

Testimony of Mayor Trish Ward  
City of Lebanon  
Senate Urban Affairs and Housing Committee  
June 11, 2009

**Blight and Revitalization**

**Blighted properties with owners that cannot be held accountable is one of our major issues.**

Property owners who do not reside in the area.

Banks that repossess a property but do not transfer the deed and are not the legal owner; i.e. "owner of record".

Property owners who are unable, or refuse, to assume the responsibility of home ownership.

More properties are submitted to sheriff and tax sales. Properties are purchased at below market value for an "investment" without consideration of repair and maintenance. The buyers who purchase the properties often continue the same practices as the past owner with safety and code violations and condemnations that are ignored. These "investors", invest only the minimum maintenance to avoid code enforcement penalties. The city has examples of buyers who ignore the purchased vacant property and pay the violation fines-but do nothing to correct the violations. The case is presented to the District Justice office where the fines are established. Often the fines are so minimal/payment schedules established with minimum payments, the owners pay the fines and ignore the property. The neighbors are forced to tolerate buildings that are closed up and deteriorating with a negative influence on the entire neighborhood. This situation also presents a problem with vandalism and potential criminal activities.

Lebanon City has witnessed more property repossessions with the current economic climate.

The financial institution forecloses, but often do not transfer the deed. The deed is in the name of the foreclosed party, who has no interest in the property, does not control the property and is in a position where legal remedies are of no consequence to them. The mortgage companies that should have legal control are inaccessible and often out of the area. The city is forced to assume financial responsibility, at tax payer's expense, for exterior maintenance (grass, weeds, and trees, building safety concerns), removal of interior garbage, possible boarding and securing and general maintenance for health and safety of the citizens.

Another major concern that contributes to neighborhood blight are the vacated properties and the owners who leave them sit in various stages of disrepair and unoccupied. The 2005-2007 American Community Survey three year estimates that there are 906 vacant housing units within the City of Lebanon. The Lebanon City Department of Public Safety has on record 150 to 200 vacated structures each year, many for years on end. Notice of Violations are issued, and in some cases "on site tickets" placed on the property. The fines are paid, but the property remains vacant and in disrepair.

Some examples of these properties

645-647 Walnut Street: (photo 1&2) Property vacant for over 20 years. Deeded to five children in unknown locations. The City began issuing notices in 1974 for various violations. The city was forced to demolish the building to insure the safety of the neighborhood. Signatures of the five descendants were never accomplished.

318 Partridge Street: (photo 3 & 4) the property was a stable and became a warehouse. The deeded owner was an out of state person who entered into an "Installment Sales Contract. The buyer altered the building, which caused one of the exterior walls to become unstable. The potential buyer disappeared, the owner could not be located, and the city was responsible for demolition to insure safety of the citizens.

522 Weidman Street: (photo 5&6) the owner could not manage this property after the death of her husband. Violations and fines began in 1989. The surrounding properties were affected with the mold and water. The deeded owner did have the financial recourses to remedy the situation. The city took ownership and demolished the building.

These are just some of the examples that arise when the property owner is not available, unable to locate  
or unable to care for the property.

### **Non-owner occupied properties is of another concern**

One of the City's biggest challenges has been the increase in non-owner occupied housing and especially the purchasing of residential properties by persons outside of the City and outside of the State. More buyers' addresses are from New York, New Jersey, Virginia, California, North and South Carolina and other States. These buyers purchase the property for investment only and at times sight unseen. Obtaining results from an out of area owner or an out of State Bank is very difficult, time consuming and costly.

Lebanon City has enacted a Landlord Registration Ordinance which has enabled us to identify non-owner occupied properties, provide inspections for code compliance and issue notices of violations with monetary penalty consequences. This Ordinance also tracks tenants to provide information to landlords about prospective tenants; how often they have moved, their previous addresses and problems incurred.

Some tenants have no regard for the property they live in, the neighborhood they live in or themselves. Exteriors of properties may be acceptable, but the problem is often behind closed doors with garbage, numerous animals, human and animal feces. (Photos 10 - 12) Often these tenants become a burden on the City, landlords and neighborhoods. If the rent is being paid and the exterior is kept up, the owners/managers have no knowledge of the condition of the interior of a property. The other

concern is the out of town landlords who have token property managers who ignore interior and exterior conditions. Interior problems usually do not surface until the neighbors complain of smells, unruly behavior or concern for the children in a home. At this time there are usually compounded problems that result in condemnation.

510 North 8<sup>th</sup> Street: (photo 7-9) is a five unit apartment building purchased in 1985 after the previous owners failed to make major repairs. Renovations by the new owner were never completed. This property has continued to deteriorate to a point of being a hazard. The owner has been fined and at times jailed but continues to make payments on his fines. Criminal action is time consuming and expensive. The city is forced to spend money and resources and the neighborhood suffers emotional burdens from reduced property values, vandalism and other possible criminal activity in the area.

*There are over a 100 of these properties every year. The cost, which is not recovered, from 2004 through 2008 was \$513,651.00 for property cleanup, boarding, weeds, pest control and employees.*

While there are various pieces of legislation that address owner's responsibility for all of these types of properties, the real problem is what to do with the properties where no owner of record can be found or where a financial firm has foreclosed and will not transfer a deed until resale of the property. The question is not in just making the property owner responsible but how do we enforce that responsibility? Fines, liens, threats of jail do not always work. More and more property abandonment is taking place with unsuccessful location of an owner or taking years in the search. Cities do not need more laws in responsibility we need laws to take these properties for rehabilitation or demolition whichever benefits the neighborhood. The Abandoned and Blighted Property Conservatorship Act that allows municipalities, redevelopment authorities, community organizations, neighbors or businesspersons to petition the court to appoint an independent third party to rehabilitate an abandon property is very cumbersome, time consuming and unknown to those groups that could help and it still does not really hold an owner accountable for the property. Interested parties will not spend time and money on a property that they do not have full ownership of.

Municipalities need assistance in three areas:

1. Acquiring properties where owners of record have abandoned the property. Funds for rehabilitation without excessive time lines and court procedures.
2. Require financial institutions to be responsible for the properties that they foreclose. Provide an accessible contact person and maintain the property to minimum code standards.
3. Require District Judges to enforce the full fines and costs, require the owner to pay all fines and costs at time of conviction (rather than small payment amounts) or forfeit the property to the municipality to cover the fines and all other outstanding costs.

Current legislation, and most recently Bill 900, addresses owners' responsibility for these properties. There are no remedies for the situation where the owner is either not the recorded

deed owner, an owner who is inaccessible/unavailable, or the owner who cannot be held accountable emotionally or financially.