

Early Warning Strategies for Growing Real Estate Markets

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Background

Fels Institute of Government:

- Cosponsored three statewide vacant property conferences (2002, 2003, 2004).
- Completed vacancy strategies for Reading and York.
- Participated in NVPC assessments in Buffalo, Richmond, and Dayton.

Background

Current activities:

- Housing strategy for Allentown's downtown-area neighborhoods.
- Management support for Camden (NJ) Redevelopment Agency.
- Philadelphia Sheriff Sale outcomes assessment (for Philadelphia LISC).

Problems of Success

- Growth in some urban housing markets produces higher values, “hotter” neighborhoods.
- Increased foreclosure and tax lien sales generate more investment opportunities.
- Internet-assisted transactions facilitate absentee ownership.

Problems of Success

Strong NYC and North Jersey real estate market makes lower-priced Allentown attractive to investors.

Camden portrayed as “Hidden Gem Near Philadelphia” by *Wall Street Journal*.

Problems of Success

- Older cities not well staffed or equipped to address new challenges.
- Antiquated organizational structures make cross-sectoral collaboration difficult.
- Traditional code enforcement inadequate—strategic approach is essential.

Problems of Success

- Profit-motivated investors want to make urban neighborhoods into predominantly rental markets.
- Increased absentee ownership makes enforcement more difficult.
- Experienced speculators know how to game the system.

Problems of Success

Needed: A proactive, preventive approach.

- Timely monitoring of real estate transactions.
- Early identification of health and safety violations.
- An enforcement process with teeth.

Housing Preservation Strategies

Rental License

Require annual renewal in place of multi-year licensing terms.

Housing Preservation Strategies

Administrative Hearing Board

Designate an administrative board to rule on code-violation complaints.

Give the board the power to revoke a rental license.

Housing Preservation Strategies

Absentee Owner Registration

Require disclosure of street addresses—no post office boxes.

Require registration of all owners in limited partnership.

Housing Preservation Strategies

Rental Agent

Require out-of-county owner to designate in-county rental agent.

Require agent to be legally responsible for property, not just for service-of-process.

Housing Preservation Strategies

Rental License Surcharge

Add rental license surcharge for out-of-town owners to compensate for cost of administration/enforcement through county judicial system.

Housing Preservation Strategies

Multiple-Property Owners

If a complaint is filed against a multiple property owner, require all properties owned by same party to be inspected and made code compliant as a condition for resolving the initial complaint.

Housing Preservation Strategies

Abatement of Code Violations

Broaden scope of conditions subject to abatement.

Set fees and penalties at levels that reflect true abatement cost.

Housing Preservation Strategies

Pre-Sale Inspections

Require point-of-sale inspection before agreement of sale is signed.

Require code compliance as condition of settlement.

Housing Preservation Strategies

Strategic Acquisition

Seek right of first refusal for city properties designated for county foreclosure sales.

Capitalize revolving acquisition fund.

Housing Preservation Strategies

Information Sharing

Create an integrated property information system that combines data from city, county, and school district.

For more information

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