

The Evolution of Vacant Property Registration Ordinances across the United States

Dan Immergluck

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Jessica Dill: Welcome to the Federal Reserve Bank of Atlanta's Perspectives on Real Estate podcast series. I'm Jessica Dill with the Federal Reserve Bank of Atlanta.

Today we are talking with Dan Immergluck, a professor in the School of City and Regional Planning at the Georgia Institute of Technology. Dan has conducted research on vacant property registration ordinances. Using a database that catalogs existing ordinances, Dan coded key attributes and analyzed the evolution and spread of ordinances across the United States. This podcast will highlight some of the findings from his research.

Dan, thank you for joining us today.



Dan Immergluck: Thanks for this opportunity, Jessica.

Dill: So my first question is, what are vacant property registration ordinances, or VPROs, and what is their purpose?

Immergluck: These ordinances are local laws that require owners of vacant and foreclosed properties to register them with local government. They often require owners of the properties to pay a periodic fee and require them to maintain and secure properties in specified ways, such as securing windows and doors adequately, keeping the grass cut—those kinds of things.

In answer to the second part of the question—the primary purposes of these ordinances include acquiring better data on the extent and nature of vacant and foreclosed properties within a jurisdiction, having detailed and reliable contact information for the owners of these properties, and insuring that the properties are maintained in ways that will reduce the harm they pose to surrounding neighborhoods.

Dill: Roughly how many vacant property registration ordinances are there in the United States?

Immergluck: As of May of this year, there were more than 550 local ordinances in the U.S.—up from fewer than 20 in 2000, and less than 100 at the end of 2007.

Dill: Wow. So, I'm curious, did you detect a national impetus for adopting such ordinances, or did you find there to be any type of regional pattern in when and where these ordinances were adopted?

Immergluck: Certainly the national foreclosure crisis was a significant impetus for the growth of these ordinances. This was a major way that local governments could respond to the foreclosure crisis to try to prevent harm to their communities. Nine states accounted for more than three-quarters of these ordinances so far, led by Florida and California. At the end of 2007, as a region, the Midwest was the leading region in terms of vacant property registration ordinances, but by May of 2012, while the Midwest continued to be the leading region, two regions had leapfrogged over all other regions—the Southeast growing to 113 ordinances, with the bulk of them in Florida, and the West, growing to 100 ordinances, with the bulk of them in California.

Dill: Did you find any correlation between the adoption of vacant property registration ordinances and increases in foreclosure start rates across the nation?

Immergluck: Yes. States with larger increases in foreclosure starts in 2006 and 2007 at the beginning of the foreclosure crisis tended to experience larger numbers of new ordinances after 2007. However, other factors are at play, including whether a state gives local governments the ability to regulate things like vacant property, the larger political context in the state, other housing market conditions, and other factors. For example, Nevada, though it has generally led the nation in foreclosures, has few local governments overall and so there just aren't that many local ordinances passed in that state.

Dill: In your research, you identify three models of ordinances: a vacancy and abandonment model, a foreclosure model, and a hybrid model. Could you briefly describe each model and the differences between them?

Immergluck: The key difference between the vacancy and abandonment model and the foreclosure model is the event that triggers the requirement to register the property and to comply with the ordinance's other requirements. The vacancy and abandonment model requires

property owners to register properties after a certain period of vacancy. In the foreclosure model, registration is typically triggered by a formal state-required "notice of default" or "intent to foreclose" by the bank. The hybrid model is sort of what it sounds like—the trigger can be either a vacancy or a foreclosure-related event.

Dill: *So I'm curious, why might a jurisdiction select one ordinance model over another?*

Immergluck: Part of it depends on how the jurisdiction views the problem. Some of the older ordinances predate the foreclosure crisis and are aimed at addressing more the general problems of vacant buildings, including commercial property. In older, weaker market cities, vacancy is a problem triggered by multiple issues, foreclosure being just one of them. In places like California, where there were few problems of vacancy before the foreclosure crisis, issues of vacancy are closely associated with foreclosure in most cases.

Dill: *As you examined the attributes of each ordinance, how common was it for there to be enforceable penalties and exemptions in the ordinances? And did you find there to be any relationship between the number of specified exemptions and the maximum fine amounts?*

Immergluck: About 75 percent of ordinances specify some kind of fine as a penalty for not complying with the ordinance, although for many of these the fines are quite modest—under \$500 or so. Two-thirds of the ordinances provide for some sorts of exemptions—for example, properties that are actively being marketed for sale or for rent. Ordinances with higher maximum penalties are more likely to specify one or more exemptions. While just over 30 percent of ordinances with fines under \$500 specify one or more exemptions, approximately 48 percent of ordinances with fines over \$500 specify one or more exemption. So there may be a bit of a trade-off here in that the locality specifying higher fines may be more likely to exempt various types of properties.

Dill: *Based on your analysis and findings, what would you say was your biggest takeaway? Were you left with any unanswered questions or areas in need of further research?*

Immergluck: I think the biggest takeaway is that in the face of the foreclosure crisis and increases in vacant property problems, local governments and hard-hit areas have tried to respond with this particular type of tool. So far it is too early to say how effective these programs have been in mitigating vacant property problems, but there are now a substantial number of places where we can look to measure the effects of different approaches.

Dill: *Dan, it was a pleasure talking with you. Thanks for joining us again.*

Immergluck: Thank you, Jessica.

Dill: *This concludes our podcast with Dan Immergluck, a professor at the Georgia Institute of Technology.*

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