

INTRODUCTION

Blighted properties are properties that are severely dilapidated, unsanitary, unsafe, fire hazards, abandoned or are regarded as public nuisances. These properties can have many negative impacts on **crime, public health, housing markets and pride that residents have in their neighborhoods.** These properties “tend to have **negative equity** and are often too expensive to repair in a weak market” and “exert a major drag on the market” according to Erie Refocused. These properties require major intervention from City services, causing a drain on the general fund. Interventions from the City include action from Code Enforcement, Public Works, Police, and Fire departments.

*Minimum staff costs to Code Enforcement to move 1 property to **Blight** and to work with RACE to **demolish**:*
\$2,275

*Costs to RACE to move 1 property to **Blight** and to **acquire and demolish**:*
\$19,340

Code Enforcement is usually the initial response from the City. If illegal activity or illegal dumping is occurring at a blighted property then other departments may need to intervene. A conservative estimate of the cost to Code Enforcement to get 1 property declared blighted is \$2,275. These funds come directly from the General fund with little chance of reimbursement.

Once a property is declared blighted, the city’s redevelopment authority (RACE) can begin to take action. Total cost to RACE to acquire and demolish a property is \$19,340. Only about 20% of property taken by RACE is sold leaving around 100 vacant lots for RACE to maintain at an average **cost of \$1,090 per property per year.**

Condition of Housing	Estimated Total City Wide
Excellent	4,143
Good	13,412
Average	7,638
Poor	3,107
Unsound	427
Total	28,727

SURVEYING PROPERTIES

In 2018, the Planning and Neighborhood Resources Department began cataloging the condition of every residential property within the City in order to fairly and efficiently implement the recommendations from Erie Refocused. To date, approximately 68% of the residential structures in the City have been assessed. Surveyors collect information on exterior property conditions using a mobile app. Properties are then given overall rating of 1 (Excellent) to 5 (Unsound).



Unsound properties are defined as unsafe and deteriorated. From the exterior inspection, rehabilitation does not appear to be financially feasible because of the number of critical components of the property that need rehabilitation. Most if not all of these properties will need to be demolished either by private owners but most likely by use of public funds. Occupied homes will need significant intervention and other options for decent and safe housing. **427 properties** in the City are believed to be unsound. Unfortunately, 58% of these properties are occupied.



Poor properties are defined as being in need of major repairs.

There are significant issues seen from the exterior but some property may be recoverable. Vacant properties will most likely continue to deteriorate to the point where demolition is required while the occupied homes are examples of untenable living conditions. Alternatives for decent and safe housing is a priority with the poor but occupied homes. Of the 3,107 properties in “poor” condition, **264 are estimated to be vacant.**

EFFECT ON HOME VALUES

40% of homes in the city are within a one-block radius of an unsound property and have an average assessed value of \$41,800. 60% of residential properties outside the one block radius of unsound properties have an average assessed building value of \$71,199. Location near a unsound property decreases the value of a home by nearly 41% which means a loss of equity to homeowners and an estimated **\$4,341,616 loss in property taxes** per year for the City.

*Of the 691 severely dilapidated properties, an estimated 40% are tax delinquent. This totals an **annual estimated \$227,661 in delinquent taxes per year.***

COST OF THE STATUS QUO

Currently RACE and the Erie Land Bank are able to **acquire approximately 25 blighted properties** a year with most funding provided by the Erie County Land Bank. At this rate, **it will take an estimated 28 years to remediate all the currently dilapidated properties (691) in the City.** This does not take into account properties that may become blighted in the future.

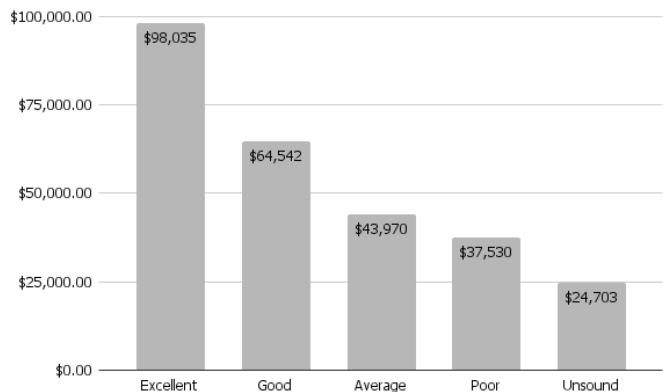
Current cost to the city with no major intervention to address the 691 severely dilapidated properties	Current total annual cost (Funding Source)
Code Enforcement	\$371,955 (General Fund)
RACE and Land Bank Acquisitions	\$134,250 (EC Land Bank)
RACE and Land Bank Demolitions (80% of all acquisitions)	\$279,400 (EC Land Bank)
RACE/ Land Bank Vacant Lot Management	\$13,080 (RACE Administration)
Delinquent Taxes and loss of property values	\$4,569,277 (Loss of revenue to the General Fund)
	\$5,367,962 per year

***does not include costs to City of Erie Police, Fire Department or Public Works all who have costs associated with dilapidated properties*

INTERVENTION

Before properties reach this point of deterioration, the City of Erie and its partners must intervene to “halt the spread of distress” and “protect and maintain areas that are critical to the city’s marketability and financial stability” according to Erie Refocused. This includes the 7,638 properties identified as “average” in the conditions survey. City-wide “average” properties have a building value that is \$20,572 less than “Good” condition properties. In order to intervene in a way that improves the assessed value **each property would need an estimated \$29,389 in investment.**

Average Assessed Building Value by Condition



Of the 8,818 registered rental properties, approximately 8,600 properties were built before 1940. This greatly increases the likelihood of lead and asbestos in the property. RACE currently remediates an average 78 rental and non-rental properties per year of all lead hazards and other healthy home concerns.

By intervening in strategic areas, like housing rehabilitation for homeowners with “average” homes and rental units, removal of blighted properties, remediating hazardous materials, supporting homeownership, and the new production of quality housing opportunities, these investments would slow the decline of our neighborhoods and re-inspire confidence in the housing market while improving fiscal performance.