Strategic Demolition in Illinois
Today’s Agenda

• Introduction to webinar and to IHDA programs
• Strategic Demolition
• Peer sharing
• Questions
The Illinois Housing Development Authority (IHDA) was created as a self-supporting authority by the state legislature to finance quality affordable housing across Illinois.

We connect qualified Illinois residents and communities with state and federal financing tools to stimulate affordable housing opportunities.

Since its creation in 1967, IHDA has allocated more than $12.4 billion and financed more than 240,000 affordable units across the state.
IHDA – Abandoned Property Program

The Illinois General Assembly passed, and Governor Quinn signed SB 16, giving IHDA authority to make grants to municipalities and counties for the maintenance or demolition of abandoned residential properties within their jurisdiction.

A list of specific activities allowed may be found at [www.ihda.org](http://www.ihda.org). (Government, Abandoned Property Program).

Funds are derived from foreclosure filing fees paid by banks and lending institutions, and collected and deposited into the Abandoned Residential Property Fund.
IHDA – Abandoned Property Program

Round 1 underway:

IHDA received 93 applications statewide

Scored in 5 categories: Need, Capacity, Impact, Budget and Cost Reasonableness, Readiness to Proceed

53 grantees awarded funds totaling $7.2 million

70% of funds used for demolition
The Blight Reduction Program ("BRP") was created in 2014 by IHDA under the Hardest Hit Fund Program funded through the Toxic Asset Relief Program ("TARP"), a U.S. Treasury managed resource dedicated to foreclosure prevention and neighborhood stabilization.

IHDA will utilize BRP to decrease preventable foreclosures and stabilize neighborhoods by supporting Illinois units of government and their Not-For-Profit Partners as they target blighted, vacant, residential properties in specific communities for demolition, greening, and eventual reuse or redevelopment.
IHDA – Blight Reduction Program

BRP will complement the state-funded Abandoned Property Program by reducing blight for the end purpose of land reuse, repurposing, and/or redevelopment that benefits the surrounding residential community and helps reduce foreclosure.

BRP is the fourth Hardest Hit Fund program launched to date joining the Homeowner Emergency Loan Program, Mortgage Resolution Fund Program, and the Home Preservation Program.
About Us

**Center for Community Progress**

- We’re the only national nonprofit solely focused on building a future in which entrenched, systemic blight and vacancy no longer exist.

- We serve communities through policy development, technical assistance, leadership development, education, and research.

- Since 2010: Technical assistance has been provided in more than 100 communities & trainings have reached 1,000s of professionals.

- We’ve worked to develop blight elimination and demolition strategies for many communities.
Upcoming Opportunities

Find out more on Community Progress’ Events page (www.communityprogress.net)


The Need for Strategic Decisions

Why a strategic approach is vital

• Growing imbalance between size of inventory and resources
• Maximize the impact of the investment
• Demolition is only a tactic, necessitates more holistic approach to stabilization
Place matters for demolition

According to a recent study out of Cleveland, for every $1 spent on demolition there was a return of over $13 in value for nearby properties in high functioning markets and a decline in mortgage foreclosure of nearly 3%.

Strategy Elements

A demolition strategy should include

- An accurate understanding of the demolition inventory and pipeline
- A tool for determining demolition decisions at the site level
- A clear set of priorities to guide demolition activity in areas
- An integration with other stabilization activities and plans
Site Strategy: Demolish or Preserve?

Criteria for evaluation:

- Quality of building
- Condition of building
- Reuse potential of building
- Quality of neighborhood fabric
- Reuse potential of resulting vacant land
- Nuisance level of building

Source: http://www.communityprogress.net/demolish-or-preserve-table-pages-344.php
<table>
<thead>
<tr>
<th>Demolish</th>
<th>Preserve</th>
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<tbody>
<tr>
<td>Building is obsolete (size, character, or poor quality of construction)</td>
<td>Building is attractive, of high quality, or of architectural or historic value.</td>
</tr>
<tr>
<td>Building has deteriorated to the point that it cannot be restored, or</td>
<td>The building is largely intact, and can be restored at a cost that is reasonable given the economic value of the property.</td>
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<td>the restoration cost would be prohibitive given the economic value of the property.</td>
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<tr>
<td>Given the location and physical character, the building is not likely</td>
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**Quality of building**

- Building is attractive, of high quality, or of architectural or historic value.
- The building is largely intact, and can be restored at a cost that is reasonable given the economic value of the property.

**Condition of building**

- Building is attractive, of high quality, or of architectural or historic value.
- The building is largely intact, and can be restored at a cost that is reasonable given the economic value of the property.

**Reuse potential of building**

- Given the location and physical character, the building is not likely to draw the investment needed to bring it back into productive reuse.
- Given the location and physical character, the building is likely to draw the investment needed to bring it back into productive reuse.
### Site Strategy: Demolish or Preserve?

#### Demolish

- **Building is located in an area where the neighborhood fabric has largely been lost through incompatible land uses, abandonment and demolition.**

- Demolition will provide opportunity to carry out a rebuilding or reuse strategy for the area, which may involve either/both rebuilding or alternative “green” non-development reuses.

- The nuisance created by the building in its present condition and the harm that it is doing to neighbors or the surrounding area outweigh the benefits of saving it for possible future reuse in the absence of immediate reuse potential.

#### Preserve

- **Quality of neighborhood fabric**
  - Building is located in an area which still has a strong neighborhood fabric, and its physical presence contributes to that fabric.

- **Reuse potential of resulting vacant land**
  - Demolition will result in a potentially unusable vacant lot, rather than an opportunity for meaningful revitalization or green reuse.

- **Nuisance level of building**
  - The reuse potential of the building, even if not immediate, outweighs the current harm that the building is doing in its present condition, particularly if enhanced efforts are made to secure or stabilize the property.
Sample Demolition Decision Tree

Setting Priorities

Clear priorities can help to guide decisions on when and where to demolish properties

Priorities should take into account:

**Market conditions**, such as:
- Foreclosure and sales trends
- Nonprofit or for-profit developer interest and activity
- Unique factors that suggest stronger market potential like location to fixed asset or distinctive asset stock
Setting Priorities

Priorities should take into account:

**Neighborhood conditions**, such as:
- Structure and lot vacancy rates and trends
- Level of neighborhood involvement/association

**Other activities taking place**, such as:
- Significant planned public or private investment like a new school, transit connection, grocery store, green reuse
- Other plans for stabilization and reinvestment
Setting Priorities

Additional strategy considerations

• Demolishing where there’s one demo-condition property on a block may have more impact on property values/tax revenue and resident confidence

• When prioritizing demolition in a highly distressed area, focus on locations where there is reuse potential (e.g. green reuse)

• When geographic priorities have been set, plan for full blight elimination, leaving half of the blight standing will under cut impact

• Strategy must be folded into broader stabilization strategies. Removing a structure isn’t enough to stabilize a community.
Implementing a Strategy

Some considerations

• Involve multiple stakeholders

• Consider a standing committee or working group

• Share priorities, be transparent

• Design a system for receiving public input and sharing progress
Implementing a Strategy

Some efficiency considerations from MI implementation

- Pre-qualified pool of contractors
- Quick, timely payment (within 14 days)
- Geographic bundling (for bid and shutoffs)
A Word About Reuse

Considerations

• Partnership and planning

There are many resources

• Baltimore’s Green Pattern Book

• Philadelphia Horticultural Society LandCare program
  http://phsonline.org/greening/landcare-program

• Reimagining Cleveland Ideas to Action Resource Book
Peer Sharing

- Introductions
- Stories for local communities
Additional Resources

Building American Cities Toolkit
(www.communityprogress.net)

(available on www.amazon.com)

Policy Map
(www.policymap.com/)
For more information on the Abandoned Property Program:
  - Program Rules
  - FAQ
  - Previous presentations
  - Sign up for information on Round 2 funding:
    APPinfo@ihda.org

For more information on the Blight Reduction Program:
- Sign up at HHFBRPinfo@ihda.org