

SUMMARY OF COMMUNITY PROGRESS RECOMMENDATIONS

The recommendations offered in this summary are presented as a menu of options for the City, County, Renew, and other community stakeholders to contemplate to reverse the negative impact vacant and abandoned properties have on Indianapolis residents. For ease of reference and to provide a framework for stakeholders to consider next steps, recommendations are organized into short term and long term goals, which are labeled clearly and correspond to the rough timeframes indicated.

Decisions as to which, if any, recommendations to implement and the timing for implementation are left entirely to City leaders and stakeholders.

RECOMMENDATIONS FOR IMPROVED DATA COLLECTION & ANALYSIS

Short Term Recommendations = Achievable Within 12 Months

- 1.1. **Create a Vacant and Abandoned Properties Working Group (Working Group).** This Working Group should meet on at least a bi-weekly basis and be chaired by a high-level municipal executive with authority to obtain data points, set goals, track action items and maintain accountability from all municipal departments. Members of this Working Group should include, at a minimum, a representative from each of the following stakeholders:

- Mayor's Office
- DMD
- DCE
- County Treasurer's Office
- County Auditor's Office
- IMPD
- Office of the Corporation Counsel
- Indianapolis Fire Department
- Renew
- Private partners/investors
- Various community stakeholders, including neighborhood associations and local Community Development Corporations, for example

Despite recognizing the profound importance of attention to substandard occupied property and acknowledging that many vacant properties are not also abandoned, the focus of this Working Group should nevertheless be limited to properties that are vacant and abandoned because the processes for dealing with abandoned properties are in many cases distinctive. No matter the name used for this group, emphasize at all stages the focus on vacancy AND abandonment, as opposed to simply vacancy, or simply signs of abandonment. Coordinate the appointment of the high-level municipal executive with a public announcement of the Working Group to lay the foundation for community buy-in and participation

- 1.2. **Charge Working Group with crafting a shared vision statement, strategies and tactics agreed upon by group members.** Formulate short-term and long-term goals for the Working Group. Early actions might be to share and map relevant GIS maps and data sets regarding vacant and abandoned properties and to designate a point person to track new and pending state law changes that impact vacant and abandoned properties. The Working Group should also be charged with monitoring performance of any new initiatives and policies that are implemented as part of the comprehensive and coordinated approach to vacant and abandoned properties.
- 1.3. **Task the Working Group with collating, mapping, and regularly updating a complete data set for all vacant and abandoned properties.** If resources are available, consider obtaining a windshield survey of all properties in Indianapolis to obtain a baseline of vacancy and abandonment and grading of property conditions that is far more accurate and up-to-date than current USPS baseline data. Further consider engaging local residents or volunteers from various neighborhood organizations or block groups to assist in such a survey. A City of Atlanta windshield survey provides a good example of this type of data gathering project, and the maps and strategic investment ideas generated by this level of data.¹
- 1.4. **Overlay vacancy data with other existing data sets.** Gather USPS vacancy data (or results of windshield survey), and overlay that data with utility shut-off data, open housing/building code order data, and property tax delinquency data. Aim to develop comprehensive data sets over time that can be manipulated to generate various reports and maps that include the following input, for example:
 - 1.4.1. Total number vacant properties
 - 1.4.2. Total number vacant properties with structures vs. total number vacant lots
 - 1.4.3. Total number vacant properties that are also without utilities, and subject to open housing/building code cases, and reflect signs of abandonment or distress based on windshield survey grading

¹ <http://www.atlantaga.gov/index.aspx?page=908>.

- 1.4.4. Total number of vacant properties that are also property tax delinquent
- 1.4.5. Neighborhoods down to block level that reflect highest concentration of vacant and abandoned and tax delinquent property, or those properties with code violations, substandard conditions or some combination thereof
- 1.5. **Coordinate the use of property identification numbers City and County wide.** Use the initial data gathering process itself to begin ensuring that various city and county agencies and partners track parcels by the same identification number or numbers to allow for ease of mapping and tracking overtime. The most comprehensive tracking method would be for all agencies, including police and fire, to track parcel tax ID number and address or latitude and longitude. Address and latitude and longitude information allow for easy mapping and overlay with existing city plans and other redevelopment and investment plans.
- 1.6. **Track vacancy on standard form reports.** Use data gathering process to ensure that various city and county agencies track vacancy itself in all standard form reports. For example, ensure there is a box to check “vacant” or “unoccupied” on standard fire and police reports, and on all code inspection reports. Consider whether such reporting might be possible in any and all property tax assessment reports. Further use data gathering process to begin ensuring that various city agencies track whether a parcel contains a vacant structure or is a vacant lot. Consider ensuring there is a box to check “vacant lot” or a blank space to note “number, if any, of structures present” on all standard public reports.
- 1.7. **Identify a small number (50) of “pilot” properties.** Choose highly visible problem properties that reflect multiple indicators of vacancy and abandonment in key neighborhoods and commit publicly to moving these top 50 into productive status within one year. Track progress and success on these top 50.
- 1.8. **Publicly display progress and data.** Consider displaying progress and all data sets tracked by Working Group on dedicated City website, available to members of the public.

Long Term Recommendations = Achievable in More Than 12 Months

- 1.9. **Centralize data management.** House all such collated and updated data within one department/one database such as the Real Time Data Center, managed by an individual or team with expertise in data mapping and management with direct authority from Mayor/Deputy Mayor/County Commissioner to coordinate this effort. Database should be capable of significant manipulation to track qualities of a given parcel with respect to vacancy, abandonment, presence of code violations, policy and fire activity, and property

tax delinquency. The Toledo, Ohio survey mapping tool provides an example of this type of data platform.²

- 1.10. **Sort vacant and abandoned property into outcome-driven categories.** Utilize data to triage remaining vacant and abandoned parcels into categories that might include: (a) a universe of vacant and abandoned properties that may be addressed with fix it up code enforcement strategies³, (b) universe of pay it up⁴ vacant and abandoned properties (those properties in stronger market neighborhoods that might generate recoupment of public funds expended through a public sale), (c) properties that are candidates for long term land banking upon demolition to address public safety hazards, (d) publicly-owned properties for which there are near-term productive uses, and (e) publicly and privately-owned properties for which there is no near-term solution or adequate resources to address in the next year.
- 1.11. **Track success and consistently evaluate progress of vacant and abandoned properties.** As tools are deployed for each universe of properties identified above, track success and progress over time in centralized database, and regularly re-evaluate both the universe of vacant and abandoned properties and movement of parcels from one category into another. Generally allow updated and comprehensive data set to guide redevelopment and other public investment decisions regarding vacant and abandoned properties.
- 1.12. **Consider recommending a Chief Information Officer for the City-County.** Consider tasking the Working Group to propose that the Information Technology Board appoint a Chief Data Scientist or Chief Information Officer to coordinate and ensure the success of these and other City or County efforts to centralize and share data.
- 1.13. **Consider obtaining a Cost of Blight Study.** After one full year of comprehensive data gathering, collating and updating, consider obtaining a Cost of Blight Study to measure the direct costs and indirect costs of vacant and abandoned properties to taxpayers. Direct costs generally include police and fire expenditures associated with vacant and abandoned properties, housing and building code expenditures, and other public expenditures for nuisance abatement and delinquent property tax enforcement. Indirect costs generally include lost property tax revenues associated with vacant and abandoned properties, and loss in values of adjacent properties (and corresponding lost property tax revenues). Utilize results of Cost of Blight Study to make the case for additional or re-allocated resources to address vacant and abandoned properties moving forward. In partnership with Dr. Dan Immergluck, Community Progress has produced a similar Cost of Blight Study in Atlanta, Georgia, with another study soon to be released for Toledo, Ohio.⁵

² See <http://co.lucas.oh.us/index.aspx?NID=2783>.

³ See discussion in Section 2 of the Indianapolis Report.

⁴ See discussion in Section 3 of the Indianapolis Report.

⁵ http://www.communityprogress.net/filebin/Cost_of_Vacant_and_Blighted_Immergluck_FINAL_02.17.16.pdf

RECOMMENDATIONS FOR IMPROVEMENT OF FIX IT UP TOOLS & STRATEGIES

Short Term Recommendations = Achievable Within 12 Months

- 2.1. **Consider establishing a single public reporting mechanism for problem properties with authority to direct complaints to the correct enforcing agency.** There are currently two departments receiving complaints for substandard properties. MCPHD responds to building standards complaints for occupied properties from reports through its phone number or website, while DCE inspects UBL complaints against vacant or abandoned properties received primarily from MAC. A unified reporting mechanism could be helpful to clarify reporting procedures to the community and encouraging community engagement. Should this recommendation prove unattainable, at least consider the implementation of a mechanism by which DCE and MCPHD can automate and track the referral of properties that prove to be occupied from DCE to MCPHD and the referral of properties that prove to be vacant from MCPHD to DCE.
- 2.2. **Coordinate DCE and MCPHD enforcement.** Because DCE and MCPHD are tasked with similar missions to inspect and enforce code violations against property, ensure that both agencies are employing the tools available at their disposal as part of a coordinated fix it up, pay it up, or give it up strategy to eliminate duplication, confusion and to take advantage of economies of scale and more easily track complaints and remediation in a uniform fashion. To achieve this, consider making both agencies part of the Working Group and ensure routine communication regarding properties or types of properties that either are or might become vacant and abandoned properties. One tactic that could be considered to pilot this cooperation is to develop a coordinated approach to enforce the landlord registration ordinance. Because DCE does not inspect occupied buildings, MCPHD may be able to incorporate a registration verification as part its inspection process for rental properties with reported building standards violations. Such an approach could not only have an impact on compliance with landlord registration requirements, but also enable DCE and MCPHD to communicate about the condition of rental property and potentially identify properties that may become vacant and abandoned.
- 2.3. **Study property where the owner complies with the notice of violation.** Examine closely the data set of properties, estimated at 27%, where the owner complies and fixes up property in response to a single notice of UBL violation(s). If that universe of properties shares certain characteristics, for example located in a neighborhood with a relatively strong market, consider focusing additional efforts on similar properties and tracking and publicizing success.

- 2.4. **Study property where the owner does not comply with the notice of violation.** Examine data set of properties with open and closed code cases where no compliance is achieved in response to single notice of violation, and further divide properties into a) those that are vacant and abandoned and property tax current, b) those that are vacant and abandoned and property tax delinquent, c) those that appear to be owned by an individual or individuals with the intent to conduct necessary repairs but without the means to do so. Use these categorizations to inform whether further notice may compel compliance, or to bring such properties to the attention of the Working Group for direction on the most appropriate path for such property.
- 2.5. **Streamline demolition.** Demolition should take place in a strategic fashion and should be linked to specific stabilization, redevelopment and productive use goals that can be developed through the Working Group. Since Renew is currently serving as the non-profit Hardest Hit Fund demolition partner, consider City contract with Renew to also conduct all demolitions under UBL to take advantage of economies of scale, and to help Renew access capital needed to acquire properties ripe for Hardest Hit Funds demolition.
- 2.6. **Utilize the original receivership tool instead of the new version.** Considering the cost, time, and low likelihood of success, consider forgoing the new receivership tool requiring the declaration of property as abandoned until the process can be improved. Instead, utilize the original receivership tool in those limited circumstances where both the market and property condition generate the interest of a willing and responsible receiver that can maintain, repair, or transfer the property in a manner consistent with local priorities.
- 2.7. **Draw on the collective knowledge of the Working Group to establish a coordinated approach for better implementation of the new receivership tool.** Should the City and the County wish to further explore the new receivership tool, consider drawing on the collective knowledge of the Working Group to establish a coordinated approach for better implementation of such a tool. Also consider reaching out to the court in advance of any filings to ask for guidance or concerns with the approach and to effectively communicate City-County end-goals and priorities for the use of such property.
- 2.8. **Expand the use of Hardest Hit Funds.** Consider working with the Indiana Housing and Community Development Authority to explore expanding the utilization of the newest round of Hardest Hit funds from the U.S. Department of Treasury for greening of vacant lots, or possibly for rehabilitation of vacant and abandoned properties.

Long Term Recommendations = Achievable in More Than 12 Months

- 2.9. **Incentivize timely re-use or redevelopment of boarded-up property.** Consider amending state law to provide for an additional civil penalty that may be added as a special assessment to the tax bill for property that remains boarded for more than 6 months.
- 2.10. **Elevate the enforcement of unpaid code liens on occupied properties.** Consider amending state and local law to ensure that unpaid code liens or judgments on occupied properties, rental and otherwise, may be added to the tax bill and enjoy the same priority status as UBL liens on vacant and abandoned properties. Further consider whether state law amendments should allocate a portion of revenue generated from such liens to City or County efforts aimed at addressing vacant and abandoned properties, perhaps through the Unsafe Building Fund or another fund accessible to agencies engaged in efforts to address vacant and abandoned properties.
- 2.11. **Track compliance if unpaid code liens on occupied properties are added to the tax bill.** If state and local law are amended to allow the addition of code liens on occupied properties to the tax bill, track any resulting increases in compliance rates. Also utilize newly generated revenues from increased compliance or fine payment to support rehab programs for low-income owner-occupants without the means to fix up their properties.

RECOMMENDATIONS FOR IMPROVEMENTS TO THE TAX SALE PROCESS

Short Term Recommendations = Achievable Within 12 Months

- 3.1. **Prioritize ensuring property has clear, marketable title.** Consider making a top priority of the Working Group an established process to support the County Treasurer in its efforts to provide *Mennonite* quality notice in all phases of the tax sale process. Continue to extinguish liens from past taxes and assessments to ensure property acquired by the County and transferred to DMD for purposes of the land banking program⁶ can easily offer clear, marketable title to potential purchasers and developers, regardless of which tax enforcement sale or process was used to acquire the property.
- 3.2. **Task members of the Working Group to convene a meeting with local title insurers and tax sale purchasers.** Use the meeting to determine what, if any, processes or procedures could be adopted to ensure the title conveyed through the delinquent tax enforcement process is marketable and insurable, such that an additional quiet title action is unnecessary. Recognizing that the burden of providing notice throughout the delinquent property tax enforcement process falls to the County, also task the Working Group with

⁶ See Section 4 of the Indianapolis Report for discussion of the City's land banking program.

determining whether and how it could help support the County implement processes or procedures, if any, that result from such a meeting.

- 3.3. **Continue to work with the County Treasurer's office to examine the list of properties that do not receive the minimum bid at the tax sale and are subject to the expedited redemption period.** Through the Working Group, strategically identify and work with the County to acquire property through the land banking program housed in DMD for redevelopment purposes and priorities identified by the Working Group.
- 3.4. **Task the Working Group to review the process by which a property must be declared abandoned to qualify the property for the expedited sale of the deed instead of the tax sale.** Ensure that the Working Group, with input from the County Treasurer, establishes a clear and coordinated purpose for when and how the City seeks to declare a property as abandoned. Once that message and purpose is clear and all parties are on the same page, consider meeting with the court to identify and address any concerns with utilizing the state law-authorized administrative process of declaring property vacant or abandoned, making the case that the 6-month window is not a sufficient time period in which to complete the court process of declaring property vacant or abandoned.
- 3.5. **Consider piloting the certification of property NSFS where the cost to abate violations under the UBL would exceed the fair market value of the property.** For properties with relatively low market value, it may be that the cost of repairs and the cost of removing weeds, trash and debris will exceed the fair market value.
- 3.6. **Consider piloting the certification of property NSFS for any and all properties subject to demolition orders, thereby expediting the acquisition of title.** Consider adoption of standing Council or Mayoral Executive Order for transfer of all such properties, once title is with the City, to Renew or subsequent Hardest Hit Fund non-profit partner in bulk transfers for Hardest Hit Fund demolition program. Any such Order should also contemplate a method to support post-transfer expenditures that are not covered under the current Hardest Hit Fund program and may be related to maintenance fees or property tax payments made by Renew or other Hardest Hit Fund non-profit partner.
- 3.7. **Consider piloting the identification of serially tax delinquent properties.** After July 1, the City should study the list of properties eligible for the tax sale and attempt to identify ten (10) or more properties owned by the same person or group of persons and whether those properties were acquired through a previous tax sale. Assess the feasibility of identifying serially tax delinquent property after July 1 but in advance of the tax sale given notice and other requirements. If such identification is feasible, consider notifying the court of the City's intent before filing a petition in order to address any concerns the court might have with the process or the law, generally. In addition, ensure Mennonite quality notice is provided. Because this process could result in the City receiving a deed to each property,

only consider this option if the properties are ones that make sense to acquire based on priorities established by the Working Group and capacity to hold or dispose of the properties.

Long Term Recommendations = Achievable in More Than 12 Months

- 3.8. **Consider exploring the impact of the 1995 Mayoral Order.** To ensure the tax sale tools are being utilized in a manner consistent with the shared vision of the Working Group, consider either revising or re-interpreting the 1995 Mayoral Order granting the authority to dispose of property acquired through the surplus process of the tax sale to the Marion County Board of Commissioners. This transfer of the Mayor's statutory authority adds a layer of complexity and inefficiency to many of the redevelopment tools authorized for use by the MDC under state law.⁷
- 3.9. **Pilot each available tool and conduct a comprehensive assessment.** Once each available tool has been thoroughly vetted and assessed, consider whether the current toolbox, especially with respect to expedited property tax enforcement, is sufficient to achieve the goals of the Working Group. Only if the available tools prove insufficient, consider recommending additional state law changes if appropriate, including whether or not past tools like the former expedited tax sale procedure (where property was subjected to the tax sale surplus procedure if it was delinquent for two consecutive tax installments and contained an open UBL violation) are viable options.
- 3.10. **Amend state law to ensure tax sale notice requirements mandate *Mennonite* quality notice.** One suggestion could be to amend the law to require *all* parties with a legally protected interest be notified once, when the County or certificate holder petition the court for a deed to the property.
- 3.11. **Consider amending state law to contemplate a single legal proceeding in which tax delinquent property is certified as abandoned and sold.** Consider that when property identified by the City in advance of the tax sale is declared abandoned that, after appropriate notice, the deed is immediately offered for sale in the same legal proceeding to qualified bidders, or to a land bank for a credit bid, which allows the land bank to bid the minimum amount for a property in exchange for assumption of the responsibility of the unpaid taxes.
- 3.12. **Consider amending state law to eliminate the sale of tax certificates and the post-sale redemption period.** Instead, consider offering a single sale of delinquent property, after appropriate constitutional notice, at which a fee simple interest is conveyed and a deed to

⁷ See, for example, IC § 36-7-15.1-1 *et seq.*, authorizing, in part, the MDC's acquisition of certain properties for no cost and the extinguishment of past taxes and assessments.

the property is issued. The property should be offered for a minimum bid that includes all prior and current years' unpaid taxes, special assessments, UBL and other code enforcement penalties and abatement costs, fully loaded costs of the sale and noticing requirements, plus applicable interest and penalties. A key part of this recommendation is that any change must continue to afford property owners an opportunity to redeem by paying the total amount of unpaid taxes, assessments and other costs and penalties at any point prior to the sale of the property.

LAND BANKING OBSERVATIONS AND RECOMMENDATIONS

Short Term Recommendations = Achievable Within 12 Months

- 4.1. **As one of its first priorities, task the Working Group with exploring the current structure of the land bank program and its relationship with Renew.** Now is the time to re-consider whether the land bank program should be moved fully in-house once again and made a solely public governmental entity that partners with non-profit and private partners on dispositions. The first step must be to ask the question, “what problem is the land bank trying to solve?” When that question is answered, consider whether the new land bank legislation offers more viable options to address the problem through the creation of a public land bank. Regardless of the ultimate decision, the working group must prioritize the disposition of the roughly 700 properties in the DMD inventory, and identify dedicated funding sources for current and future land bank activities.
- 4.2. **Task the Working Group to explore whether the recovery of the first year of property taxes of those properties sold through the Indy Land Bank and Renew is being deposited in the appropriate fund.** If not, further explore whether state law changes might be necessary to provide the land banking program a more appropriate dedicated revenue stream or if the new land bank enabling legislation might be expanded to incorporate a dedicated revenue stream. For an example of relevant recommended state law changes to consider, please see Frank Alexander’s *Land Banks and Land Banking, 2nd Edition 2015*, Appendix D, Section 11, page 148.
- 4.3. **Ensure transparent redevelopment policies and procedures.** Transparency is critical – the Working Group must set clear policies and priorities based on the new shared vision and strategies to address Vacant and abandoned Property. Renew has done a commendable job of ensuring its processes and priorities are clearly indicated on its website; consider building on those documents.
- 4.4. **Each part of the land banking program must be adequately represented in the Working Group.** Participants should include the manager of the land banking program within DMD, a DMD representative who serves on the MDC, and a representative from Renew.

Their inclusion is important to ensure coordination with the Working Group, particularly as it relates to strategic acquisition and achievable end-use of property.

- 4.5. **Improve maintenance of land banking program inventory through community involvement.** Task the Working Group to explore programs from around the country, and to take a closer look at programs currently underway in Indianapolis that employ residents, ex-offenders, or youth to help maintain the land banking program's inventory by performing basic maintenance or rehab work.

Long Term Recommendations = Achievable in More Than 12 Months

- 4.6. **Consider strengthening the ties of the land banking program to the tax sale process through either policy or state law changes.** The land banking program should be able to acquire properties not just through the surplus sale procedure⁸ but from each stage of the tax sale process.
- 4.7. **Consider exploring state law changes that would broaden the land banking program's disposition powers.** Changes could include the purposes for which the property may be used and to whom it may be transferred. For example, a simple change would be to expand the types of non-profits that are currently qualified to purchase properties through the land banking program and to grant broad discretion to the land banking program to qualify such purchasers based on the purchaser's capacity to achieve a productive, stabilizing use of the property. The disposition authority in the new land bank enabling legislation provides an example of improved disposition powers, but more research needs to be done to reveal whether the legislation's funding and acquisition limitations for now make it a less than ideal replacement for the current program. Consider also comparing the sample land bank enabling legislation in Frank Alexander's *Land Banks and Land Banking, 2nd Edition 2015*, Appendix D to the new Indiana legislation.

⁸ See Section 3, Subsection A of the Indianapolis Report.