

A two-story green house with a porch, partially boarded up, with a 'LISC' logo overlaid on the right side. The house has a gabled roof with a dormer window. The porch has white columns and a railing. The house is surrounded by trees and a clear blue sky.

# LISC

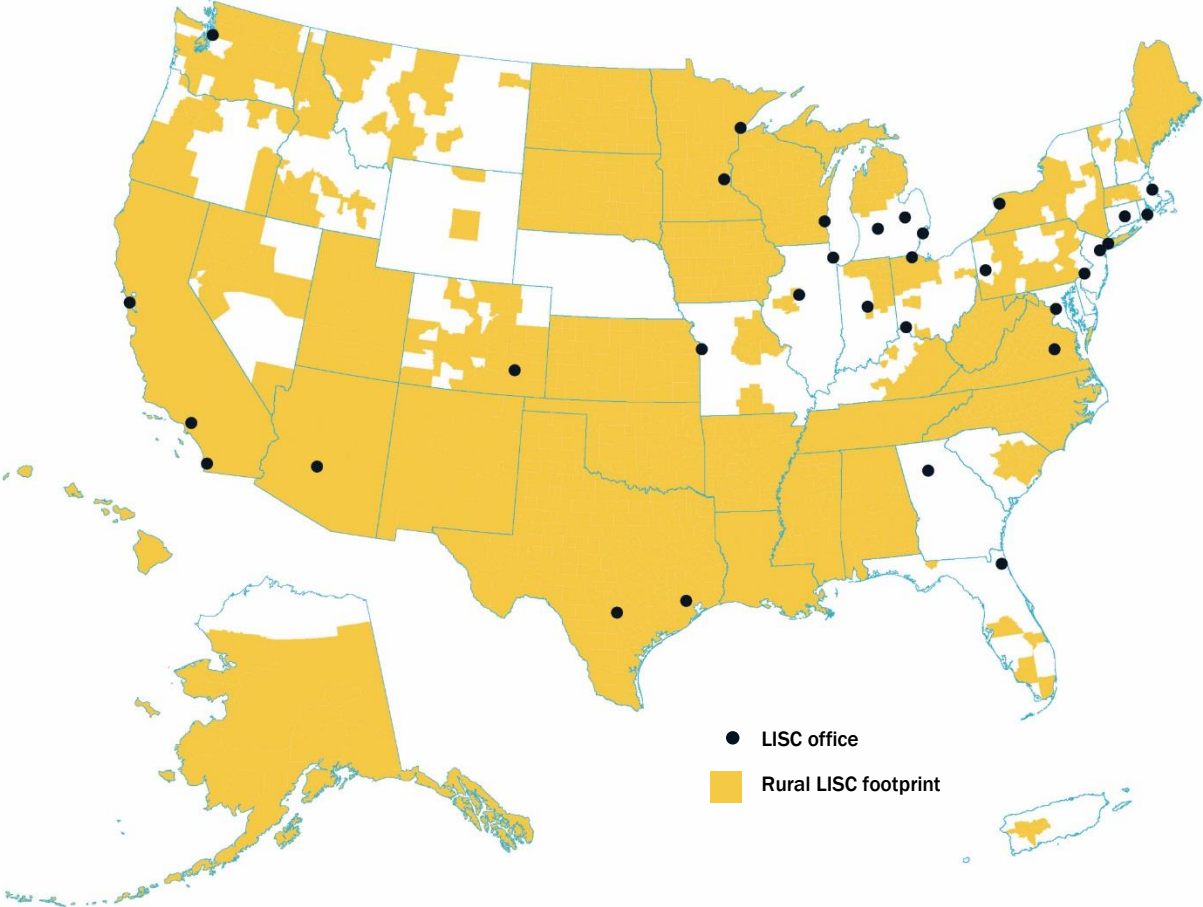
## Zombie and Vacant Properties Remediation Initiative:

Emerging Best Practices

# Our Reach

## Office Locations

- Atlanta, GA
- Boston, MA
- Buffalo, NY
- Chicago, IL (LISC, NEF, NMSC)
- Cincinnati, OH
- Detroit, MI
- Duluth, MN
- Flint, MI
- Fowler, CO (Rural HQ)
- Hartford, CT
- Houston, TX
- Indianapolis, IN
- Jacksonville, FL
- Kalamazoo, MI
- Kansas City, MO
- Los Angeles, CA
- Milwaukee, WI
- Minneapolis/St. Paul, MN
- New York, NY
- Newark, NJ
- Peoria, IL
- Philadelphia, PA
- Phoenix, AZ
- Pittsburgh, PA
- Providence, RI
- Richmond, VA
- San Antonio, TX
- San Diego, CA
- San Francisco, CA
- Seattle, WA
- Toledo, OH
- Washington, DC



2,000 Partners

Our national network includes nonprofits, businesses and government agencies in both rural and metropolitan areas

# LISC's Vacants Work - Nationwide

- Programs in many legacy cities in the Northeast and Midwest
- Long history of repurposing vacants in Chicago, Illinois
- National Stabilization Program (NSP) – HUD Grantee
- Distressed single family properties program in Toledo, Ohio
- Vacant properties rehabilitation program – Kansas City, Missouri loan fund
- **New York State Housing Stabilization Fund**



# New York's Mortgage Foreclosure Crisis



By 2015 New York had 16,000+ “zombie” foreclosures; vacants stuck somewhere in the foreclosure process.



**In New York State properties in foreclosure reached a peak of 101,000 in 2012.**



Cities, towns and villages could do little to address these deteriorating properties because the owners were gone and the banks had no responsibility to maintain them.

# The Challenges – for Municipalities

- Insufficient data about the extent of vacant property problem
- Continuous foreclosure pipeline
- Fragmentation of responsibility
- Under-resourced departments
- Lack of identifying information: who are the owners and lienholders?
- Rapid property deterioration
- Weak housing markets

# The Interventions

- Abandoned Property Relief Act of 2016 (the “Zombie Law”)
- Bank Settlements with NY Attorney General
- LISC’s NY State Housing Stabilization Fund

# NYS Abandoned Property Neighborhood Relief Act of 2016 (“Zombie” Law)

- One-to-four family houses must be confirmed as vacant by 3 inspections in a 90-day period
- Law requires banks and servicers to maintain vacant properties once mortgage is delinquent
- Violators of maintenance requirement can be fined up to \$500 per property per day
- Banks and servicers must register vacant, mortgage-delinquent (“zombie”) properties with NYS Department of Financial Services
- Includes accelerated foreclosure process for vacants



# Bank Settlements

- In 2016 NY Attorney General settled with banks for acts contributing to the mortgage foreclosure crisis
- Settlements obligated some banks to fund “consumer relief” in New York State
- Consumer relief included funding for affordable housing, land banks, and “housing quality improvement and enforcement”
- The Zombie and Vacant Properties Initiative was developed to improve housing quality and code enforcement



# LISC New York State Housing Stabilization Fund

By 2016, the LISC New York State Housing Stabilization Fund was fully engaged with dozens of recipient municipalities and land banks, making and stewarding grants from the funding pool for efforts ranging from vacant property remediation to creating and preserving affordable housing across the state.



**\$44 million**

**Invested in Affordable Housing Projects**

**\$13.2 million**

**Grants to New York State Land Banks**

**\$12.6 million**

**Grants to New York municipalities for Zombie and Vacant Properties Initiative**

# Zombie and Vacant Properties Initiative

- Patient, flexible grant funding
- Technical assistance and capacity-building
- Peer support and collection of best practices
- Equity lens



# Key Lessons Learned

- Municipal “quarterback”
- Partnering with banks
- Integrated systems approach
- Strategic code enforcement





# Albany and the “Quarterback” Model

## Samuel Wells, Neighborhood Stabilization Coordinator

- Zombie point person
- Focused on all Vacant & Abandoned Properties in City of Albany
- Position funded through LISC’s Zombie initiative

## The “Quarterback”:

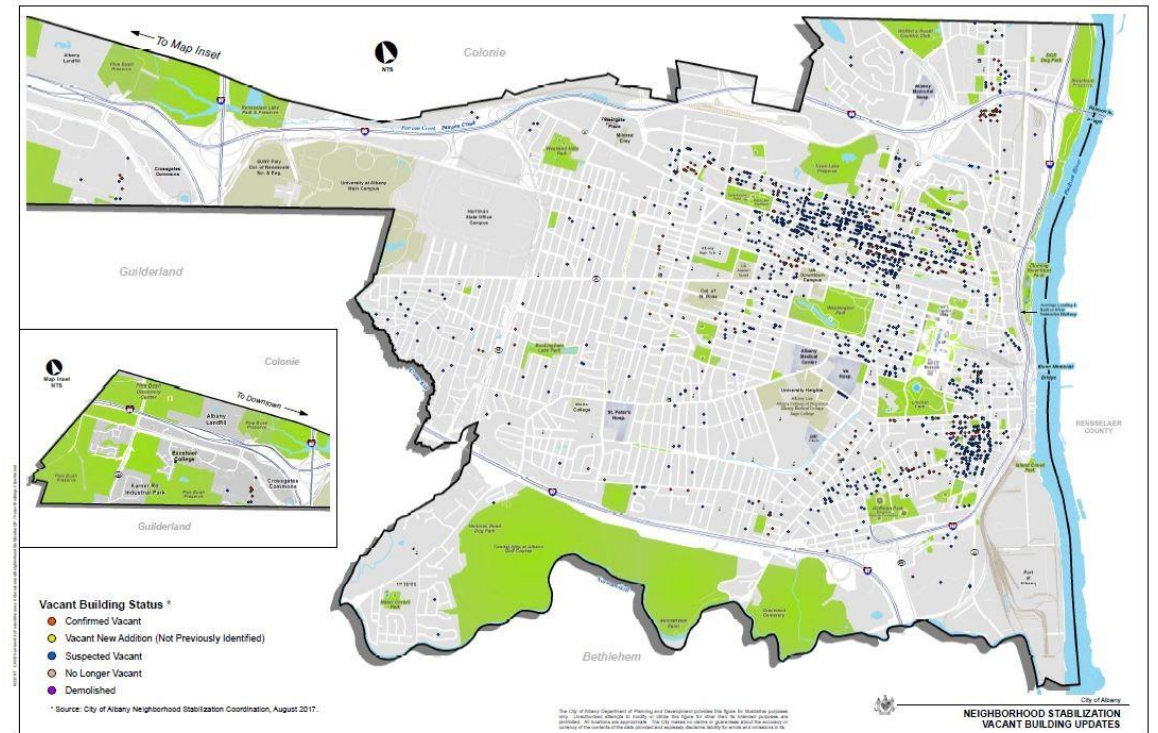
- Takes a “big picture” approach - see entire landscape
- Identify missed opportunities
- Matches people and resources to create new opportunities and partnerships
- Develops a more holistic approach to dealing with vacant and abandoned properties.





# Vacant Building Inventory and Registry

- Vacant property data had not previously been centralized – identified a total of 1,065
- Identify as soon as vacant and stabilize.
- City departments collected and stored data in incompatible formats - with BuildingBlocks all data is now accessible by property and neighborhood
- “Quarterback” built a city team to assess and categorize identified vacants
- Developed vacant land resource guide and toolkit



# Vacant Building Task Force

## Task Force Purpose and Structure

- Focused on Vacant Buildings
- Working groups and focus areas:
  - Incentives
  - Property Maintenance/Mitigation
  - Vacant Land
  - Data
  - Legal policy
- Work with partners to find solutions for each vacant

## Task Force Participants and Quarterback Partners:

- City Administration
- City Departments that touch real property
- Community Development Authority
- County Land Bank
- Community Land Trust
- Foundation
- Business Promotion Nonprofit
- Homeownership Nonprofit

# Niagara Falls Model: Holding Banks Accountable

Christine Marino,  
Zombie Fight Project Coordinator

## Step 1: Identification of Banks

- Department of Financial Services registry
- Sorting revealed a small number of banks have delinquent liens on large number of vacant houses

## Step 2: Inspection of Properties

- Created digital inspection checklist
- Document code violations



# Niagara Falls Model: Holding Banks Accountable



## Step 3: Letters to Banks

- Include all vacant 1-4 family houses for which the financial institution holds delinquent liens
- Include all external code violations on each house
- Include the amount of potential fines for non-compliance at \$500 per house per day.

## Step 4: Legal Action

- Most banks complied after they received letters
- Have brought legal action against non-compliant banks



# Results by the Numbers for Niagara Falls

- Started with 155 houses on DFS Registry
- July 2018:
  - 125 properties inspected
  - 52 completed foreclosures
  - 15 successfully filed for expedited foreclosure
  - 3 demolished at no cost to the city
- Homeownership Auction

# Niagara Falls Takeaways

- Zombie Law is an effective tool
- Bank-by-bank approach is efficient and effective
- Persistence is key
- Enforcement can turn into a win-win partnership
- Model is adaptable



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