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IMPLEMENTING A COORDINATED APPROACH TO ADDRESS THE SYSTEMIC CAUSES OF VACANCY AND ABANDONMENT IN HIGH POINT, NORTH CAROLINA

Center for Community Progress Report to High Point, North Carolina
2016 Technical Assistance Scholarship Program Recipient



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ABOUT CENTER FOR COMMUNITY PROGRESS

Founded in 2010, the Center for Community Progress is the only national 501(c)(3) nonprofit organization solely dedicated to building a future in which entrenched, systemic vacancy, abandonment, and blight no longer exist in American communities. The mission of Community Progress is to ensure that communities have the vision, knowledge, and systems to transform blighted, vacant, and other problem properties into assets supporting neighborhood vitality. As a national leader on solutions for blight and vacancy, Community Progress serves as the leading resource for local, state, and federal policies and best practices that address the full cycle of property revitalization.

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SECTION 1. INTRODUCTION

PROJECT BACKGROUND AND TASP AWARD

In the Spring of 2016, the Center for Community Progress (Community Progress) announced that the City of High Point, North Carolina, (City) was one of three applicants competitively selected to be a recipient of the Technical Assistance Scholarship Program (TASP), a competitive merit-based scholarship designed to support communities that are ready and willing to explore more innovative approaches to vacancy and abandonment.¹ The City's application stood out in two particular ways. First, the City had attended a series of our educational events the previous year, including the Community Progress Leadership Institute (March 2015), the Reclaiming Vacant Properties Conference (May 2015), and our first ever Code Enforcement Academy (Dallas 2015).² It was clear from the application that the knowledge learned by City leaders at these events was driving thoughtful change back in High Point. This was a team that understood the status quo wasn't working, was eager to learn from other communities, and consistently returned home with fresh eyes to evaluate and adjust their own local practices and decisions. Second, while the request focused primarily on the need to build a more strategic code enforcement system, it also included an innovative idea: exploring how to integrate the provision of social services into the City's code enforcement approach. In other words, there was a strong interest by City leadership to address not only the problems with the properties, but also the needs of the people living inside the problem properties.³

During an initial two-day site visit in April 2016 to learn more about local conditions, Community Progress staff met with and interviewed approximately 30 City officials across all departments and more than a dozen community stakeholders, including resident organizations.⁴ Following the visit, we discussed with City officials the idea of slightly adjusting the scope of work, based on the following key findings:

¹ To learn more about TASP, including past recipients and upcoming funding opportunities, please visit <http://www.communityprogress.net/technical-assistance-scholarship-program--tasp--pages-494.php>.

² To find out more about Community Progress' Leadership and Education Initiatives, visit <http://www.communityprogress.net/leadership-and-education-pages-413.php>.

³ The term 'problem properties' is used generally to describe all properties that pose negative impacts to residents and neighborhoods, and consistently place a demand on city services, such as code enforcement, police, fire, or legal services.

⁴ A list of local stakeholders who shared their time and insights to support this project is included as Appendix A.

1. Despite a very skilled and responsive IT staff, departmental data is not frequently aggregated and analyzed, and there is no shared understanding throughout City government of the scope, scale, and contributing factors of vacancy and abandonment in High Point.
2. Many departments are individually pursuing a variety of creative approaches to minimize the harm of vacancy and abandonment, all with the tools and resources at their immediate disposal, but with limited impact given the lack of coordination and absence of an overall strategic vision.
3. The City's need is less about how to make an existing code enforcement system more strategic, and more about building a new code enforcement division and program from the ground-up.
4. The tax enforcement system, as currently implemented, is likely *contributing* to vacancy and blight in a manner that City and County officials may not fully understand.

The above critical findings need to be put in proper context. The fact is that new City leadership, both on City Council and in the Manager's Office, are aware of many of the challenges above, and already moving incrementally to position the City for reform and success. For example, the City Council and Manager's Office agreed this past year to boost the code enforcement staff from two officers to six, reorganize the division under the Department of Community Development, and commit \$1,000,000 of general fund revenues to support neighborhood revitalization efforts—or new initiatives or programs that might follow from this technical assistance engagement. Additionally, in November of 2015, the City partnered with the University of North Carolina at Greensboro's Center for Housing and Community Studies to conduct a housing market analysis (Market Segmentation Study) of the neighborhoods in the City Core to help guide future investments and policy decisions.⁵

The City's TASP application was another intentional move to upend the status quo. City leadership viewed the scholarship as an opportunity to bring Community Progress to High Point regularly over six-months to help deepen the awareness of other local officials and community partners about the nature of the problem, potential solutions, and how each stakeholder might play a role in a citywide, coordinated approach to create more vital, healthier, and safer neighborhoods for all High Point residents.

In other words, City leadership had learned over the past year through Community Progress educational events that attacking vacancy and abandonment requires a data-driven, systems-based approach. It requires better policies, improved operations, strategic programs, *and* diverse partners. It requires transparency, and a genuine commitment to engage and involve residents in the decisions that impact a neighborhood's future. It requires strong leadership, but also interdepartmental coordination guided by a shared understanding of both the problem and the goal. While City leaders were slowly chipping away at reforming the status quo, the six-month technical scholarship was seen as a great opportunity to accelerate this discussion, engage and educate more internal and external partners, and build consensus on a set of actionable strategies.

⁵ To learn more about the Market Segmentation Study and read the final report, visit <https://chcs.uncg.edu/research/projects/>.

To this end, and consistent with findings from the initial site visit, there was agreement between Community Progress and City leadership to expand the focus beyond just code enforcement. Instead, the scholarship would allow for the Community Progress team to spend more time in High Point, pursuant to the following goals under each priority area:

1. **Data Management Systems and Practices:** Assist with the creation and preliminary work of the High Point Data Team to better understand the scope, scale and nature of vacancy and abandonment.
2. **Code Enforcement Systems:** Assist with building consensus on the most effective and strategic approach to code enforcement in the face of restrictive state laws.
3. **Property Tax Enforcement Systems:** Facilitate discussion between Guilford County and City of High Point officials to assess current tax enforcement practices, better understand the legal framework for what's possible, and explore potential reforms to minimize the costs and harms presented by vacant, abandoned, and tax delinquent properties.
4. **Community Partnerships and Programs:** Facilitate roundtable discussions with community stakeholders and help identify new opportunities for coordination and collaboration, including the provision of social services to the occupants of problem properties.

The above scope reflects an understanding that we at Community Progress have gained in working with communities to effectively tackle vacancy and abandonment; namely, that a systems-based approach that is data-driven and market informed is key to a community's success in minimizing the negative impacts of problem properties. Broadly speaking, an owner has a responsibility to keep current on both property taxes and property maintenance and repair, and in the event an owner lapses in either major responsibility, a local government should have access to efficient, effective and equitable code enforcement and tax enforcement systems to ensure the property causes minimal to no harm to adjacent residents, property owners and the overall neighborhood market. These preventative systems—housing and building code enforcement systems and property tax enforcement systems—need to accommodate the occasion of individual financial hardship and the presence of vulnerable populations with practices and programs that are fair and equitable. However, once hardship programs are in place—like emergency repair programs for vulnerable homeowners to remedy simple code violations or homestead property tax exemptions for low-income or senior populations—these two key preventative systems ought to allow for an efficient and effective transfer of the property to new ownership if the current owner fails to keep a property up or stay current on property taxes, whether through willful neglect or abandonment. Unfortunately, we often find that these very legal systems—rendered ineffective or inefficient by state statute, local practice, or both—can actually contribute to and exacerbate vacancy and abandonment.

Therefore, when assessing code enforcement and tax enforcement systems, it is critical to have a solid understanding of what state law permits and prohibits. For better or worse, state law largely defines what solutions local and county governments can deploy when it comes to housing and

building code enforcement and property tax enforcement. All local governments derive their power from the state, but there is a great deal of variation across the country on how and by how much that delegation of authority occurs. Home rule states, like New York, grant local governments broad control over local matters. North Carolina, however, is not a home rule state. Local governments in North Carolina must be granted enabling authority from the General Assembly in order to act. The General Assembly has enacted a number of statutes granting specific authority to local governments for a wide range of code enforcement activities and tax enforcement practices. However, each statute is limited in scope, by design, and specific procedural requirements are imposed. Furthermore, some of the relevant statutes for code enforcement have been subject of litigation, so interpretations by the courts must be taken into account as well. Thus, actions by both the courts and the state legislature will likely make local government authority in this area a moving target for the foreseeable future, making local efforts to address the systemic causes of vacancy and abandonment even more challenging.

Given the complex and restrictive statutory environment in North Carolina, we requested the support of the UNC School of Government to serve as our in-state legal and policy experts on both code enforcement and property tax enforcement systems.⁶ Specifically, we worked closely with both Tyler Mulligan (code enforcement and community development) and Chris McLaughlin (tax enforcement).

Once the scope of work was finalized and the consultant team in place, there was agreement on the following project timeline and activities:

- July: A two-day visit, featuring a day-long policy workshop on code enforcement systems, co-facilitated by Tyler Mulligan, followed by a day of meetings with the High Point Data Team and a range of community partners.
- August: Collection, joining, and analysis of local datasets—including key blight indicators such as tax payment status, code violations and code liens, utility service status, vacancy, police calls, fire damage, property rating, and occupancy status—in an effort to better understand the true nature, scope and scale of the problem.
- September: A two-day site visit, featuring a half-day policy workshop on property tax enforcement systems, co-facilitated by Chris McLaughlin, followed by meetings with the High Point Data Team and community partners.
- October – November: Prepare final report, and arrange a one-day site visit to present findings and recommendations to City leadership and its partners at the County and in the community.

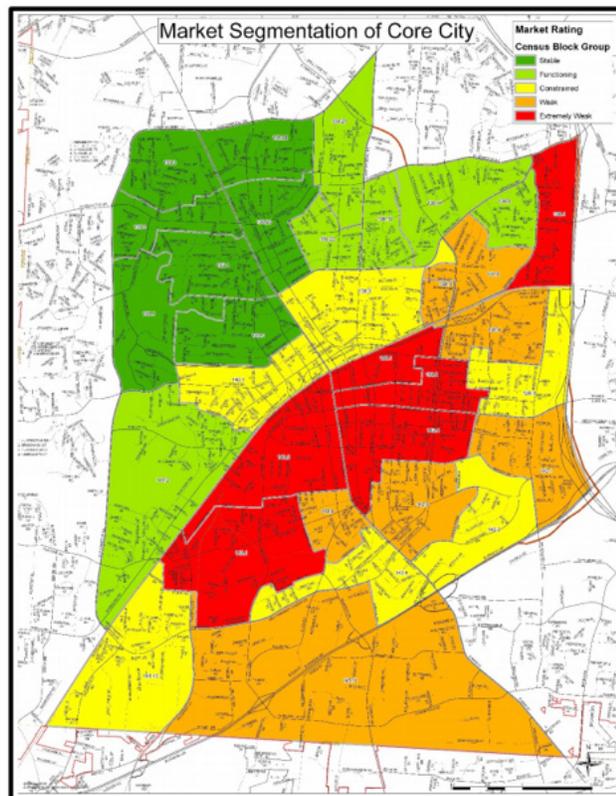
⁶ The School has a long history of supporting local governments in North Carolina, so it was a natural fit to include School faculty in this technical assistance engagement. Visit <https://www.sog.unc.edu/> to learn more about the UNC School of Government.

CURRENT CONDITIONS

The City of High Point, home to the legendary jazz saxophonist John Coltrane, currently has approximately 105,000 residents (2014 U.S. Census estimate), which represents an impressive 22% increase from 25 years ago. Once the nation's manufacturing center for furniture and textiles, High Point still hosts the world's largest furniture market twice a year, which attracts up to 100,000 visitors and exhibitors to about ten million square feet of showrooms and exhibition space that dominate the City's downtown. While there's no question the market is a major economic driver, the conversion of this historic downtown almost entirely to showroom and exhibit space means that for 48-weeks of the year, the heart of downtown is largely underutilized and inactive.

The highest levels of vacancy and abandonment are seen in the residential neighborhoods immediately surrounding downtown and to the east and south. According to the Market Segmentation Study, these neighborhoods also exhibited extremely weak (red) and weak (orange) housing markets, as seen in Figure 1, which depicts all neighborhoods in the study area, commonly referred to as the Core City (Core). The Core is the historic center of High Point, home to approximately 29% (30,848 population) of all City residents. Even though 77% of all residential structures in the Core are single-family residences, about 59% are rental units according to the Market Segmentation Study. Most of the Core is a food desert. Approximately 1 out of 5 parcels in the Core are vacant lots, according to visual surveys conducted as part of the Market Segmentation Study. In the southern and eastern sections of the Core, there are blocks of empty factories and overgrown industrial sites. And one-third of all neighborhoods in the Core are federally designated racially/ethnically concentrated areas of poverty (R/ECAP), which is in stark contrast to an adjacent downtown that has been re-engineered to accommodate a phenomenon twice a year that generates \$5.4 billion in economic activity for the region.⁷

Figure 1.
Map of market strength of Core neighborhoods, from the 2016 Market Segmentation Study completed by the UNC Greensboro Center for Housing and Community Studies.



⁷ Duke University's Center on Globalization, Governance and Competitiveness was commissioned to research the economic and fiscal impacts of the High Point Market. An executive summary of the October 2013 report, *The Economic Impact of the High Point Market*, is available at <https://www.highpointnc.gov/DocumentCenter/View/949>.

Another major economic driver that exists in the Core is High Point University (HPU). Named both the Best Regional College in the South and the Most Innovative College in the South in 2016 by the U.S. News and World Report, HPU has experienced explosive growth in both student enrollment and its physical footprint. In the last ten years, the university has implemented a \$1.6 billion capital campaign—investing in academics and scholarships to facilities and technology—and the original 92-acre campus has grown to 430 acres. HPU recently purchased an entire neighborhood adjacent to its main campus, and upgraded the single family residences, most of which were falling into disrepair, into bungalows for students.

The presence of these two major economic engines in the Core, blocks away from entrenched poverty and disinvested neighborhoods challenged with substandard rental housing, vacant properties, and overgrown lots and shuttered factories, creates a stark contrast of needs and opportunities. These sharp inequities and stratified housing markets are not unique to High Point, and are pressing urban challenges that many forward-thinking leaders in cities across the nation are struggling to resolve. In the face of these dynamics, High Point is taking the following proactive steps:

1. The City is making investments consistent with its formally adopted Fair Housing Plan. For example, four affordable housing projects funded with Low-income Housing Tax Credits in the last five years are all located outside the Core and in neighborhoods identified as High Opportunity Areas. A summary of these affordable housing projects are included below in Table 1.
2. The City designed a grant program to help individuals purchase new homes in the Core, using general fund dollars instead of HUD dollars to purposefully target and attract middle income earners to these weaker housing markets.
3. The City has rolled out or supported a number of creative programs and community initiatives to help Core residents protect and build equity, including Individual Development Accounts, Financial Literacy Training, an emergency home repair program for seniors, and a volunteer-based home repair program organized under the national faith initiative, Operation InAsMuch.⁸

Table 1. Summary of LIHTC Projects in the City of High Point from 2011 - 2016

Project Name	Year Award	Address	# Units	Estimated Cost	Status	City Commitment
Admiral Pointe	2011	3725 Admiral Dr	54	\$5,411,059	Complete	\$560,000
Addington Ridge	2013	3726 Admiral Dr	58	\$6,949,799	Complete	\$1,350,000
Kirkwood Crossing	2015	2208 Lirkwood St	84	\$10,259,851	Underway	\$2,000,000
Hartley Ridge	2016	700 W. Hartley Dr	84	\$9,476,893	Not started	\$697,000
Park Terrace III	2015	885 Sharon Circle	78	\$9,158,370	Underway	\$365,000
Totals			358	\$41,255,972		\$4,972,000

⁸ <http://www.operationinasmuch.org/>

These are noteworthy achievements, but City officials know that real progress requires a better understanding of the systemic causes of vacancy and blight, and a data-driven, comprehensive approach coordinated with partners to stabilize and revitalize these Core neighborhoods and more effectively meet the needs of Core residents—both today and tomorrow.

The remainder of this report is presented in four sections, one for each of the four areas of focus: (1) Data Management Systems and Practices, (2) Code Enforcement Systems, (3) Property Tax Enforcement Systems, and (4) Community Partnerships and Programs.

SECTION 2.

FOCUS AREA #1: DATA MANAGEMENT SYSTEMS AND PRACTICES

OVERVIEW

When it comes to vacancy and abandonment, it is ineffective at best, and harmful at worst, to begin designing solutions until the nature and scale of the problem has been properly identified and commonly understood by all involved parties. Accomplishing this first step—identifying the problem—is more challenging than it may seem. First, many communities don't always understand the common indicators of vacancy and blight. Second, virtually all local governments have antiquated data management systems (if systems exist at all) that function to serve single departments, making the idea of data sharing often seem like a threat to control or data integrity. Third, because data remains siloed, data collection and management practices vary considerably across city departments, significantly complicating integration and analysis. Fourth, some of the most valuable indicators of blight may be managed by an entity other than municipal government, such as when Counties collect taxes on behalf of local governments, which might complicate cooperation and timely access.

Common Blight Indicators

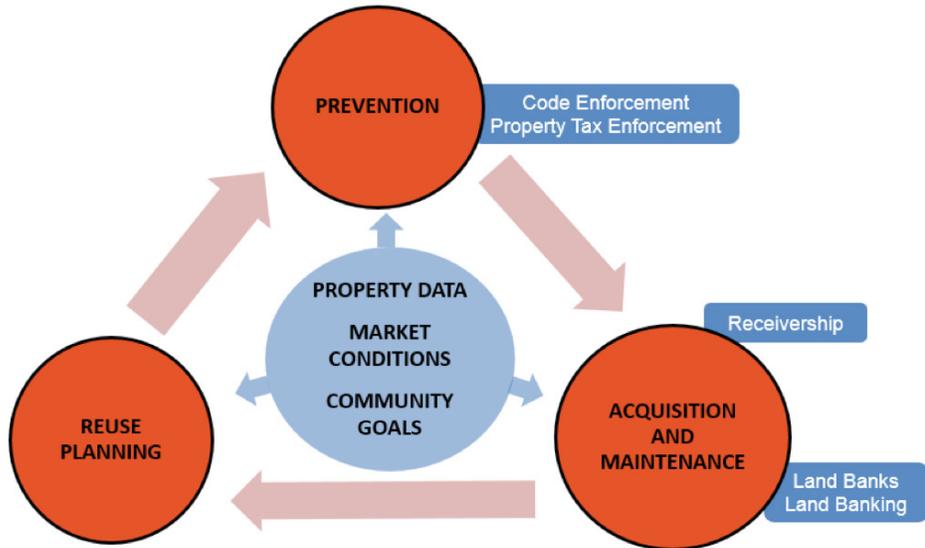
- Code Violations
- Tax Delinquency
- Vacancy
- Criminal Activity
- Utility shut-offs
- Fire damage

Despite the above challenges, it is imperative that communities understand that good data-management practices, including both parcel data and neighborhood market data, are the bedrock of a systems-based, coordinated approach to vacancy and abandonment. The full cycle of property revitalization—from prevention to acquisition and maintenance to reuse—is driven at every stage by reliable, timely access to and analysis of parcel and market data, as shown in Figure 2.

Overcoming the above obstacles is challenging. Often, local governments that struggle with systemic vacancy and abandonment are those with the fewest resources and least amount of capacity to reform and integrate antiquated data management systems. However, a great deal can be done with limited resources. What frequently matters more than money when it comes to improving data management practices are political leadership, a common understanding of the problem as well as potential solutions, and a commitment to foster, deepen and then institutionalize teamwork and interdepartmental collaboration.

Figure 2. Diagram illustrating the full cycle of property revitalization, with key systems and strategies indicated at appropriate points in the cycle. Throughout the cycle, parcel and market data, as well as community goals, should inform the work.

Note, this is a general depiction, and the effectiveness or availability of some of the identified strategies, such as receivership or the creation of modern day land banks, may be entirely contingent on state law, which varies considerably across the country.



CURRENT PRACTICES AND FINDINGS

The City struggles with many of the common obstacles noted above in improving data management practices. During the initial site visit, it was apparent—and acknowledged by City officials—that there was not a clear and shared understanding of the true cause or extent of vacancy and abandonment in the Core neighborhoods. The pre-workshop survey results (included as Appendix B) affirm this dynamic, with City officials providing widely divergent estimates of the number of vacant properties, from 250 to more than 1,000.

This lack of a common understanding is not surprising, given many officials acknowledged that data sharing does not happen regularly, and even when it does, is not always effective. For example, it was learned that the communication process and data exchange between the Fire Marshall’s Office and the Building and/or Code Divisions is insufficient. Initial communication about fire incidents seems to occur regularly, but there is no process or infrastructure in place to properly monitor and track the subsequent inspection activity. All parties acknowledged that there is a “gap” in the process, and that some fire-damaged properties have slipped through the cracks and been allowed to linger too long without penalty or action.

Another challenge noted during initial interviews with department representatives was that many shared how they touch vacancy and abandonment, but didn’t necessarily see how they could play a sustained and vital role in a comprehensive, coordinated approach to addressing vacancy and abandonment. And in the absence of a systems-based, integrated approach, most departments have designed siloed approaches with the immediate tools at their disposal to “fix” the part of vacancy that impacts their work. For instance, the Police Department has creatively used property seizure to eliminate vacant properties that have become havens for criminal activity. The Fire Department

has been placarding vacant properties that pose risks to public safety officers in the event of a fire or call for emergency service. The Community Development Department seeks to acquire vacant lots to support residential infill. While all of these are admirable efforts, they are being carried out without regular coordination between departments, thereby making it difficult to achieve the kind of systems-level change that is needed to arrest, reverse and ultimately prevent vacancy and abandonment.

Fortunately, the City has a number of thoughtful and sophisticated data and GIS staff spread across multiple departments and divisions. At the initial site visit, when meeting with this group of information technology (IT) and GIS personnel, there seemed to be unanimous agreement that all the blight indicators are accessible and could be merged. What had been lacking over the years, the group agreed, was clear direction and sustained support by management to do the work.

As part of the visit in July, the focus of which was a day-long workshop on code enforcement, a portion of the second day was spent meeting with this same data group: approximately ten City officials whose work involves, in some degree, the collection or management of individual parcel datasets that serve as indicators for vacancy and blight.

This group of City staffers, which is now serving as the ad hoc High Point Data Team, was energized by the previous day's code enforcement workshop and engaged in robust discussion about data management and sharing practices, as well as the opportunities and limitations presented by existing data management systems. There was a much clearer understanding of the value of individual datasets to informing and guiding a more comprehensive approach to tackling the negative impacts posed by problem properties—and how the status quo approach, operating within siloes, is harmful to the economic, social and fiscal health of High Point.

There was agreement to prioritize the following tasks:

1. Start collecting, integrating and mapping the following datasets for richer analysis:
 - a. Tax delinquency (Guilford County Tax Department)
 - b. Existing repair/vacate and close orders (City Code Enforcement)
 - c. Existing demolition orders (City Code Enforcement)
 - d. Code liens (City Law Department)
 - e. Criminal activity (City Police Department)
 - f. Utility shut-offs (City Electric Utilities Department)
 - g. “Red-X” properties⁹ (City Fire Department)
 - h. Property rating (Market Segmentation Study)
 - i. Occupancy Status (Market Segmentation Study)
2. Develop a list of properties that are extremely distressed or posing significant safety risks to better understand possible demolition needs.

⁹ This refers to those vacant properties to which a sign has been affixed that has either a red slash (/) or a red X, which serves to warn first responders of interior or structural hazards that warrant extreme caution. The Fire Department launched this initiative independently as a proactive way to protect the health and safety of first responders that may be called to a dangerous vacant property to fight a fire or provide emergency assistance.

3. Evaluate software platforms that other cities have deployed to help aggregate and visualize blight indicators and other relevant market data to more effectively monitor neighborhood trends and guide blight prevention and elimination strategies.

By late August, substantial progress had been made. Online review of and research into a few software vendors provided by Community Progress was completed, and the City requested and arranged a webinar demonstration with one in particular. The vendor loaded a few of the City's local datasets into the cloud-based platform in advance of the webinar, and afterwards, there was agreement by City management and members of the Data Team to further explore the data platform. A beta version of High Point's portal was activated in October for ongoing review and analysis by City management. The City staffer that is overseeing and managing this project confirmed that the City's ultimate goal would be to use this platform to feature and integrate most, if not all, of the datasets listed above, as well as market indicators and U.S. Census data. The platform also allows for a public dashboard so outside users, such as residents and potential investors, could monitor trends for a number of neighborhood indicators, such as code enforcement activity, tax delinquency, and development activity (building permits).

City management and members of the Data Team also made progress in collecting and joining various datasets. A sizable Excel file (25 MB) of all parcels in High Point, including most of the parcel indicators mentioned above, was created and shared with Community Progress for analysis. The joined database lacked critical information about code violations and outstanding orders for demolition or repair, and even after some scrubbing and manipulating, some records were still incomplete or ambiguous. Despite these limitations, the table still had sufficient parcel data to point to important trends and help shed light on the problem(s) that need to be solved.

For purposes of analysis, the database, which originally included 76,000 records, was narrowed to only those properties that are completely in High Point and Guilford County,¹⁰ giving an inventory of 55,732 parcels. Some of the key findings are included in the respective sections below when discussing code enforcement and property tax enforcement systems.

During the September visit, the High Point Data Team reconvened after the tax enforcement workshop. Community Progress presented the modified database and tested its application to a number of different inquiries. For example, the database was queried to identify all residential properties that exhibited a number of blight indicators: at least two years tax delinquent, have not had electricity service for at least six months, and have at least one code lien. These parameters generated a list of 132 properties, which suggests a relatively manageable universe of likely abandoned properties.

¹⁰ The City of High Point has used annexation to grow over the decades, and now extends into four different Counties with a total of approximately 76,000 parcels. However, parcels on the periphery that are partially in another county other than Guilford or another local jurisdiction other than High Point are generally in stronger, more stable neighborhoods. In defining the inventory of 55,732 to better understand the characteristics of the 'problem property inventory,' these outlying parcels were excluded.

RECOMMENDATIONS

1. Virtually all communities recognized as models of excellence in tackling vacancy and abandonment have assembled an interdepartmental team that meets regularly to set goals, monitor implementation, troubleshoot challenges, and evaluate progress. To this end, the City is encouraged to create a senior-level Vacant and Abandoned Property Task Force (Task Force), led by an individual that is both empowered by and accountable to the City Manager. The Task Force is encouraged to meet twice a month at the onset, and then no less than monthly. At a minimum, the task force should include representation from the following departments or divisions: Manager's Office, Law, Community Development, Planning, Code Enforcement Division, Police, Fire, Utilities, IT and GIS (or designated members of the Data Team, see #2). Representatives from the Guilford County Tax Department could also be invited, and attend as time permits. Additionally, involvement and input from the UNC School of Government is encouraged on a quarterly basis.
2. City management is encouraged to formalize the Data Team and empower it to continue carrying out the necessary data collection and management tasks to provide ongoing support and analysis to the Vacant and Abandoned Property Task Force.
3. The Data Team is encouraged to maintain as a top priority the ongoing implementation of the new data platform, and consider how changes to current data collection and management practices might be improved across all departments to make the data collected, integrated, and mapped in the new mapping platform more useful. Recommendations on data collection and management by the Data Team should be presented to the Vacant and Abandoned Property Task Force for consideration and implementation. Additionally, committing to the public dashboard is strongly encouraged, and a reasonable goal would be to launch this public portal no later than the end of the first quarter in 2017.
4. As part of the 2016 Market Segmentation Study, the research team conducted visual inspections (mostly in 2015) on the approximately 15,000 properties in the Core, which provides a very useful baseline. The Data Team is encouraged to develop a plan, by the end of the third quarter in 2017, for conducting visual inspections of all Core properties every three years, starting in 2018. The Data Team should think about how to bring the many neighborhood associations and other community groups, including the Center for Housing and Community Studies at UNC Greensboro, into this parcel survey initiative.
5. While the City and County GIS Divisions and personnel seem to work cooperatively, the City of High Point is encouraged to formalize the City's ability to access the back-end of the County's GIS database, similar to an arrangement that currently exists between the City of Greensboro and Guilford County.

SECTION 3.

FOCUS AREA #2: CODE ENFORCEMENT SYSTEMS

OVERVIEW

Imagine a community that has neighborhoods ranging from strong to extremely weak but has no housing and building code enforcement systems. Inevitably, properties would slide into decline at varying rates, largely determined by the underlying economics and market strength of the neighborhood. Neighbors would be confronted with nuisances and safety risks. Property values of nearby homes would be threatened. The overall market strength of a neighborhood would weaken, and the ability to attract responsible private investment would diminish more and more over time. Speculators and predatory landlords would become the norm. Eventually, properties beyond repair would be abandoned, with local taxpayers on the hook for costly demolitions.

The ultimate purpose of code enforcement regimes is to prevent the above (and admittedly simplified) scenario. Housing and building code enforcement is, in some sense, an effort to prevent any individual owner from ‘externalizing’ the costs of property ownership to the public. Of course, such enforcement systems must be fair (respecting property rights and constitutional due notice), equitable (accommodating financial hardship as reasonably as possible), and focused on compliance as the ultimate goal. They also must be efficient and effective, such that when a property begins to accrue multiple and routine violations, is not brought up to code, and presents greater economic, social and fiscal costs to the community at large, local government has the ability to compel a transfer to new, responsible ownership in an expeditious and routine manner.

Community Progress describes an optimal code enforcement system as one that hews to the underlying logic of “Fix it Up, Pay it Up, Give it Up.” What does this mean? Under this approach, property owners will be given appropriate notice of the code violation, and the opportunity to fix the problem. If the owner doesn’t fix the problem, the local government will take timely action to cure the violation, and bill the owner for costs incurred. If the owner fails to reimburse the government’s out-of-pocket expenses, the local government, on behalf of the taxpayers, will lien the property and pursue all remedies, including the option to foreclose on the lien in a timely and effective manner, to recover all costs and/or compel the transfer of the problem property to a new, responsible owner. As mentioned previously, this approach must also be equitable, with hardship programs in place to help the most vulnerable home owners. Moreover, this optimal approach does not rely on criminal actions against the owner (*in persona*), which is a resource-heavy approach that yields few positive outcomes. Some of the worst violators, often absentee landlords and LLCs, are extremely challenging to bring

to court. On the other hand, local residents who might mean well but lack the appropriate resources to cure the violation often end up appearing for court and getting fined. Thus, this optimal approach instead relies on *in rem* judicial proceedings, attaching enforcement actions to the property.

The regulatory and statutory frameworks at both the local and state level will determine whether the “Fix it Up, Pay it Up, Give it Up” approach can be implemented, and to what effect. The crux of the matter is whether a municipality can place a lien for the costs incurred to cure the violation, and more importantly, what priority and enforcement value is given to the lien. In some states, code liens have low priority, meaning they sit behind all other previously recorded liens, including property taxes and mortgages. A low priority code lien, therefore, has little to no enforcement value, virtually eliminating the chances to successfully foreclose on the lien and making it very difficult to ever recover costs. Alternatively, where state and local law confer ‘super priority’ status to code liens, the above approach has proven very effective in achieving multiple outcomes: higher compliance rates, improved recovery of costs, and when needed, the effective and efficient transfer of the problem property to new ownership. For example, after the Louisiana state legislature agreed in 2008 to grant code liens superpriority status in the City of New Orleans as a pilot, city leadership in 2010 began using the new tool to significant effect.¹¹ In fact, the results were so impressive that state leaders agreed in 2013 to amend the pilot legislation and extend it statewide, allowing any community in Louisiana to use code lien foreclosure as part of their efforts to address the challenges imposed by problem properties.

In-depth discussions about this optimal approach, as well as what approaches North Carolina state statutes allow, were the focus of the day-long legal and policy workshop on housing code enforcement, which was held on July 14, and co-facilitated by UNC School of Government (Tyler Mulligan) and Community Progress. Approximately 25 City representatives and a three-member delegation from Durham, NC, participated in the workshop, which started with a 2.5 hour interactive presentation by Tyler Mulligan on state law, local authority, current practices in High Point, and plenty of simulated exercises. The afternoon was spent discussing results from a pre-survey workshop (see Appendix B for a summary of the results), learning more about the systems of vacancy and abandonment and best practices nationally, and identifying potential next steps. The following findings and recommendations derive from on-site and remote interviews with key personnel, the workshop, and additional research into local ordinances, policies and relevant documents provided by the City.

¹¹ The City of New Orleans, facing a substantial inventory of deteriorating vacant and abandoned properties in the aftermath of Hurricane Katrina, and with few tools to effectively tackle this major challenge, successfully lobbied for state legislation that granted code liens super priority status. Coupled with other reform efforts and a new data-driven approach to vacancy and blight, this legislative fix helped the City achieve some impressive outcomes in just four years (2010 – 2013). To learn more about the City's comprehensive approach to reducing vacancy and blight, see the City's *Blight Reduction Report (January 2014)*, which can be found at: http://www.nola.gov/getattachment/Performance-and-Accountability/Initiatives-and-Reports/BlightSTAT/Blight-Report_web.pdf/.

CURRENT PRACTICES AND WORKSHOP FINDINGS:

1. The City is currently rebuilding a code enforcement division and program from the ground-up, which includes reorganizing the division within the Department of Community Development, tripling staff capacity under a new Supervisor, and migrating enforcement activity and lien data to an enterprise software program (Accela).
2. One of the priorities for the second half of 2016 has been attending to a backlog of approximately 270 case files with outstanding Orders to Demolish. As of October, all case files have been reviewed, according to the City. While exact numbers were not provided, city officials reported one of three outcomes: the case file was closed (the owner had complied), or the case file was restarted with a new inspection (it was determined the case was defective, such as insufficient noticing), or the case was forwarded to City Council seeking approval to proceed with demolition with public resources.
3. State law contemplates four potential code enforcement abatement actions that a local government might carry out, and defines the priority of the resultant code lien:
 - a. Normal nuisances: The city is authorized to classify certain situations as nuisances pursuant to its general police power, G.S. 160A-174, such as the presence of trash, debris, and overgrown vegetation. However, enforcement of abatement orders, which are authorized pursuant to G.S. 160A-175, requires a court order and costs result in a low priority lien.
 - b. Recurring nuisances: When an owner becomes a chronic violator of a nuisance ordinance, meaning the city gave notice of a nuisance violation at least three times in the previous calendar year, then upon occurrence of a violation during the current calendar year, G.S. 160A-200.1 authorizes the city to provide a single notice, with the expense of further actions becoming a high priority lien that “shall be collected as unpaid taxes.”
 - c. Minimum housing code violations: G.S. 160A-443 authorizes the City to follow certain procedures to effectuate minimum housing orders, and the costs of effectuation become a high priority lien collected as a special assessment.
 - d. Public health nuisances: G.S. 160A-193 authorizes the City to summarily abate or remedy anything that is “dangerous or prejudicial to the public health or public safety.”¹² The costs incurred become a lien that is collected as unpaid taxes. In non-emergency situations, normal nuisance procedures (described in items a and b above) must be followed.
4. The City’s nuisance abatement code does not appear to reflect the distinctions described above. It appears to suggest that the costs incurred for all nuisance abatement actions can be collected using the same enforcement mechanism as a public health nuisance—that

¹² The NC Court of Appeals, in *Monroe v. New Bern*, interprets this statute as providing authority to take summary actions when there is an “imminent danger to the public health or safety.”

is, collected like delinquent taxes (Section 12-3-6(c)). Currently, the City uses third party contractors to abate nuisances (mowing high grass and weeds, removing trash and debris, and boarding and securing vacant structures) when a private owner fails to remedy the violation (usually within ten days of appropriate notice). The City pays the third party contractor from the general fund, and records a lien for the amount, including a nominal administrative fee. Table 2 summarizes, for the last three full years, the amount paid out annually to third party contractors to cut high grass and remove trash or debris on privately owned properties and the amount recovered to date. The collection rate is approximately 19% for this time period.

Table 2. Activity and status of code liens stemming from abatement actions, specifically mowing high grass and weeds, and removing trash and debris, from 2013 through 2015.

Year	Paid to Contractor	Value of Liens Filed	# of Liens Filed	Average Lien Value	Liens Paid	Net Cash Flow to City
2015	\$90,300	\$99,100	224	\$442	\$12,200	-\$78,100
2014	\$98,100	\$122,900	227	\$541	\$15,400	-\$82,700
2013	\$87,300	\$118,400	337	\$351	\$24,200	-\$63,100
TOTALS	\$275,700	\$340,400	788	\$432	\$51,800	-\$223,900

- Based on data provided by the City, there are nearly 1,700 unpaid code liens (including those stemming from mowing, trash removal, boarding and securing properties, and demolitions) totaling \$690,000, recorded on approximately 860 properties. Of these 860 properties, only 118 have four or more unpaid code liens, suggesting these are the chronic code violators that drain local resources. Approximately 75% of these “chronic code violators” are tax delinquent, with an average delinquency term of 7.2 years. Due to the lack of tax enforcement, these chronic violators are posing negative impacts, such as placing a high demand on code enforcement services, exhausting local tax dollars, and becoming less and less marketable to potential investors as title is encumbered by more and more debt (tax liens and code liens).
- State law limits a local government’s ability to create citywide rental registration and inspection programs. In fact, portions of the Rental Action Management Program (RAMP) in Fayetteville, NC, a successful proactive inspection program that High Point was interested in emulating, will be significantly more difficult to enforce beginning in 2017 due to state legislative reforms passed less than two weeks before the code enforcement workshop.¹³

¹³ Fayetteville officials announced in early September that, due to the unfortunate changes in state law, RAMP will be rendered largely ineffective, and possibly even terminated, http://www.fayobserver.com/news/local/new-law-stops-fayetteville-s-rental-enforcement-effort/article_961aa1e8-8576-5ab0-a149-248f8fecf27d.html.

7. Despite the restrictive state statutory environment, there are still a few ways the City can legally implement strategic inspection programs should it choose to do so as it builds a code enforcement program from the ground up. These different options are discussed below under recommendations.
8. Language in High Point’s local minimum housing ordinance specific to repair orders is outdated, and might actually be contributing to boarded-up, vacant properties. Currently, if a residence is cited for violations under the minimum housing code, repair orders are issued that grant the owner the option to “repair” or “vacate and close.” It seems many owners are simply choosing the latter to achieve compliance, and effectively eliminating the City’s ability to pursue additional enforcement options. State law (G.S. 160A-443(3)(a)), however, does authorize local governments to order owners cited under the minimum housing code to “repair, alter, or improve” *only*.
9. Language in High Point’s local ordinance specific to the estimated cost of repairs as a percentage of the property’s market value might be compelling the City to order demolition more than is necessary. The City’s local ordinance contemplates what are reasonable costs for repair, and currently the language states that if the estimated costs to repair are more than 50% of the property’s current value, then the City shall order the property demolished. Given property values in many of the more challenged Core neighborhoods are so low, even moderate repairs could exceed the 50% threshold, obligating the City to order demolition.

RECOMMENDATIONS:

Inspection and/or Registration Programs.

One of the top priorities identified by City officials is to develop a strategic code enforcement program that includes more frequent and proactive property inspections, and/or a registration element for some of the worst problem properties. While state law narrows what strategies local governments can adopt, the City can still roll-out and implement property inspection and/or registration programs in a number of ways. Each approach varies slightly, and the City ought to consider carefully which approach makes the most sense after more rigorous analysis of the existing datasets by the Data Team and Task Force. In addition, the City must in all cases consult local counsel to ensure the appropriateness of the recommendations under local and state law.

1. Reasonable cause inspections. Consider employing to a greater extent the new inspections authority of G.S. 160A-424, as modified by Session Law 2016-122, effective January 1, 2017. For each type of reasonable cause described in G.S. 160A-424(a), and included in Table 3, set City policy on the frequency of follow-up inspections.
 - a. As an example only, when reasonable cause is derived from a complaint, City could establish a policy of imposing four periodic inspections on the building: an initial inspection to verify the complaint, then a follow-up to determine that violations

have been corrected (and additional inspections as necessary to ensure compliance), and then a follow-up once a year for the following two years to ensure no relapse has occurred.

2. Targeted area inspections. Establish inspections within targeted inspection areas “to respond to blighted or potentially blighted conditions” that “shall reflect the city’s stated neighborhood revitalization strategy” as authorized by G.S. 160A-424(b) (effective January 1, 2017). Planning will be required to ensure the inspection area reflects the City’s stated revitalization strategy, to conduct required notice and hearing process, and *to establish a plan to address the ability of low-income residential property owners to comply with minimum housing codes.*¹⁴ The analysis and findings in the Market Segmentation Study, as well as in this report, likely provide more than sufficient background and evidence to justify establishing a targeted area in key parts of the Core. One caveat with this approach is that the targeted area must not exceed 1 square mile, or 5% of the jurisdiction’s total land mass. However, once established, all properties within the designated area are subject to periodic inspections. If pursued, City officials are encouraged to engage in active and transparent communication with property owners within the proposed area, and use positive language (such as “Targeted Investment Zone”) instead of negative terminology (such as “Blighted Zone”).
3. High crime rental property registration. Consider establishing a rental registration and/or permitting program, with accompanying fee schedule, for problem properties as authorized by G.S. 160A-424(c). While problem properties under this statute fall into two broad categories, based either on crime or code violations, the standard for the latter as amended in June 2016 is so high as to be almost unattainable (which is why certain components of Fayetteville’s RAMP Ordinance are more difficult to enforce, as mentioned above). Therefore, the only appropriate category of problem properties that can, as a practical matter, be subjected to a rental registration and/or permitting program are those connected with high incidents of criminal activity. Specifically:
 - a. Properties identified as “within the top ten percent (10%) of properties with crime and disorder problems” as defined and set forth in a local ordinance. Key parameters include the point value to be assigned for different types of crimes and disorder, a notification system for violators, and police department policy for testifying at eviction proceedings.
4. Vacant property registration. A vacant property registration program must apply to commercial and residential properties alike. A brief overview of a vacant property registration program is provided in a 2011 School of Government law bulletin, *Residential Rental Property Inspections, Permits, and Registration: Questions and Answers.*¹⁵

¹⁴ Note, this legal requirement actually aligns with the City’s desire to integrate human services with more strategic code enforcement to create an effective and equitable approach to dealing with vacancy and abandonment.

¹⁵ <http://sogpubs.unc.edu/electronicversions/pdfs/cedb8.pdf>

A vacant property registration program, provided it does not target rental property alone, is authorized by the City’s general ordinance-making power (general police power) and by G.S. 160A-424(c)(iii).

Regardless of which program(s) the City finds of value and ultimately pursues, City officials are encouraged to determine whether tenants will be displaced by the City’s inspection and code enforcement program and consider establishing a relocation assistance program for tenants as authorized by G.S. Chapter 133 Article 2 in order to mitigate unintended negative consequences.

Table 3. Reasonable causes, allowed by state law, that local governments can use to place a residential property into a program of periodic inspections.

Threshold Conditions	Scope of Property Evaluated and Affected
Complaint or request for inspection	Entire building
Actual knowledge of unsafe condition	Entire building
Safety hazard in one unit of multi-family building that poses threat to occupant	Other dwelling units in building "to determine if that same safety hazard exists"
Violations of local ordinances or codes are visible from outside the property	Property as a whole

Audit and Modify Local Minimum Housing Ordinance

Consider making modifications to the City’s minimum housing ordinance to suit the City’s strategic priorities as authorized by State statutes.

5. Repair Orders. Consider the advantage of altering local ordinance so that the residents cited under minimum housing code are ordered to “repair, alter, or improve” *only*, as authorized by G.S. 160A-443(3)(a). Currently, orders under the current City ordinance grant the owner the option to “repair” or “vacate and close,” and it seems many owners are simply choosing the latter to achieve compliance. If deemed advantageous, eliminate “vacate and close” orders except during the time allowed for repair to protect occupants as authorized by G.S. 160A-443(3)(a).
6. Minimizing Demolitions. Adjust the City’s “reasonable cost of repair” percentage as authorized under G.S. 160A-443(3). Currently, it is set at 50%. A higher percentage would be expected to result in relatively more “repair” orders and relatively fewer “remove or demolish” orders. A lower threshold would be expected to result in relatively more “remove or demolish” orders and relatively fewer “repair” orders.¹⁶ Given the market conditions of many Core neighborhoods, and the City’s stated goal to use demolition as a last resort, a higher percentage (65 – 70%) seems appropriate.

¹⁶ For more detail, see Mulligan & Ma, *Housing Codes for Repair and Maintenance: Using the General Police Power and Minimum Housing Statutes to Prevent Dwelling Deterioration* 43 (2011), available for purchase at <https://www.sog.unc.edu/publications/books/housing-codes-repair-and-maintenance-using-general-police-power-and-minimum-housing-statutes-prevent-1>.

SECTION 4.

FOCUS AREA #3: PROPERTY TAX ENFORCEMENT SYSTEMS

OVERVIEW

As discussed previously, the tax enforcement system is the second key *preventative* system. However, we also see too often that, if rendered inefficient or ineffective either by statute or practice, this preventative system can actually contribute to vacancy and abandonment. An optimal property tax enforcement system should be just, equitable, and when needed, allow for the efficient and effective transfer of property, with clear insurable title, to a responsible owner.

Community Progress recommends that the appropriate equitable elements be in place first. Hardship programs, such as local homestead property tax exemptions, can help protect financially vulnerable populations.¹⁷ A formal payment plan for those who occasionally miss tax payments due to income volatility or an unexpected expense is essential. And communities could even consider free legal assistance for non-English speaking populations or heirs who inherit a property, in addition to more advanced noticing of delinquency.

Once the above provisions are in place to protect vulnerable homeowners, the property tax enforcement system should then be designed to be efficient and effective and applied universally with objectivity to guard against exceptionalism or political favoritism, or even the perception thereof.

A half-day legal and policy workshop on property tax enforcement systems was held on September 8, and co-facilitated by UNC School of Government (Chris McLaughlin) and Community Progress. Approximately a dozen city representatives were joined by the Guilford County Tax Director and two members of his team, including the lawyer that primarily handles all tax foreclosures. The workshop primarily involved a nearly 2.5 hour interactive presentation by Chris McLaughlin on state law and current practices by Guilford County and the City of High Point. Community Progress then presented some of the key findings from the data analysis, and engaged attendees on policy options to consider. The following findings and recommendations derive from on-site and remote interviews with key personnel, the workshop, and additional research into local ordinances, policies and relevant documents provided by the City and Guilford County.

¹⁷ The State of North Carolina allows only three local property tax relief programs: (i) the elderly or disabled property tax homestead exclusion (G.S. 105-277.1); (ii) the elderly or disabled property tax homestead circuit breaker (G.S. 105.277.1B); and (iii) the disabled veteran property tax homestead exclusion (G.S. 105-277.1C). Unfortunately, local governments in North Carolina have no authority to offer any other property tax relief programs.

Current Practices and Workshop Findings

1. Guilford County provides tax collection and enforcement services to all jurisdictions in the county but one, and provides these services to the City pursuant to an interlocal agreement, which in May 2016 was extended for another five years (through June 2021).
2. State law allows taxing jurisdictions to initiate foreclosure proceedings within one year of delinquency.¹⁸ Per state law, a tax lien expires after ten years. Guilford County generally waits until a property is 7 to 8 years tax delinquent before initiating tax foreclosure proceedings, a practice that according to workshop participants is typical across North Carolina.
3. Guilford County is currently moving 426 parcels located in High Point through the foreclosure process, and these parcels are, on average, delinquent seven years. Guilford County maintains a user-friendly online portal for the public to review and assess these foreclosures. However, only the 426 properties that are actively moving through the foreclosure process are included online, which is about 22% of the 1,910 tax delinquent properties in the City.
4. Guilford County Tax Department self-reported that it lacks the capacity and resources to pursue more enforcement actions at this time, but representatives expressed an interest in finding ways, in partnership with the City, to make the process more efficient. Tax Department representatives acknowledged that delaying foreclosure action, particularly in weak or constrained housing markets, may be creating more harm than good, and would welcome the chance to initiate foreclosures before 7 or 8 years of delinquency under two conditions: (i) there is political support for such reforms, and (ii) additional resources are secured and sustained to expand departmental capacity.
5. Per the interlocal agreement, “The City retains the right to initiate foreclosure on any City liens and to include City tax liens in such foreclosure actions if it so chooses.”
6. When Guilford County initiates a foreclosure proceeding for property taxes in High Point—or in any other jurisdiction for which it provides tax collection services—it does not include any municipal liens, such as code liens or demolition liens. This practice appears to generate a good deal of confusion between the City, County, and Clerk’s Office, and often times the City is not reimbursed for code liens that could have been included and (possibly) recovered from the foreclosure action.
7. State law does allow Guilford County, if it desired, to include the City’s nuisance abatement costs and housing code enforcement repair and demolition costs on annual property tax bills.

¹⁸ Foreclosure of property tax liens may begin after those taxes become delinquent on January 6 of the fiscal year for which they were levied. For example, 2016-2017 property taxes will become delinquent on January 6, 2017. If the City or County so chose, tax foreclosures of unpaid 2016-2017 property taxes could begin on that same date, which is less than a year from when taxpayers received the 2016/2017 tax bill.

8. State law allows for two types of foreclosures, but Guilford County currently and almost exclusively pursues *in rem* judicial foreclosures.¹⁹
9. In the event of nonpayment by the owner during a foreclosure action, Guilford County advertises the tax liens, notifies all interested parties, and eventually offers the property for sale. Per the interlocal agreement, the City is *obligated* to enter a minimum bid on the property for the amount of taxes owed to both County and City. After the auction, there is a ten-day upset bid period, meaning another party can engage in a bidding war (must be 5% or \$750 above winning bid, whichever is greater), and this 10-day period resets every time there is a legitimate ‘upset bid.’ During this time, the original owner may also come in and pay the amount of outstanding taxes, which would end the foreclosure action and trump all bids to date.
10. Given the interlocal agreement obligates the City to enter a minimum bid equal to the amount of taxes owed to both the County and City, there are a couple of possible outcomes:
 - a. Another party enters a higher bid, and the City is not obligated to bid again (but it may choose to do so).
 - b. No other party enters a bid, and the City assumes ownership of the property after the upset bid period. State law does not require that the City actually outlay cash to cover all liens if it is the winning bidder on foreclosed properties. In the event the City wins the bid, it only pays the legal fees associated with the foreclosure action.²⁰ The foreclosure sale extinguishes all local government liens on the property. If the City later sells the property, it would be obligated to share the sale proceeds with the County based on the relative amounts of those extinguished liens. The County and City would expect to agree to share sales proceeds on a proportional basis if the sales price is insufficient to cover the full amount of the extinguished liens.
11. If the winning bid is more than the total amount owed of the liens included in the foreclosure action, then the surplus proceeds must be turned over to the clerk of court for distribution to other creditors or to the former owner of the property. Note, however, that if the City is the winning bidder and purchases the property, it is permitted to retain any surplus proceeds that might result from the subsequent sale of that property. This might occur if local market conditions improve or if the City makes repairs or improvements and enhances the property’s value.

¹⁹ G.S. 105-374 authorizes “mortgage-style” foreclosures, which require the filing of a complaint and the resolution of a civil lawsuit. G.S. 105-375 authorizes “in rem” foreclosures, an expedited procedure in which the local government skips the filing of a complaint and moves straight to the docketing a judgment for delinquent taxes and other included liens.

²⁰ Guilford County retains private legal counsel to manage and handle all tax enforcement actions, and these associated legal fees are what state law requires be reimbursed.

12. If the City is the winning bidder, then State law (G.S. 153A-163) requires that any subsequent sale at a later date to a third party must be equal to or greater than the City's winning bid. An exception to this rule, however, is if the redevelopment will support low-income housing, for which the sale price can then be lower than the City's winning bid.²¹
13. The City currently owns vacant residential lots in the Core, but officials acknowledge there is little capacity and no concrete plan to assume and perform maintenance responsibilities for structures that may be acquired through the tax foreclosure process with no immediate end-use plan.

Two Key Problems and the Need for Reforms

Many other intricacies of the tax foreclosure process, and what state law allows, were discussed during the workshop. However, the above findings provide enough of a picture to identify two key problems with the current property tax enforcement system and potential reforms that could align with and help advance some of the City's goals with this TASP engagement.

The database, narrowed to the 55,732 parcels that are wholly in High Point and Guilford County, offers some general findings relative to tax delinquency:

- 1,910 parcels (3.4%) are currently tax delinquent, at least one year, with a total amount owed of \$4,878,508
- But when you narrow the pool of tax delinquent properties to only those that are delinquent two years or more, the number drops to 888 parcels (1.6%), with \$4,006,884 in total owed (see Table 4)

The first critical problem of the current tax enforcement system is the standard practice of waiting until a property owner is seven or eight years tax delinquent before initiating a tax foreclosure action (which can then take another year or more to complete). An optimally efficient system would be able to complete the foreclosure process and transfer the property to a new responsible owner within two years of delinquency—a practice that isn't unusual in other states. The practice of delaying foreclosure in Guilford County undermines the health and

Table 4. Breakdown by land classification of properties that are at least two years tax delinquent.

Land Classification	Amount of Taxes Owed	# of Properties Delinquent
Apartment	\$519.37	20
Commercial	\$541,635.28	40
Common Area	\$823.45	16
Condominium	\$37,503.79	13
Encumbered or Restricted by Easements	\$19,517.32	6
Government Owned	\$8,055.79	3
Industrial	\$810,809.38	91
Institutional	\$53,576.98	9
Multi Family < 4	\$99,018.92	43
Office	\$33,330.87	4
Residential	\$2,145,841.73	621
Retail	\$191,107.44	4
Townhouse	\$14,190.98	7
Vacant	\$35,499.46	9
No classification – Blank	\$15,454.17	2
Grand Total	\$4,006,884.93	888

²¹ To better understand disposition options as it relates to affordable housing, see Tyler Mulligan's September 2016 blog post on this issue, <http://ced.sog.unc.edu/conveyance-of-local-government-property-for-affordable-housing/>.

vitality of neighborhoods, particularly those with constrained or weak housing markets; likely harms the marketability of a property and reduces future tax revenues to both the County and City; and imposes significant costs to the City of High Point.

In the absence of any real strategic and consistent code enforcement program over the last decade,²² delaying the enforcement of delinquent taxes invites negligence and abuse by unscrupulous owners, particularly in Core neighborhoods with a prevalence of substandard rental housing and constrained or weak housing markets. With these two preventative systems inefficient, ineffective, or both, a property that could have been repaired may eventually need to be demolished. A rental property owner might reasonably “ride it out,” letting the tax bills mount, carrying out only basic maintenance, relying on the City for basic lawn maintenance, and collecting \$5,000 or more per year in rent in a weak Core neighborhood. Seven years later, that property has deteriorated, generated no tax revenue, negatively impacted the equity of adjacent homeowners, and will now require a greater investment to repair, if repair is even feasible. In other words, the broken preventative systems can enable an individual owner to profit handsomely, externalize all the costs of ownership to the public and the local taxpayer, and then simply walk away without penalty.

While the above example is exaggerated for effect, the truth is that individual properties falling into disrepair at varying degrees can compound each other and, when aggregated, compromise a neighborhood’s future. The adjacent table (Table 5) analyzes the 1,910 delinquent properties based on occupancy status and property rating, the latter of which is known for 1,017 tax-delinquent properties. The majority of tax delinquent properties for which a rating is available are occupied (779), and rated good or fair. If one drills down into these numbers a bit more based on how long the properties have been tax delinquent, a compelling but somewhat expected trend emerges. The properties that are only a few years delinquent are overwhelmingly occupied and rated good. As you look at properties delinquent five years and seven years and eight years, more properties slide from occupied to vacant, and

Table 5. Summary of all tax delinquent properties in High Point based on occupancy status and property rating, as determined by the visual parcel survey completed as part of the Market Segmentation Study.

Property Traits	Delinquent Taxes Owed	# of Properties
Occupied	\$2,043,348.23	779
Fair	\$499,511.33	273
Good	\$1,446,827.58	452
Poor	\$97,009.32	54
Unsure	\$289,033.01	101
Fair	\$156,272.20	52
Good	\$74,251.07	27
Poor	\$58,509.74	22
Suggest Demo	\$99,018.92	43
Vacant	\$500,019.44	137
Fair	\$87,430.13	37
Good	\$63,977.62	16
Poor	\$316,575.69	77
Suggest Demo	\$32,036.00	7
Not Rated	\$2,046,107.52	893
Grand Total	\$4,878,508.20	1910

²² While being strategic is important when enforcing housing and building codes, so too is being consistent. According to multiple city officials, including current City Council members, prior Councils would arbitrarily extend deadlines or repeatedly side with “well-connected” property owners, in effect politicizing the enforcement of housing code and rendering it ineffective. The current Council recognizes that enforcement must not be arbitrary, capricious, or political, and that so long as basic hardship programs are in place, enforcement must be objective, predictable, and consistent.

to lower ratings. In other words, each passing year of tax delinquency adds greater likelihood the property will trigger more service calls, serve as a haven for criminal activity, and/or become cost-prohibitive to repair for the existing owner or potential new investor. Aggregated to the block level, or a few blocks, these downward trends can significantly stifle private investment. Arresting and eventually reversing such trends (in other words, rebuilding a neighborhood’s market potential and restoring investor confidence), becomes far more challenging and more dependent on the targeted infusion of larger sums of public dollars.

Although there are fewer tax delinquent properties known to be vacant and assigned a rating (137), vacant properties typically draw large volumes of service calls and, in the process, drain local revenues. High Point Police reported that 68% of all departmental resources are dedicated to the Core neighborhoods, and officers noted—similar to the national research—a strong correlation between crime and vacant properties. Vacant, abandoned properties are not only magnets for crime, but also safety risks to neighbors and municipal firefighters. Add in the six or seven years of adjacent residents or business owners calling about trash, high grass, and broken windows and doors—and the City paying third-party contractors to remedy the violation in the absence of compliance—and it becomes clear that the social, economic and fiscal costs of allowing tax delinquent properties to languish are significant.²³

There is another cost, less obvious, to delaying the foreclosure action. Waiting seven years or so also means the minimum bid that the City must enter at the auction is substantially higher than if that property was foreclosed upon five years prior. While state law doesn’t require the City to pay all outstanding liens upfront, it could make reselling the parcel to a third party more difficult if the goal is to recoup the outstanding tax liens. For example, Table 6 is a breakdown of tax delinquent properties by year and the average amount owed per parcel. Of course, the average amount owed increases with each year of delinquency. However, it’s important to fully grasp the potential fiscal impacts of these delays. Take the 124 properties that have been delinquent since 2010, and now owe an average of about \$5,917 per property. If these were to be auctioned off, the minimum bids would total approximately *half a million dollars more* than if these same 124 parcels had been auctioned off after two years of delinquency. It makes no sense to burden problem properties with additional debt and simultaneously risk losing precious equity by

Table 6. Breakdown of tax delinquent properties by year, showing average amount owed per parcel, and the potential fiscal impacts of delaying foreclosure actions.

Year Delinquent	Average Amount Owed/Parcel	# of Properties	Sum of Taxes Owed
2003	\$3,847.15	1	\$3,847.15
2005	\$5,273.23	91	\$479,863.55
2006	\$5,237.48	39	\$204,261.76
2007	\$5,036.37	51	\$256,854.84
2008	\$5,570.70	61	\$339,812.44
2009	\$4,825.54	90	\$434,298.28
2010	\$5,916.84	124	\$733,687.64
2011	\$7,268.67	96	\$697,792.60
2012	\$3,101.05	144	\$446,550.82
2013	\$2,146.16	191	\$409,915.85
2014	\$1,076.30	352	\$378,858.68
2015	\$735.47	670	\$492,764.59
Tax Current			
Grand Total	\$2,554.19	1910	\$4,878,508.20

²³ Examples of recently completed cost of blight studies, as well as current research documenting the positive impacts of demolition, are included in Appendix C.

delaying foreclosure multiple years. Such delays saddle the City with higher obligated minimum bids, risk losing properties to negligence and decline, and potentially compromise a property’s marketability to private investors.

The second most noticeable problem is the low collection rate of code and demolition liens, particularly when state law allows the City and County to work together and pilot a new approach that would benefit all parties.

As mentioned in the section on Code Enforcement Systems, the collection rate for liens filed the last three years (2015 – 2013) is approximately 19% (\$51,800 collected out of \$340,400). On the other hand, Guilford County posts an excellent collection rate of property taxes of more than 96% (measured by number of parcels).

If one sorts all outstanding code liens based on tax payment status, the findings are quite revealing. There are 1,692 code liens recorded on 861 individual properties.²⁴ As Table 7 shows, of the 861 properties for which code liens remain unpaid, 584—a whopping 68% —are tax current. These represent half of the total dollar amount owed on all liens. It stands to reason that connecting the City’s cost-recovery efforts to the County’s annual tax billing and collection process will significantly increase the current collection rate of 19%. State law allows Guilford County to include the costs incurred in abating a nuisance on private property as a line item on that individual’s property tax bill, as it does with special assessments. While modifying the County’s tax billing software system to accommodate this line item charge might be onerous at first—and require financial support from the City—once completed, it could become seamlessly integrated into standard operating procedures for tax billing and collection.

It is understandable that the above policy reform might take some time to implement, and potentially require an amendment to the interlocal agreement. In the interim, the County could consider agreeing to include all municipal code liens in its annual tax

Table 7. Analysis of tax payment status of properties with code liens, which shows that approximately half of the total dollar amount of outstanding code liens exists on tax compliant properties.

Year Delinquent	# of Properties with Code Liens	Amount Owed	Average Amount Owed per Property
2003	1	\$1,788.50	\$1,788.50
2005	40	\$61,089.01	\$1,454.50
2006	15	\$19,220.33	\$1,281.36
2007	18	\$46,852.20	\$2,342.61
2008	17	\$27,870.69	\$1,639.45
2009	26	\$43,562.06	\$1,675.46
2010	28	\$32,282.55	\$1,113.19
2011	22	\$23,060.25	\$1,002.62
2012	23	\$23,740.54	\$949.62
2013	23	\$21,546.13	\$861.85
2014	36	\$32,880.86	\$801.97
2015	28	\$20,319.75	\$564.44
Tax Current	584	\$340,179.29	\$475.78
Grand Total	861	\$694,392.16	\$684.13

²⁴ It seems the database provided by the City of High Point does not include all the existing, unpaid code liens. Based on other files provided separately by City officials, there might be more than \$800,000 total in outstanding, unpaid code liens. Upon closer examination of the available data and various documents, it seems that some larger demolition liens may not have been included in the sizable database that was used for this analysis, which could explain the difference. The City is encouraged to make sure all liens stemming from abatement actions, whether mowing, removal of trash, board and secures, and demolitions, are integrated correctly into the new data visualization platform.

foreclosure actions. Indeed, the interlocal agreement states that the inclusion of other liens held by the City of High Point can be included in the tax foreclosure proceeding at “the discretion of County’s Tax Collector or its counsel,” and the hope is that following this engagement, the County is amenable to this solution to the City’s desire to improve the collection rate of its code liens as part of its more comprehensive approach to tackling vacancy, abandonment and blight.

RECOMMENDATIONS:

1. The City and County may consider establishing a goal that, by 2019, all properties that are two-years delinquent will move forward for foreclosure, without exception.
 - a. Both parties are encouraged to consult local counsel in developing a standard, formal payment plan, as authorized by state law, that would be of significant value to homeowners who fall behind on their taxes due to income volatility or an unexpected hardship.
 - b. Alternatively (or even in addition to item a), the City may want to explore legally whether it can create a tax repayment program to help homeowners that are one year delinquent.²⁵ Basically, the City would make payment to the County on behalf of homeowner so long as the homeowner enters into a payment plan with the City for the same amount. The program would charge no interest and no penalties, but require that 20% of the delinquent amount be paid as a down payment. As part of the payment plan, the homeowner would agree to grant the City a deed-in-lieu-of-foreclosure in the event of a default, and the City offers the homeowner free financial counseling, through a third-party provider such as a local housing counselor, if requested.
 - c. Develop a more aggressive, annual outreach campaign to senior homeowners to make sure they’re taking full advantage of local tax exemptions.
2. The City and County should consider piloting the inclusion of normal nuisance abatement costs (mowing, trash and debris removal, board and secure actions) on annual tax bills, understanding that the City of High Point might need to cover the initial costs of modifying the County’s billing software system to accommodate this line item charge. Perhaps the County agrees to include only those unpaid invoices that are less than \$500. To be clear, this means the City would not lien these unpaid costs, but report them as part of the City’s tax digest to the County each year.
 - a. The above reform seems likely to increase the amount of costs recovered, and such proceeds may be used to offset any additional costs of expanded code enforcement programs, or earmarked to support new neighborhood revitalization strategies, such as a summer youth program to clean and green residential vacant lots.

²⁵ Should the City designate a targeted area (or areas) for code enforcement inspections, as allowed by State law, this program could also be piloted within the targeted area, and limited to income-eligible homeowners. Such a community development program could be created pursuant to G.S. 160A-456 for the benefit of low and moderate income persons in the designated areas.

3. In addition to the above reform, Guilford County Tax Department is encouraged to include all municipal code liens in its foreclosure actions, as allowed under the interlocal agreement.
4. The City of High Point is strongly encouraged to plan for assuming responsibility for an expanded inventory of tax-foreclosed properties, and the maintenance demands that come with land banking parcels in constrained and weak markets. In time, it might make sense to build a small crew in-house to manage and maintain city-owned properties, or consider more creative partnerships with community organizations or resident groups to help address ongoing maintenance needs of vacant lots.

SECTION 5.

FOCUS AREA #4: COMMUNITY PARTNERSHIPS AND PROGRAMS

OVERVIEW

Efforts to tackle vacancy and abandonment can't be limited to local government. Partnerships must extend across all sectors—private, nonprofit, civic and philanthropic—and there must be a shared willingness to take risks, experiment, innovate, and even fail. Building both a shared understanding of the problems and a shared narrative of moving forward with an ever widening network of partners is a powerful way to move the needle farther and faster. After all, a focused and genuine commitment to tackling vacancy and abandonment is a tacit commitment to acknowledge and try to undo the harms of entrenched poverty and historic racism. The severely distressed neighborhoods in the Core of High Point—like so many across all of America's large and small cities—are also not accidentally poor and predominantly black. Trying to overcome decades of disinvestment and unjust public policy at so many levels will require deep, extensive partnerships committed to bold and pragmatic systems-level change.

The City saw great value in having an outside, national expert help either open up new or deepen existing conversations with community stakeholders about the challenges presented by vacancy and abandonment, and this became one of the overarching goals of the TASP engagement. To this end, during all three visits—in April, July and September—at least half a day was reserved for hour-long meetings with community stakeholders. A brief overview of key local partners is provided below, as well as some opportunities that garnered mutual interest worth further exploration.

GUILFORD COUNTY SCHOOL DISTRICT AND SAY YES TO EDUCATION GUILFORD

A couple of informative roundtables were hosted with representatives from the Guilford County School District and the newly launched Say Yes to Education Guilford initiative. Guilford is the first county to launch a Say Yes to Education Program, and represents the largest Say Yes to Education initiative to date based on student enrollment.²⁶ Formally launched in 2016, Say Yes to Education Guilford (Say Yes Guilford) ensures that every graduate of the Guilford County Schools system can receive a college education or postsecondary certificate—an unprecedented opportunity for the children of High Point.

²⁶ To learn more about the origins of Say Yes to Education, and how the national nonprofit competitively selects and supports communities in creating local Say Yes to Education programs, visit: <http://sayyestoeducation.org/>. Guilford County is only the third community-wide chapter selected by the national nonprofit, following Syracuse, NY (2008) and Buffalo, NY (2012).

In addition to last dollar tuition assistance and other incentives, Say Yes Guilford will also provide wrap around services and support to students every step of the way toward reaching higher education. Specifically, Say Yes Guilford will announce later this fall a number of schools that will serve as pilot sites for these enrichment and support services, and representatives suggested that three of these pilot schools will likely be in the City of High Point. These deeper investments in supportive services that aim to address some of the systemic barriers to educational achievement could prove very promising as the City looks to focus not only on problem properties, but also the needs of individuals and families impacted by problem properties. The City, Say Yes Guilford, and the Guilford County School District ought to maintain strong communication going forward, and are encouraged to consider how to align investments and programs to achieve maximum impact.

RECOMMENDATION: Once the Say Yes Guilford pilot sites are formally announced, the City may want to consider if it's appropriate to designate the catchment area of the identified schools as a "targeted investment area" as previously discussed (see recommendation #2 in Section 3, Code Enforcement Systems), which would allow for proactive inspections and enhanced community programming. A concurrent and complementary focused effort to improve both housing conditions and educational achievement of children in the area could yield both innovative programming and promising results.

FOUNDATIONS

Across the country, where some of the greatest work has occurred in this field, there typically exists strong support from the local philanthropic sector. Foundations have been critical funders in a number of focus areas related to vacancy and abandonment: land banks, vacant land reuse initiatives, community-based maintenance efforts, and homeownership programs.

In High Point, one local foundation is already active in supporting efforts to transform vacant land from a liability to an asset, with a focus on urban agriculture and sustainability. A second foundation may soon review its investment policy, and take a cue from the national philanthropic sector to consider innovative and nontraditional funding mechanisms and program areas.

Both of these foundations are great partners, eager to support the City's efforts to revitalize the Core and better meet the needs of Core residents. However, a third foundation that was unable to join our roundtable discussions could be an influential ally going forward. The Foundation for a Healthy High Point was created in 2013 through the merger of two regional health institutions, and endowed

with \$50 million at its inception.²⁷ This community health fund is expected to invest a minimum of \$2.5 million a year to improve health and wellness in the greater High Point area, and help meet the new community health investment requirements under the Affordable Care Act.²⁸

While plenty of research documents the strong correlation between a child's health and quality of housing, particularly the threats of lead and mold, there is a growing body of research showing how the quality of a neighborhood (not limited to the built environment) can strongly influence an individual's physical and mental health, educational achievement, and even life expectancy. The Foundation for a Healthy High Point is currently focusing grant awards to teen pregnancy prevention and optimal early child development. However, there is a great opportunity for future health and wellness investments to complement the City's strategic approach to tackling some of the systemic causes of vacancy and abandonment in the Core neighborhoods. The potential to align major investments in education (Say Yes Guilford), health and wellness (Foundation for a Healthy High Point), and housing (City) in targeted Core neighborhoods is an exciting prospect to seriously explore.

RECOMMENDATION: If a designated area for targeted property inspections is pursued, consider whether local foundations could capitalize a local fund dedicated to making minor housing repairs that pertain to occupant health, such as lead hazard control measures or air quality improvements that have been proven to reduce childhood asthma events and related emergency hospitalization costs.

RECOMMENDATION: Given that "Eating Healthy and Active Living" is the number one goal in Guilford County's 2016 Community Health Needs Assessment (CHNA), the City is encouraged to explore with the Foundation for a Healthy High Point two particular items: (i) solutions to the food desert challenge in the Core,²⁹ and (ii) opportunities to support the acquisition and conversion of tax-delinquent residential vacant lots into more community gardens, or even urban farms. Case studies of successful urban farms or agricultural enterprises are included in Appendix D.

²⁷ To learn more, visit <http://www.healthyhighpoint.org/>.

²⁸ The Affordable Care Act strengthened the 'community benefit requirements' nonprofit hospitals must meet in order to retain their tax-exempt status. Among other items, nonprofit hospitals must prepare and publicize a Community Health Needs Assessment (CHNA) every three years, as well as an Implementation Strategy to meet the identified needs. The process is supposed to involve a broad range of community stakeholders and reflect diverse input. By setting the bar higher for community health investments, and making the process more community-driven, inclusive and transparent, the ACA provisions open up the door for improved collaboration between anchor health institutions and community development as it relates to vacancy and abandonment. For a helpful summary of the new ACA requirements and ideas on how to bring hospitals into the community development space, see "*Connecting the Dots: A Healthy Community Leader's Guide to Understanding the Nonprofit Hospital Community Benefit Requirements*," a 2015 policy primer published by St. Luke's Health Initiatives in Arizona.

²⁹ ProMedica has taken some creative steps, in partnership with local health coalitions, in two different communities to help address food insecurity and improve access to healthy foods. In Toledo, ProMedica built and opened in 2015 a full-service grocery store in Uptown, a food desert (see <https://www.promedica.org/Pages/OHAM/OrgUnitDetails.aspx?OrganizationalUnitId=923>). In Lenawee County, Michigan, ProMedica Bixby Hospital is a strong partner of the Lenawee Health Network, and in 2012 secured a grant award to support the launch of the Veggie Mobile in an effort to bring fresh, affordable produce to underserved residents of the County (for more information, see <http://lenaweevergiegmobile.com/#home>).

OPEN DOOR MINISTRIES

Open Door Ministries is a local nonprofit organization that provides immediate assistance in the areas of food, housing and emergency financial assistance to low-income, indigent, and homeless persons. Open Door Ministries also plays a central role, within a network of providers, in implementing the region's federally-funded approach to homelessness. In multiple meetings during this engagement, the City and Open Door Ministries explored whether the nonprofit could be available to conduct on-site visits with tenants or homeowners of properties subject to housing code inspections. The goal would be to interview the occupants about potential needs and share information about local resources. In essence, Open Door would serve as a "mobile 211 service" tied directly to the City's code enforcement efforts, providing free support to those who voluntarily agreed to the on-site intake interview. If the designated area for targeted inspections is aligned with the catchment area of a Say Yes Guilford pilot site school, the City and its partners will want to make sure the provision of supportive services, and the infrastructure to support it, are collaborative and not redundant.

In addition to the above, Open Door Ministries and the City also discussed whether the glut of vacant and/or tax-delinquent properties in the Core might serve as stable rental housing for clients of Open Door Ministries. As more and more local coalitions to prevent homelessness embrace the "Housing First" model, a common challenge is finding quality, affordable rental housing for the clients being served. High Point's low-end rental market, all of it almost exclusively in the Core neighborhoods, presents the same challenges when it comes to quality. If the City chose to acquire through the tax foreclosure process vacant, single-family residences that are rated in fair or good condition, it could make a minimal investment in repairs, and lease the properties to Open Door Ministries.

RECOMMENDATION: The City and Open Door Ministries are encouraged to further explore the above two items that emerged from these facilitated conversations, carefully thinking through the roles, expectations and responsibilities of both parties. Both initiatives described above could be pursued as pilots on a very small scale, perhaps limited to strategic areas designated for routine code inspections, and evaluated for effectiveness before expanding to wider areas or to more properties.

HIGH POINT COMMUNITY AGAINST VIOLENCE AND HIGH POINT POLICE DEPARTMENT

The City of High Point's efforts to address crime and violence through a focused deterrence model, based on the work of Dr. David Kennedy from the John Jay College of Criminal Justice, are nationally-recognized and have won a number of awards over the last 16 years.³⁰ The longstanding effort has always involved community groups, and no nonprofit partner has played a more pivotal role than High Point Community Against Violence (HPCAV).

Founded in 1997 with support from the High Point Police Department, HPCAV serves as the "community voice" in the focused deterrence strategy, and as explained on their website, they "assist in confronting offenders who are involved in violent crime, offering offenders help in turning their lives in a positive direction and supporting the prosecution process if the offenders re-offend and return to crime and violence."³¹ To keep it simple, the focused deterrence model identifies the top perpetrators of drug activity and crime in a community, builds strong cases to prosecute them fully, but then "calls them in" to a meeting of law enforcement professionals and community members. The individuals are told if they continue their ways, they will be prosecuted vigorously. Then the community steps in, and offers them an alternative pathway: support, mentoring, and if possible (though this is rarely immediately available), a job. In High Point, after that "call-in," HPCAV assumes the lead role in helping those who are willing to leave crime behind.

Currently, HPCAV is running the City's "Construction Training Partnership Program." This workforce training initiative—supported by the NC Homebuilders Association, NC Housing Finance Agency, and the City of High Point—provides class training, life-skills coaching and mentoring, and on-site training for men that were called-in and chose to accept the community's help. The program involves eight weeks of class training, followed by work-site training on homes that are undergoing minor repairs through one of the City's housing programs.

RECOMMENDATION: Explore the interest and potential of HPCAV developing a small, local construction crew under a social enterprise model, and partnering with the City to repair tax-foreclosed homes that come into the City's inventory.

RECOMMENDATION: Approximately 20% of all residential parcels in the Core are vacant lots, and if the City may end up acquiring and land banking these lots through a more efficient and effective tax foreclosure process, then HPCAV may want to explore handling basic maintenance on these residential vacant lots as well.

³⁰ To learn more about the focused deterrence model, its use in High Point since 2009, and how the pilot implemented in High Point to address intimate partner violence is now serving as a national model, see <http://www.jjay.cuny.edu/news/new-intimate-partner-violence-intervention-initiative>.

³¹ For more information on HPCAV, see <http://www.hpcav.com/>.

RECOMMENDATION: Given the individuals that HPCAV serves lack decent, quality housing, it may be of value to explore with HPCAV a lease-model similar to what was discussed with Open Door Ministries. That is, the City acquires residential structures, funds hard costs for HPCAV to carry out minimal repairs, and then leases the property to HPCAV so it can offer stable, quality housing to its clients.

ACADEMIC INSTITUTIONS

Educational centers and institutions are central economic engines in communities and regions across the country, but these academic centers also offer a wealth of social and intellectual capital that should not go untapped by city leaders working to resolve seemingly intractable challenges. The City of High Point has access to two excellent educational centers. The UNC Greensboro Center for Housing and Community Studies (CHCS) is a research, evaluation and technical assistance center, providing support to local governments and nonprofits in a number of research areas, such as fair housing, homelessness, housing market trends, community development, and the impact of housing on health. As discussed previously, the City recently partnered with UNC Greensboro CHCS to carry out the 2016 Market Segmentation Study, a document that begins to set the stage for prioritizing redevelopment and revitalization in the Core. The UNC School of Government is the nation's largest university-based local government training, advisory, and research organization, and serves more than 12,000 public officials each year. While the City has occasionally tapped the School's network of expert faculty members for assistance with municipal operations and policies, this TASP engagement emphasized how valuable of a resource the School of Government can be for the City as it moves forward with implementation.

RECOMMENDATION: UNC Greensboro CHCS has a stake in making the Market Segmentation Study as useful as possible over the long-term. The Data Team is encouraged to open discussions with CHCS representatives about developing and implementing, with community involvement, a sustainable, cost-effective way to update the property rating survey every three years.

RECOMMENDATION: The City of High Point is encouraged to explore partnering with the UNC School of Government program, Development Finance Initiative (DFI), in the Core neighborhood. DFI specializes in helping local governments attract private investment for transformative projects to accomplish a local government's community and economic development goals, and this seems a practical way to build on the analytics and findings of the Market Segmentation Study, and complement implementation of many of the other recommendations listed in this report.³²

³² To learn more about DFI projects, visit <https://www.sog.unc.edu/resources/microsites/development-finance-initiative/project-examples>.

SECTION 6. CONCLUSION

Tackling vacancy and abandonment is an urgent priority that many communities across the country share. And while virtually all local efforts must be grounded in a common understanding of the systemic causes of vacancy and blight, each community will need to custom-tailor their approaches to unique local conditions, legal systems, and opportunities. The City of High Point is an excellent example of how lessons learned in the national field of practice can focus attention to the challenges at hand, but that a genuine understanding of unique local factors and building partnerships across sectors and levels of government are essential building blocks to a community's success. Timely access to reliable and accurate parcel and market data are needed to properly diagnose the problem. The statutory framework at the both the state and local levels as it pertains to code enforcement and property tax enforcement needs to be fully understood in order to design preventative systems that are effective, efficient and equitable. A willingness to honestly assess current practices is needed to set the stage for change. And political leadership must be willing to challenge and break from the status quo, institutionalize strong teamwork and cooperation, and build a common understanding of the problem and a positive vision to inspire this collaborative work.

For nearly two years, the current leadership in High Point has shown a laudable and sustained commitment to this work, and more recently, has made tremendous progress in the areas mentioned above. It is our hope that this engagement has helped add momentum, clarity and focus to the City's efforts. While there certainly are some challenges in High Point, the scope and scale of these challenges seem overshadowed by the dedication and determination of the City officials and community partners that are united to solve them.

APPENDIX A. LIST OF LOCAL STAKEHOLDERS WHO SHARED INSIGHTS AND TIME

The following individuals contributed valuable insights and gave generously of their time to make this a successful engagement. The chart indicates which events/meetings the individuals participated in, including the code enforcement workshop, the tax enforcement workshop, the Data Team meetings, or community/other meetings.

Name	Organization	Title	Code	Tax	Data	Community / Other
Ben Chavis	Guilford County	Tax Director		X		X
Bill McNeil	McNeil Planning	Executive Director	X	X	X	X
Brent Cole	City of High Point	City Assistant Attorney	X	X		X
Brian Beasley	City of High Point	Police Attorney	X			
Carmen Cannon	City of High Point	GIS Planner			X	
Christopher Weir	City of High Point	Fire Marshall				X
Christopher Williams	City of High Point	Council member – Ward 2	X			
Cory Kramer	City of High Point	Police Captain	X			
Cynthia Davis	City of High Point	Council member - At Large		X		X
Dennis Pinnix	State Code Enforcement, Inc.	President	X			
Greg Demko	City of High Point	City Manager	X	X		X
Heidi Galanti	City of High Point	Planner			X	X
Jason Ewing	City of High Point	Council member - Ward 6		X		X
Jason Henderson	City of High Point	Police Captain	X			
Jerron Hollis	City of High Point	Communications and Public Engagement Director				X
Jim Roland	Guilford County	Assistant Tax Collector		X		X
Joanne Carlyle	City of High Point	City Attorney	X	X		
Judy Brenner	City of High Point	Crime Analyst			X	X
Kenneth Shultz	City of High Point	Police Chief	X			X
Kim Thore	City of High Point	Right of Way Specialist		X	X	
Kyle Hoover	City of High Point	GIS Fire			X	
Lee Burnette	City of High Point	Planning Director	X			
Lori Loosemore	City of High Point	Code Enforcement Supervisor	X	X	X	X

Appendix A.

List of Local Stakeholders who Shared Insights and Time Continued

Name	Organization	Title	Code	Tax	Data	Community / Other
Mark Schroeder	City of High Point	Development Services Center			X	
Mark Walker	City of High Point	Code Enforcement Officer	X			
Matt Mason	Guilford County	Attorney, Tax Office		X		
Michael Sapp	City of High Point	Code Enforcement Officer	X			
Mike McNair	City of High Point	Director of Community Development & Housing	X	X	X	X
Nena Wilson	City of High Point	CD Administrator	X			
Randy Hemann	City of High Point	Assistant City Manager	X	X	X	X
Randy McCaslin	City of High Point	Deputy City Manager	X	X		
Rebecca Coplin	City of High Point	Environmental Programs Coordinator				X
Richard Fuqua	City of High Point	Affordable Housing Manager	X			X
Robert Robbins	City of High Point	Planning, Development Administrator	X			
Sharon Livengood	City of High Point	Right of Way Specialist	X	X	X	X
Thomas Reid	City of High Point	Fire Chief	X			X
Tom Tricot	City of High Point	GIS Manager	X	X	X	X
Barry Kitley	High Point University	Director of Special Projects				X
Dorothy Darr	Southwest Renewal	Executive Director				X
Gene Brown	Community Housing Solutions	President and Executive Director				X
Jim Summey	High Point Community Against Violence	Executive Director				X
Mary Vigue	Say Yes Guilford	Executive Director				X
Meg Sheehan	Guilford County School District	Superintendent - Western Region				X
Michelle McNair	City of High Point	Community Resource Manager				X
Patrick Harman	Hayden-Harman Foundation	Executive Director				X
Quincy Williams	Guilford County School District	Principal, The Academy at Central				X
Sherri Scott	High Point Community Foundation	Director of Donor Services and Administration				X
Sofia Crisp	Housing Consultants Group	Executive Director				X
Steve Key	Open Door Ministries	Executive Director				X
Susan Wood	Habitat For Humanity-High Point	CEO/President				X
Victoria Binder	Hayden-Harman Foundation	Program Assistant				X

APPENDIX B. PRE-CODE ENFORCEMENT SYSTEM WORKSHOP SURVEY RESULTS

Participants were asked the following question, “Which THREE factors have made it the hardest for the City to implement a more impactful approach to vacant, abandoned, and deteriorating properties?” and directed to check three from the list below. The results are summarized below, with the number of votes in parentheses.

- #1 City departments operating within “silos” with minimal coordination/communication (10 votes)
- #2 Lack of knowledge among city leaders and staff of appropriate solutions and best practices (9)
Lack of a strong vision and strategic action plan for distressed neighborhoods (9)
- #3 Inadequate local laws, tools, and programs (8)
- #4 Data is “siloeed,” collected and managed in a way that makes integration and analysis difficult (7)
- #5 Lack of consensus and focus among City Council members (5)
Politics interferes with consistent, focused and meaningful enforcement (5)
Insufficient funding (5)
- #6 Poor economy and loss of jobs (3)
Lack of support and buy-in from key community stakeholders, including civic, private and nonprofit sectors (3)
- #7 City management hasn’t made this a priority (2)
Restrictive state laws (2)

Participants were asked to estimate the number of vacant and/or abandoned properties in High Point. The responses are aggregated into reasonable ranges:

Unknown	10 responses
250 – 350	8 responses
351 – 600	2 responses
600 – 1,000	2 responses
1,000+	1 response

Participants were asked to select which type of problem property is having more of a negative impact on the health, safety and vibrancy of neighborhoods: substandard rental properties or vacant/abandoned properties.

Substandard rental properties	7 votes
Vacant abandoned properties	13 votes

APPENDIX C. RESOURCE GUIDE: COST OF BLIGHT STUDIES AND DEMOLITION IMPACTS RESEARCH

This resource guide was developed to assist the City of High Point make the case to local and state partners of the costs of vacancy and blight, and the benefits of taking a more proactive approach to neighborhood stabilization.

Cost of Blight Studies

- A Conservative Analysis of Costs Imposed by Vacant and Blighted Properties in Toledo, Ohio: Conducted at the Invitation of the Junction Neighborhood, *Center for Community Progress, June 2016*. The study found that the costs of vacancy and blight include: (1) \$3.8 million in annual direct costs of services provided by Police, Fire and Code Enforcement, (2) \$2.71 million in annual lost tax revenue from delinquency, and (3) \$98.7 million in cumulative lost residential property value, which amounts to *another* \$2.68 million in associated annual lost tax revenues, for properties within 500 feet of vacant properties.
- The Cost of Vacant and Blighted Properties in Atlanta: A Conservative Analysis of Service and Spillover Costs, *Dan Immergluck, September 2015*. The study found that: (1) annual service costs by Police, Fire and Code Enforcement Agencies amount to approximately \$3 million per year, (2) the City lost about \$2.7 million in property tax revenues due to decreased home values, and (3) the lost wealth, when looking at overall losses in home values, totaled more than \$150 million.
- Financial Impact of Blight on the Tri-COG Communities, *Delta Development Group, September 2013*. Analyzing the financial impact of blight across 41 rural communities in Alleghany County, PA, the study found that:
 - The direct cost to municipal services is \$10,720,302
 - The direct cost related to the loss of tax revenue is \$8,637,875
 - The indirect costs associated with a loss in property value are estimated at between \$218 million and \$247 million
 - The indirect costs associated with the loss of real estate taxes due to a decline in property value is estimated to be between \$8,574,723 and \$9,718,019

Demolition Impact Research

- Estimating Demolition Impacts in Ohio: Mid-Program Analysis of the Ohio Housing Finance Agency's Neighborhood Initiative Program, *Dynamo Metrics LLC, June 23, 2016*. The study estimates that the statewide impact from Ohio's demolition program, using Hardest Hit Funds, is \$121.4 million in home value protection. Given the demolition costs totaled just over \$28.2 million (2,248 demolitions), the program yielded a \$4.30 in increased home values for every demolition dollar spent. Similarly, the study found that mortgage foreclosure rates were lower and declining faster in census tracts where demolition activity occurred than in those areas without demolition intervention.
- Estimating Home Equity Impacts from Rapid, Targeted Residential Demolition in Detroit, MI: Application of a Spatially-Dynamic Data System for Decision Support, *Dynamo Metrics LLC, March 2015*. The study found that the City's use of \$49 million in Hardest Hit Funds (HHF) between 4/13 to 3/15 in target zones preserved over \$400 million of housing value in Detroit that otherwise would have been lost. Each HHF demolition within the target zones increased the value of single family homes within 500 feet by 4.2%.
- Estimating the Effect of Demolishing Distressed Structures in Cleveland, Ohio, 2009-2013: Impacts on Real Estate Equity and Mortgage Foreclosures, *Griswold Consulting Group, February, 2014*. Analyzing the impacts of 6,000 demolitions (at a cost of roughly \$56.3 million) on real estate equity in four housing submarkets, the study found a net benefit of \$22.6 million. However, researchers found that most of this increase in real estate equity accrued primarily in high and moderately functioning markets. Findings also show a clear trend of decreasing mortgage foreclosure rates for the entire study area, including weak markets.
- Economic Impacts of Residential Property Abandonment and the Genesee County Land Bank in Flint, Michigan, *Nigel G. Griswold and Patricia E. Norris, April 2007*. The study looked at the impacts on residential property value by the GCLB's Demolition Program in Flint, which involved an investment of \$3.5 million to demolish approximately 440 properties between 2002 and 2005. The study found that the total positive impacts of the GCLB's Demolition Program in Flint are estimated at more than \$112 million, yielding a net benefit of preserved/protected property value in excess of \$109 million.

APPENDIX D. CASE STUDIES OF URBAN FARMS AND AGRICULTURAL ENTERPRISES

GARRISON-TROTTER FARM – BOSTON, MASSACHUSETTS

There are 2,600 vacant lots scattered throughout Boston, with plans to begin converting some into urban farms under the City's new "Article 89" farming rules. These transformations will help to create new job opportunities and provide residents with locally grown, nutritious produce. The Boston Redevelopment Authority worked with urban farming advocates and neighborhoods to come up with Boston's first "right-to-farm" by-law, known as Article 89. City council approved Article 89 in December 2012, after nearly two years of work by the Boston Redevelopment Authority.

The first farm created was the Garrison-Trotter Farm on two vacant, city-owned lots in the Dorchester Neighborhood. This is the first of a dozen planned through a partnership between The Trust for Public Land (TPL), the City of Boston, the Urban Farming Institute of Boston, and Dudley Neighbors Inc. This partnership will invest \$1 million in Boston neighborhood farms over the next several years, greening the city and providing healthy, local produce to low-income neighborhoods.

With the help of farmers trained by the Urban Farming Institute, Garrison Trotter now produces kale, beets, onions, garlic, watermelons, and tomatoes for local farmers markets. The farm also provides volunteer opportunities, educating people of all ages on the process of growing healthy food.

Relevant Links:

- Project overview by TPL: <https://www.tpl.org/our-work/parks-for-people/creative-placemaking/new-freedom-park>
- Boston Redevelopment Authority's dedicated page to the rezoning initiative (Article 89): <http://www.bostonredevelopmentauthority.org/planning/planning-initiatives/urban-agriculture-rezoning>
- Urban Farming Institute Training Program: <https://urbanfarminginstitute.org/our-training/>
- Dudley Neighborhoods Inc.: <http://www.dudleyneighbors.org/>

NEW FREEDOM PARK – DENVER, COLORADO

For years, a dusty lot in a multinational refugee community was the site of a small community garden and informal neighborhood gathering place on a 1.6 acre lot, watered with a garden hose from adjacent buildings. The redevelopment of this property created a new community park, and tripled the size of the garden to become a true urban farm. Thanks to community partnerships with the city and local foundations, this new park is now a cherished common ground where garden plots, a soccer field, shaded seating, and play spaces bring far-flung cultures together, as immigrant families put down roots in their new country.

The immediate neighborhood is home to over 1,000 low income residents within three blocks of the site, with approximately half of them children. Consisting largely of a refugee population, typically including residents from Somalia, Afghanistan, Burma, and Nepal, intensive community engagement was a hallmark of creating the park and farm to ensure that new residents truly felt it was a part of their culture and community. The design meetings with the community were standing-room-only, with at least five different languages spoken, none of which were Spanish or English.

Working closely with Denver Parks and Recreation, the Colorado Health Foundation, TPL, local nonprofit and business partners, and, most importantly, residents, the land was transformed from a vacant lot into the New Freedom Park, which opened in 2012. No public tax dollars were used to build the park; it was funded by private foundations, individual donors, and the Colorado Lottery through the Great Outdoors Colorado Trust Fund.

Relevant Link:

- <https://www.tpl.org/our-work/parks-for-people/creative-placemaking/new-freedom-park>

RIO GRANDE HEALTHY-LIVING PARK – ALAMOSA, COLORADO

In the town of Alamosa, in Colorado's San Luis Valley, a 38-acre site along the Rio Grande has become a place for local Guatemalan and Mayan immigrants to farm corn, beans, and squash for affordable, healthy food. When developers proposed converting the property to an RV park, TPL worked with local partners to protect the land for the community instead. After purchasing the land in 2014, a series of design workshops were held for neighbors to choose and plan new amenities. These resulted in a vision for a healthy living hub, including both food access as well as recreation.

Local foundation grants and a private fundraising campaign provided the means to purchase the property, and to host the community engagement design seminars. This funding brought diverse partners together to convey a trail easement to the City of Alamosa, linking it to a six-mile trail

system along the Rio Grande River, and convey a conservation easement to Colorado Open Lands, a statewide land trust, ensuring permanent preservation of both the land and the water. The City of Alamosa then conveyed the property free and clear of any debt to the San Luis Valley Local Foods Coalition.

The San Luis Valley Local Foods Coalition is now managing the creation of the Rio Grande Healthy-Living Park to include a six-mile trail system and 16 acres for community farming, as well as a garden, fruit tree orchard, children's nature play area, and gathering spaces for the kind of cultural events that celebrate the unique and eclectic heritage of the San Luis Valley.

Relevant Link:

- <https://healthylivingpark.org/>

URBAN AGRICULTURE INNOVATION ZONE – CLEVELAND, OHIO

In Cleveland's Kinsman Neighborhood, 28 acres of vacant land are being transformed into one of the largest urban agriculture districts in the United States. An initiative spearheaded by the local community development corporation – Burten, Bell, Carr Development, Inc. (BBC) – and the City of Cleveland, this former brownfield site is now a series of active and green urban farms. Following a Phase I and Phase II environmental assessment funded by the City, the most appropriate farming techniques for some properties were outlined, and a clean-up plan developed for others.

As the facilitator of the Urban Agriculture Innovation Zone, BBC's role is to promote the district, attract resources, plan and prepare for future development, assemble privately owned properties, and act as a unified voice for the entities operating within the zone. BBC also supports market gardeners from the Urban Agriculture Innovation by providing an area in a local healthy eating cafe/market/cooking demonstration space they manage, CornUcopia Place, in which the farmers can clean, store, and prepare the produce they grow for sale.

A variety of enterprise farming entities now manage the land, with Rid-All Green Partnership originally operating 1.5 acres. In 2012, a group of three entrepreneurs with roots in the Kinsman neighborhood harvested more than 14,000 pounds of produce, including corn, tomatoes, lettuce, peppers, celery, collard greens, kale, broccoli, and herbs; raised 350 pounds of tilapia; and cultivated 1,200 cubic yards of compost. Rid-All Green Partnership provides healthy, high-quality, safe, and affordable food through hands-on training and technical assistance to empower neighborhood residents to grow, process, market, and distribute food in a sustainable manner. They partner with collaborators to educate youth and adults on environmental stewardship and to train others to transform fallow urban fields into productive plots of land that offer healthy local food through their "Green 'n tha Ghetto" initiative and "Old Brink City" comic book series.

On an adjacent block, Ohio State University Extension received a \$1.1 million grant from the USDA's Beginning Farmer and Rancher Development Program in 2010 to create a six-acre urban farming incubator. Twelve market gardeners each have a quarter-acre plot of land to grow produce that they can sell at farmers markets, to restaurants, or to incorporate into value-added products. An urban orchard, district signage, and green infrastructure basins developed by the Northeast Ohio Regional Sewer Districts are all currently under development.

Relevant links:

- BBC's page dedicated to the initiative and the associated CornUcopia Place: <http://www.bbcdevelopment.org/development/social-enterprise/urban-agricultural-innovation-zone/>
- Rid-All Green Partnership: <http://www.greennghetto.org/>
- Rid-All Green Partnership also serves as a Regional Training Center for Growing Power, the nationally-recognized organization and trailblazer in urban agriculture. To learn more about Growing Power: <http://www.growingpower.org/>
- Kinsman Farm, Cleveland's Incubator Farm: <http://cuyahoga.osu.edu/program-areas/agriculture-and-natural-resources/market-gardening-and-urban-farming/kinsman-farm>



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