with neighbors, but avoid making crime-fighting the image of the neighborhood.

The Project Vision effort to reduce crime in the neighborhood is already underway, and is commendable in its comprehensive approach. We recommend continuing with that effort, but caution against publicizing it to the extent that it becomes a key part of the neighborhood’s image. Although crime reduction is a good thing, talking about it a lot tends to reduce confidence in the future by neighbors, Realtors, potential homebuyers and other stakeholders.

Also, remember that feelings of safety and absence of crime are not necessarily the same thing. People tend to feel safe when there is absence of crime, social connections to neighbors, a sense of control over one’s environment, and physical conditions that show pride. Incorporating the strategies in this report that are related to those things will also help improve safety in the neighborhood.

C) Build neighborhood identity around closeness to downtown and other recreational amenities, friendly neighbors, and a great value for homeownership.

A simple branding plan for the neighborhood is presented on the next page.
## Proposed Neighborhood Branding Plan

### Branding Goals

1. Build pride and confidence in the future of the neighborhood among neighbors.
2. Attract strong homebuyers to homes for sale.
3. Build positive identity for the neighborhood, among stakeholders working with the neighborhood, as a place of choice rather than a place of need.

### Target Markets

- Neighborhood residents, including owner-occupants, renters and landlords.
- Realtors and homebuyers in the price range of homes for sale in the neighborhood.
- Stakeholders working with the neighborhood, including Project Vision members and their organizations (City, law enforcement, school district, social service providers, etc.)

### Target Brand

The “brand” of a place or product is what people actually think about it, not what we say about it. It can be useful to think about brand and branding by asking “What are the first three things people think when they hear the name of the neighborhood?” and “What are the first three things we want people to think when they hear the name of the neighborhood?” The latter will be the core components of the target brand – that is, the brand the neighborhood hopes to cultivate among target markets through marketing/positioning strategies.

Determining these core brand elements could be a community-building exercise for neighbors. The core brand elements should appeal to the target markets in order to achieve the branding goals, and should be unstintingly asset-oriented. During our time in Rutland and the Northwest neighborhood, we made a point of becoming aware of the assets of the neighborhood and suggest the following core target brand elements: proximity to downtown and other recreational amenities, friendly neighbors, and a great value in homeownership. The rest of this plan will assume those core brand elements, but you could change them and revise the plan accordingly.

### Positioning Strategies

Positioning strategies are what we do to move our target markets’ impression of the neighborhood to the target brand. Most important is to stay “on message” by reinforcing the three core brand elements in communications about the neighborhood and themes of events and activities whenever possible – particularly with target markets. Here are some suggested strategies:

1. **Rename the neighborhood** something that makes it more special than a direction, and perhaps emphasizes an asset in the neighborhood. This process has already been started by soliciting ideas for a name at a neighborhood-wide block party. When you choose the name, get a graphic designer to **design logo** options based on the core brand elements, and engage neighbors in choosing one. Right away, get the **logo printed on some giveaways** such as cling decals for cars and house windows and get them out to neighbors in a creative way that builds enthusiasm and gets the logo out in a lot of places very quickly. Consider also marking attractive entry points to the neighborhood with **new signage using the logo**.

2. Start a neighborhood **Facebook page and an e-newsletter** to use as vehicles of messages designed to reinforce the target
brand elements. Do a campaign to get neighbors, stakeholders in Project Vision, Realtors and other stakeholders signed up for one or both. When possible, **establish a website** for the neighborhood that also focuses on the target brand elements, and lists homes for sale, neighborhood activities, pictures of neighbors with quotes on why they love living in the neighborhood, etc. This will be important because homebuyers use the Internet a lot when searching for a home, and a website is a way to stake your claim on the image of the neighborhood they receive.

3. Fund **small implementation grants to blocks of neighbors** who get together and propose a **curb appeal beautification project**. This will give neighbors a reason to get to know each other better while adding to the beauty of the neighborhood. Projects could include flower baskets for every porch, street trees, yard lights, porch improvements, everyone tackling a vacant lot for cleanup and improvement in some way, house flags for everyone with the neighborhood logo or generic seasonal flags, group purchase of driveway repaving, holiday decorations, etc. Hold a neighborhood “block open house” to show off the completion of each project. Invite Realtors and other stakeholders to these events. Repeat annually and talk about it Facebook page, e-newsletter, website, etc.

4. Brainstorm with neighbors **activities that would reinforce the brand element of “friendly neighbors”**, and develop a plan for implementing several of those activities per year that most appeal to them. Examples include annual Good Neighbor Awards (nominations by neighbors of other neighbors, including categories for landlords and businesses); ice cream socials; neighborhood book club; neighborhood yard sales; holiday wreath making get together (already happening!); neighborhood walking club, etc. Report on these activities on Facebook page, e-newsletter, website, and so forth.

5. Brainstorm with neighbors **activities that will reinforce the brand element of “proximity to downtown and other recreational activities”**, and develop a plan for implementing several of those activities per year that most appeal to them. Examples include neighborhood skating parties at Giorgetti Arena; neighborhood hikes at the Pine Hill Park trails; neighborhood walking club trips to various downtown restaurants and businesses; neighborhood movie night; neighborhood ski trip; coupons for neighborhood businesses distributed to neighborhood residents; neighborhood visit to an event at the Paramount, etc. Report on these activities on Facebook page, e-newsletter, website, etc. The point is to emphasize how fun it is to live in the neighborhood because of all the special access to downtown’s amenities and other recreational assets.

6. **Reinforce the “great value in homeownership” via a campaign to Realtors** listing properties in the neighborhood, and to homebuyers consulting those Realtors or searching the web for information. The main idea is that homes in the neighborhood are priced attractively and come with a wonderful package of amenities in terms of special activities, friendly neighbors, access to downtown, etc. **Prepare a “sell sheet” on the neighborhood** for Realtors to use in listing packets and as attachments to their website listings. This sheet should talk about all the assets and amenities of the neighborhood, emphasizing the target brand components of “friendly neighbors”, “proximity to downtown and other recreational activities”, and “great value”. It should have beautiful photos of homes that are standard setters in the neighborhood as well as nearby recreational activities, and quotes by neighbors on why they love living there. These same elements should be emphasized on the neighborhood website. Also, **talk to Realtors about potential target markets for home sales**.
including nearby school parents and staff; renters in the neighborhood; employees of downtown retail businesses; users of the Pine Hill Park trails; young household customers of downtown coffee shops and other businesses that cater to that market. Brainstorm with Realtors ways that they and/or neighbors can help target marketing of homes for sale to those specific markets.

7. Consider also offering a **financial incentive to owner-occupant homebuyers** that reinforces the good value, in the form of a grant for exterior improvements that build curb appeal, and a loan for a kitchen or bathroom upgrade.

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<tr>
<th>Measures of Success</th>
<th>1. Responses to relevant questions on NeighborWorks resident survey trend up.</th>
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<td>2. Quality single-family homes for sale in the neighborhood trend toward statistics comparable to city overall, including days-on-market, number of offers, list/sales price ratio, etc.</td>
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<td>3. “Key Informant Interviews” with stakeholders (tool available to NeighborWorks via Success Measures) show word descriptions trending toward standard, middle-class identity and away from descriptions of deficiency.</td>
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2. Increase Owner-Occupancy

Strategies

A) Protect, support and retain strong owner-occupants and landlords by proactively addressing problem properties around them, and designing “whole block” approaches.

It’s much easier to retain a homeowner than to recruit a new one, and there are many great homeowners in this neighborhood. Prioritize them and their continuing good influence by analyzing what is happening with other properties around them, addressing vulnerabilities (such as foreclosure notices and tax delinquencies) before they become problems, and moving quickly and aggressively to move problem properties around them to the status of asset via other strategies described in this report.

In a companion report, we present block-by-block analyses of current conditions and possible “whole-block” strategies that combine problem property interventions with outreach to mortgage or tax delinquent property owners, code enforcement, rehab loans, beautification activities and street and sidewalk capital improvements. Leveraging strategies this way provides more impact for your dollar.

B) Put a “circuit breaker” into tax foreclosure dispositions – avoid auction in favor of transfer to a responsible (nonprofit) developer who will rehab to an owner-occupant standard and find an owner-occupant buyer.

Tax foreclosed properties in this neighborhood are likely to be very poorly maintained rental properties that have been vacant and even abandoned for some time. If they are put up for auction in this condition, they will likely only attract absentee investors who will put a minimum amount of investment in them and rent them out again. This situation should be avoided. As an alternative, convene a team (described later in the report) of Treasurer, tax assessor, potential nonprofit or for-profit developers, the police, code enforcement, etc. to determine the goal for the property and possible strategies.

Options for tax-foreclosed properties could include sale to a nonprofit developer for rehab and conversion back to one unit, and subsequent sale to an owner-occupant; demolition and transfer of vacant lot to adjacent owner(s) with incentives for landscaping; or demolition and transfer of lot to a developer who would build a new home for owner-occupancy (if the market could support that). The main goal would be to get the property to owner-occupancy or to remove altogether another property that is depressing values for everyone else.
C) Reach out to property owners in danger of tax or mortgage foreclosure to help resolve or achieve smooth transition.

NeighborWorks of Western Vermont is skilled at working with owner-occupants to assist them in negotiating a loan modification or short sale, and could put owners in touch with agencies that could assist them in finding other housing. If the owner is a poor quality landlord, explore options for a developer to buy them out and rehab with incentives for de-densification and improvement to owner-occupant standard, or at least higher-quality rental.

D) Work with existing renters interested in buying a home via homebuyer education.

Existing renters in a neighborhood are often a strong market for home sales. NeighborWorks offers homebuyer education programs, and could even have one exclusively for neighborhood renters, located in the neighborhood. If duplex ownership is a strong desire of these potential buyers (or financially necessary for home purchase), the classes could include optional segments on how to be a landlord.

E) Rezone to SFR.

This neighborhood’s current zoning is MR-1 (Mixed Residential), which allows for breaking single-family homes into multiple units. This designation, according to the 2009 Master Plan, was intended to provide a buffer zone between downtown and low-density residential neighborhoods zoned SFR (Single Family Residential), and to provide affordable housing units. However, its unintended consequence has been that in a weak real estate market such as Rutland has had for many years, there’s been a reduction in property values to the point where it is not economically rational to reinvest at a high standard with the expectation of making a profit from increasing home equity.

Building conditions in Rutland correlate strongly with zoning. Areas zoned MR-1 are visually dominated by single family homes converted to multifamily, exterior building conditions that detract from the neighborhoods, and depressed values. Rezoning to SFR would stop further densification, and put a floor under property values. It is a simple way to avoid taking two steps backward for every step forward.
3. Help Willing Landlords Become Assets

Strategies

A) **Offer training to landlords on tenant screening, dealing with criminal activity, property maintenance, leases, evictions, compliance with c/o requirements, etc.**

Rental property comprises a lot of the neighborhood’s stock, and converting that to owner-occupancy will be a slow process. Meanwhile, most neighborhoods have some landlords who would like to do a better job, but simply don’t know how. We heard from Realtors that many small landlords who want to sell their property are surprised to learn of all the ways in which they are out of compliance with regulations. We’ve also heard much sympathy for landlords and the perception that Vermont’s strong tenant protection laws make it nearly impossible to evict a tenant, thereby reducing the landlord’s ability to protect property conditions.

We recommend that you develop a training series for landlords on the best practices of their business. This could be developed through a partnership of high quality landlords in the neighborhood, NeighborWorks, the police department, planning and zoning, etc., and possibly the Vermont Rental Property Owners Association (VRPOA).

B) **Create a regular social networking group of landlords from this neighborhood to share best practices.**

Another way to support willing landlords is to help organize a regular online and physical meeting group of landlords in the neighborhood to share best practices. If the strong landlords in the neighborhood can be persuaded to lead the group, they can provide ongoing advice to those trying to do a better job.

C) **Offer low-cost loans to landlords to improve exterior conditions to pride standard, and grants to reduce density where possible.**

Because of the low entry price to acquiring rental property in this neighborhood, there are likely to be many landlords who are themselves low-income. Even if they are able to afford improvements, the values of property in the neighborhood make it irrational to do so on a purely economic basis, so incentives will be needed. NeighborWorks is a Community Development Financial Institution (CDFI), which allows it to access capital for special loan funds. It could offer a loan product to landlords for exterior improvements. The City of Rutland could make grants to reduce density (reducing the number of units in a building) using Community Development Block Grant funds or revenue from a larger bond issue.
D) Engage landlords in all community building activities.

If landlords are expected to behave like good neighbors, it is important to treat them like neighbors. Try to engage them in any activities that are designed to build social connections and neighborhood management skills.

E) Avoid scenarios in which undercapitalized, unskilled landlords can buy poor quality homes, make minimal investments and are set up for failure.

One of the common reasons for poor landlord performance in a weak real estate market is that they were able to enter the market with very little funds and are essentially undercapitalized, sometimes financing acquisition and improvement with credit cards. In these cases, they are likely to buy the cheapest property possible, which is in the worst condition. They are then unlikely to improve properties to a standard that any one of us would want to live in or near if we could avoid it.

We met a new landlord in the neighborhood who had recently bought a five unit, vacant, abandoned, poor-quality property at tax auction for $13,500. He said he’d been turned down for financing by both for-profit and nonprofit lenders, which means he likely has very poor credit. He is unemployed, so likely has no other source of income to capitalize this project. The chances that he will succeed, and that the property will become an asset to the neighborhood, are very small.

We discussed earlier in this report a scenario for pausing before tax sales to consider how and to whom the property should be transferred to maximize the chances it will be developed in a way that meets revitalization goals. We also recommend you monitor property listings carefully and consider buying low-priced properties yourselves (via NeighborWorks or another entity) and holding them until you can put together a neighborhood-friendly development strategy so that they do not fall into the hands of another poor-quality landlord.
4. Get Recalcitrant or Overwhelmed Landlords Out of the Neighborhood

Strategies:

A) Continue to be aggressive about code enforcement.

When landlords are unwilling to conduct their business as a good neighbor, there needs to be a cost to deter the behavior.

B) Work on receivership or other ordinances that will allow faster action on terrible properties.

Code enforcement by itself will not yield the attractive building conditions most people would like to see in a neighborhood, for two reasons. First, the time it takes with current laws to move from serious non-compliance (there are properties in this neighborhood with more than 50 citations) to the City being able to take the property, is at least two years. In that time period, a troubled property can completely destroy the property values and the quality of life for everyone else on the block.

Second, the building code was written primarily for standards of safety, not attractiveness. Few homes in minimum compliance would meet the standards of pride that help attract new homebuyers and inspire confidence in the future of the neighborhood.

Many states have enacted enabling legislation so that cities can take property from a seriously noncompliant owner and transfer it to a third party to rehab it and get it into responsible ownership. These “receivership laws” are strengthening the ability of cities to protect quality of life in neighborhoods. A good example of receivership law is in Baltimore. For more on this strategy, see http://www.communityprogress.net/tool-3--vacant-property-receivership--pages-259.php.

C) Buy out landlords with tax or mortgage delinquent properties for rehab and flip to owner-occupant.

Another segment of the landlord population is the overwhelmed landlord who for any number of reasons is simply not up to the challenging task of managing rental property. Scattered site rental is an extremely challenging business, yet many landlords do not understand this when they get into it, and are either financially or technically unable to do it successfully. Look for opportunities to help these landlords get out of the business. This neighborhood has rental property that is tax delinquent and in the foreclosure process. Be proactive in approaching the owner to see if they can be bought out by a nonprofit with a plan to rehab the property and flip it to an owner-occupant – or, if the property is too large for owner occupancy, to manage it as higher-quality, workforce rental housing.
D) Find outstanding landlord(s) to buy out the recalcitrant or overwhelmed landlord(s).

For many reasons, it will be useful to get to know those landlords in the neighborhood who are doing a great job. For one, it may be possible to persuade them to buy out the overwhelmed landlords mentioned in strategy E above, upgrade the properties for rental or sale, and make them an asset to the neighborhood. This would be a very appropriate place to offer a low-interest loan and grant to ensure exterior conditions are upgraded to a standard of pride, and possible remove units from the building to make it less dense.
5. Improve More Physical Conditions to Pride Standard

Strategies

A) Lead property values up by incentivizing improvement over appraised value.

It is possible to systematically improve property values and building conditions by lending for rehab over appraised value, acquiring and rehabbing over appraised value, etc. Each property creates a new comparable for future appraisals. In order to meet the long range goal of significantly increasing owner-occupancy, it will be necessary to build values to a point where it makes as much economic sense for a private developer to acquire and rehab for flip to an owner-occupant as it does to maintain it as a rental property.

B) Set standards for exterior improvement that must be met in exchange for low-cost rehab loans – in line with existing “pride” standards in neighborhood.

There are many examples of a standard of pride in the neighborhood. Create a list of the elements that make that standard what it is, and make them a requirement of work done with a low-cost rehab loan or grant from the City, NeighborWorks, or other financial incentives that you can influence. Also distribute descriptions of this standard to property owners throughout the neighborhood so that they can choose to upgrade to some or all of the standards with their own resources.

C) Support beautification efforts by neighbors with mini-grants, group buying of things like fencing and driveway repairs, etc.

Building curb appeal is extraordinarily important to changing perceptions of a neighborhood, building confidence, motivating additional virtuous behaviors and investments, deterring crime and more. Providing a small amount of financial and technical support to neighbors on blocks who are willing to get together and implement a beautification project that they thought of is a very inexpensive way to build curb appeal and social connections.

D) Target street, sidewalk, curb, and tree improvements by city.

Infrastructure improvements like these have a dramatic effect on the visual appeal of a block. By targeting them to blocks where other investments are being made in homes, the overall effect is leveraged and multiplied.
Examples of pride standard in Northwest neighborhood.
6. Improve Market Values Through De-Densification

Strategies

A) Demolish very poor quality vacant properties as the City acquires them through tax foreclosure or other means and assign lots to adjacent homeowner(s) with incentives to improve lots.

As described in the market analysis conducted last year, property in Rutland, and especially in this neighborhood, is undervalued due to a mismatch of supply and demand. The number of units in this neighborhood depresses values, and depressed values discourage owner-occupancy and high quality building maintenance. When a very poor quality building comes into City ownership, serious thought should be given to demolishing it, particularly when the costs of quality rehab would far surpass the after-rehab value. Reducing the number of units in the neighborhood will help make those remaining more valuable. In areas subject to flooding, this strategy can also help to mitigate flood-related property damage before it happens.

It is very important to have a strategy for dealing with the vacant lots after demolition. Consider selling to the adjacent homeowner(s) and incentivizing improvements that make the lot look like it is part of the adjacent property through landscaping, fencing, etc. The goal is to make the vacant lot a visual asset to the neighborhood. A successful program like this is the Lot Next Door, administered by the New Orleans Redevelopment Authority.

In places where there are more than one adjacent lots, urban farming strategies may be explored, such as one in Cleveland where a neighborhood fruit orchard was installed.

B) Subsidize reduction of units in single-family structures – either via loans/grants to existing landlords and homebuyers, or via acquisition-rehab-resale.

Reducing the number of units in a subdivided single family home can be more costly than the resulting market value, in part because it removes one income stream for each unit and landlords may have no immediate incentive to do that (although the resulting property may grow in value over time or higher rents may be forthcoming as the neighborhood improves.

Some cities with surplus housing have subsidized reduction of units with a grant for each unit removed. In Ithaca, New York, the City funded such a program with a small part of revenue from a bond issue. They knew that a zoning change near a university had made way for hundreds of new rental units to be built near the campus, reducing the demand for the units that had been created out of single-family homes in downtown neighborhoods. The City subsidized a local nonprofit to rehab the poorest quality rental properties back to their original single-family form, and sell them to owner-occupants.
C) Change zoning from MF-1 to SFR to prevent additional subdivision of single-family homes.

This strategy was described under the strategic goal “Increase Owner-Occupancy”.
Maps of Neighborhood Conditions