

# Rethinking housing strategies for weak market neighborhoods

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Alan Mallach

Non-resident Senior Fellow

The Brookings Institution

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**□ The market is the starting point for neighborhood housing strategies:**

- Strategies need to be grounded in understanding market realities
  - Strategies must focus on building stronger markets – drawing consumer choice
  - Weak market areas offer particular challenges for market-driven neighborhood change strategies
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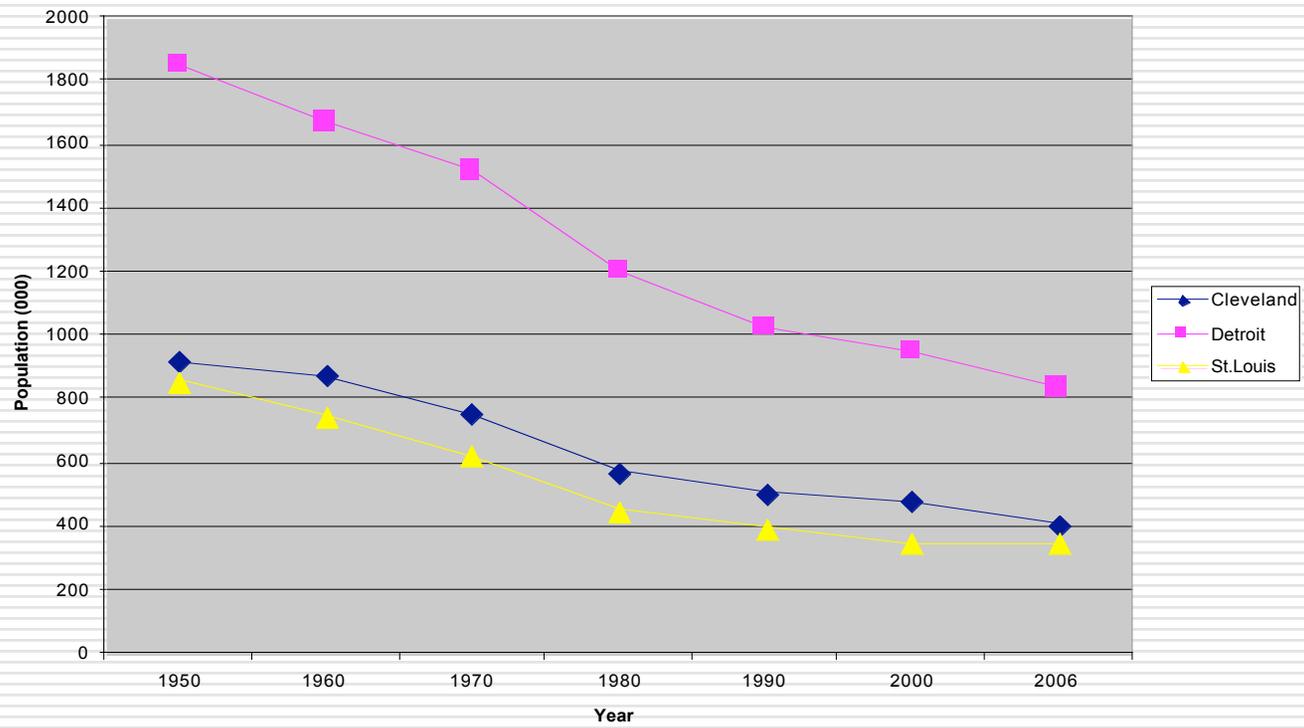
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**□ There are fundamental realities affecting weak market areas:**

- Most older industrial cities have lost population, and many continue to lose population.
  - These cities have a surplus of housing and more vacant land than can be absorbed by redevelopment
  - Population loss is accompanied by gradual impoverishment, a greater threat to urban viability than population loss itself.
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## Population 1950-2006



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## **□ How do these realities affect neighborhood change?**

- Neighborhood conditions reflect weak market conditions in city and region, not only neighborhood dynamics
  - Limited citywide or regional housing demand limits neighborhood options
  - Resources are likely to be severely limited relative to demand
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## □ **What do these conditions mean for neighborhood strategies?**

- Strategies need to be framed in a context of citywide slow growth or shrinkage
  - Resources need to be strategically targeted to have meaningful impact
  - Drawing and building the middle class should be a priority
  - Abandoned and foreclosed properties are likely to be a significant issue in any neighborhood strategy.
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**□ Consumer choice is the starting point for neighborhood strategies:**

- Homebuyers want a house that meets their needs at a price they consider reasonable in light of the house and its surroundings; an area that offers them the quality of life they are seeking, which they perceive to have the stability that will protect their quality of life and personal investment.
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□ **Healthy neighborhoods are those neighborhoods which meet home buyers' criteria, where:**

- People who have enough income to choose between neighborhoods **choose** to move into the neighborhood
  - People who have enough income to leave the neighborhood **choose** to stay
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## □ **Healthy neighborhood housing markets can be built by:**

- Increasing the desirability of the neighborhood's housing stock
  - Increasing neighborhood amenity value and quality of life
  - **Increasing neighborhood stability**
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**□ Vacant and abandoned properties are a critical barrier to fostering neighborhood stability:**

- They diminish property values, act as magnets for crime, increase fire risk and health hazards, reduce neighborhood cohesion, and make the area less attractive to prospective buyers.
  - Foreclosures exacerbate existing abandoned property problems in weak market areas.
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- ❑ Foreclosures destabilize neighborhoods
  - ❑ Foreclosures impose burdens on local government
  - ❑ Foreclosures diminish property values.

## **BUT...**

- ❑ Most of the damage results from lack of maintenance and/or abandonment, not foreclosure as such.
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**□ Foreclosures are more likely to lead to abandonment in weak market areas:**

- Creditors less motivated to complete foreclosures
  - Creditors less motivated to maintain property during foreclosure process
  - Borrower less motivated to renegotiate loan or remain in property
  - Neighborhood conditions increase risk of property damage, deterioration and vandalism
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## **□ How can abandonment and foreclosure issues be tackled?**

- Reduce the link between foreclosure, vacancy, deterioration and abandonment.
  - Gain control of properties
  - Invest strategically in ways that build market demand.
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**□ Reduce the link between foreclosure, vacancy, deterioration and abandonment**

- Keep tenants in properties – eliminate foreclosure as grounds for eviction.
  - Allow responsible owners to convert to tenants after foreclosure sale.
  - Make creditors take responsibility for vacant properties from beginning of foreclosure process.
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## □ **Gain control of properties**

- Create effective, targeted code enforcement strategies
  - Develop nuisance abatement program with capacity to collect for municipal costs
  - Use tax foreclosure and other legal tools to gain control of problem properties
  - Create land banking entity
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## □ **Why is land banking important?**

- Minimize negative impacts of vacant land on community
  - Maximize long-term redevelopment opportunities
  - Foster beneficial uses, such as open space or urban agriculture
  - Allow the community to control its future
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## **□ Invest strategically to build market demand:**

- Target public sector investments around market-based strategy in key neighborhoods
  - Link investments – housing, schools, open space, transportation – around strategy
  - Use HERA funds strategically
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## ❑ **Use HERA funds strategically:**

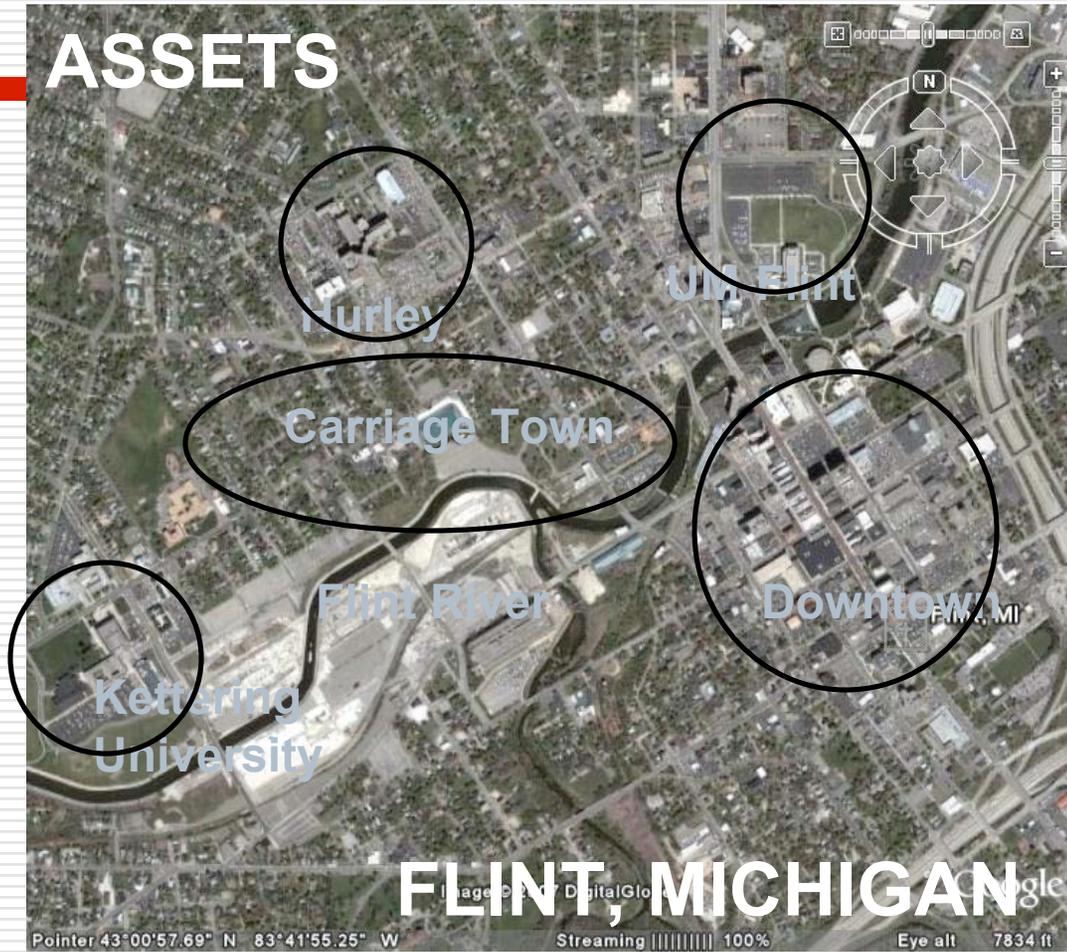
- Direct resources to neighborhood stabilization strategies, not scattered properties
  - Let market inform what to acquire, when to rehab and when to demolish
  - Leverage HERA funds with other public and private financial resources and capacity
  - Integrate HERA activities with other stabilization strategies such as code enforcement and foreclosure prevention
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## □ **The bottom line for weak market cities:**

- Cities may shrink, but they can become healthier smaller cities.
  - Cities have assets that they can leverage to become healthier cities
  - Cities must both draw a middle class and address the needs of their lower income residents
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# ASSETS



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## □ **Key strategies**

- Stabilize viable existing neighborhoods
  - Build on unique assets to create new markets
  - Develop long-term land banking strategies to make possible long-term reconfiguration of urban land
  - Address education and workforce needs of long-term residents
  - Foster regional cooperation
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Alan Mallach

PO Box 623

Roosevelt NJ 08555

609.448.5614

[amallach@comcast.net](mailto:amallach@comcast.net)

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