



MEMORANDUM

LEGISLATIVE REFERENCE BUREAU

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To: Ald. Joe Dudzik
From: Andrew VanNatta, Legislative Fiscal Analyst - Lead
Date: November 11, 2014
Subject: Illegal Stripping of Vacant Homes, Other U.S. Cities

You had requested that the LRB provide information relating to measures taken by other cities to prevent the illegal stripping and sale of materials from vacant homes. Included below is this information, including an overview of U.S. Department of Justice “best-practices” and a summary of a few of Milwaukee’s current efforts.

RESPONSE STRATEGIES

According to a July 2012 Office of Community Oriented Policing Services (COPS) report,¹ the following “response strategies” (summarized in the table on page 7) “provide a foundation of ideas for addressing [the problem of abandoned buildings and lots]. These strategies are drawn from a variety of research studies and police reports.”

A separate 2010 COPS report² further elaborates on the problem of scrap metal theft and provides additional strategies for its abatement. The 2010 report is discussed in greater detail in the LRB’s August report for the Recycling, Salvage, and Metal Scrapping Task Force. The 2012 COPS report provides the following potential solutions to the illegal stripping and sale of materials from vacant homes. Check marks indicate existing efforts in Milwaukee.

Increasing the Effort Required to Steal Metal

- ✓ *Physically securing abandoned properties.*

Strategies include mandating that property owners erect fencing or other barriers around abandoned properties and boarding up windows and doors. The COPS report notes that “if property owners do not comply, the government may have to secure the property and recoup costs through litigation.”

- *Altering environmental features.*

Strategies may include altering traffic patterns, landscaping, lighting, and neighborhood layout (including ingress and egress routes for vehicles and pedestrians). In addition to increasing the perceived risk of committing a crime, the COPS report notes that such efforts may “extend natural and formal surveillance” in the neighborhood.

¹ Shane, Jon M. 2012. *Abandoned Buildings and Lots: Problem-Oriented Guides for Police, Problem-Specific Guides Series No. 64*. U.S. Department of Justice, Office of Community Oriented Policing Services.

² Kooi, Brandon R. 2010. *Theft of Scrap Metal: Problem-Oriented Guides for Police, Problem-Specific Guides Series No. 58*. U.S. Department of Justice, Office of Community Oriented Policing Services.

Increasing the Risks of Theft

- *Initiating privatized public nuisance abatement lawsuits.*

According to the COPS report, “*these are legal proceedings brought by private plaintiffs, such as community development corporations (CDCs) or neighborhood associations, not governments or individuals...Because the CDC is private and usually consists of area residents, there is a long-term interest in the outcome. The CDC must be vested with statutory authority to act on behalf of the government.*”

Example: Detroit

According to the Michigan Municipal League, “*in 2011–2012, Michigan Community Resources and the Michigan Municipal League developed a legal program to assist communities in Detroit to hold negligent property owners accountable by filing nuisance legal actions on behalf of community groups. This program was a collaborative model where private law firms, community groups and residents partnered to address pervasively problematic properties that decrease resident and business morale and erode property values. This unique approach to nuisance abatement combines a neighborhood’s knowledge of property conditions and nuisance activity with the strength of legal action.*”

- *Aggressively enforcing building codes.*

The COPS report notes that “*blight-prevention ordinances hold lenders (i.e., banks) responsible for property maintenance once a notice of mortgage default is filed against a vacant building. Code enforcement works best when coupled with an organized property-maintenance campaign and a system that allows other property owners to report abandoned buildings and nuisance properties...Code enforcement does not address properties that are abandoned and maintained with current property taxes and are outside the gambit of systematic economic redevelopment.*”

Example: Baltimore

The City of Baltimore’s Targeted Enforcement Toward visible Outcomes (TEVO), created in 2005, targeted approximately 6,000 of the city’s 16,000 vacant properties for aggressive code enforcement. These actions, taking place within “transitional neighborhoods” that had market potential, were conducted by inspectors and prosecutors through an assortment of traditional enforcement actions.

- ✓ *Creating incentives for responsible ownership and occupancy of abandoned buildings.*

These programs attempt to improve disparities in distressed neighborhoods by offering housing incentives for residents in exchange for a promise of long-term owner-occupancy. In some instances, the government retains the title and has the first right to purchase the property at the cost/investment price instead of market value should the owner decide to sell.

Example: Milwaukee

Current City efforts include the Neighborhood Improvement Program, the pilot Re-Invest City Homes program, the Homebuyer Assistance Program and the STRONG Homes Loan Program.

Reducing the Rewards of Theft

- ✓ *Acquiring properties and establishing rehabilitation programs.*

In addition to City-managed housing security and refurbishment, the COPS report notes that government might work with nonprofit agencies to “reconfigure vacant land for children’s playgrounds (KaBOOM!); refurbish abandoned buildings (Habitat for Humanity); create usable space (Center for Community Progress); and help build sustainable communities (Local Initiatives Support Corporation - LISC).”

Example: Baltimore

In 1991, the City of Baltimore enacted an ordinance granting it authority to petition the courts for appointment of a receiver to raze, rehabilitate or sell a vacant or abandoned building. Through a partnership with the Community Law Center and various CDCs, the city has brought actions against owners of more than 300 properties. In approximately half of these cases, the owner took action to rehabilitate the property before going into receivership.

- ✓ *Razing buildings.*

Demolishing unsafe buildings, particularly those associated with criminal activity, may reduce or eliminate criminal behavior. Unfortunately, the looting of vacant buildings is often a precursor to razing, and demolition may do little to reduce it.

Example: Cleveland

Between 2006 and 2012, the City of Cleveland spent more than \$40 million in city and federal dollars to demolish 6,000 vacant homes.

Removing Offenders’ Excuses

- *Establishing a vacant or abandoned property early warning system.*

As an element of proactive code enforcement, an early warning system should capture “indicators of future abandonment, which are collected during periodic inspection.” These may include decreasing utility usage, unpaid fees or taxes or unabated code violations.

Example: San Diego

According to its website, in 1996 the City of San Diego implemented the Vacant Properties Program “to improve the social and economic health of the City of San Diego by returning vacant boarded properties to productive use in the economy.” The City created a Vacant Property Coordinator to administer the program by:

1. Identifying vacant properties throughout the city.
2. Maintaining a database of these properties.
3. Administering the city’s abatement ordinance to clean and secure vacant properties.
4. Coordinating efforts among city departments.
5. Communicating regularly with community groups, the real estate industry, financial institutions and the City’s vacant property task force.

- *Conducting public education campaigns.*

The COPS report notes that *“the public should be informed about three critical issues: prevention, management and reuse. The message should be: 1) how and where to report abandoned properties and suspicious activity (many calls go to the police who do not have the means to address them); 2) what properties are currently for sale and detailed procedures to acquire them; and 3) the risks and consequences for abandoning a property and how to prevent it.”*

Example: Honolulu

To help combat the vandalism and theft of tsunami sirens in Honolulu, public officials partnered with the non-profit organization Code for America to develop an app for residents to “adopt” a siren. The app was repurposed from a similar program in Boston – created in January 2011 after a massive snowstorm – where residents could adopt fire hydrants buried in snow.

In the fire hydrant example, once residents downloaded the app, they could pledge responsibility for making it accessible to firefighters during the winter. According to a March 2, 2014 article at AccuWeather.com, *“by integrating game dynamics, such as being able to name your hydrant and the ability for users to ‘steal’ ownership if it is not done in a timely manner, the app went viral.”*

According to a recent NPR article, Honolulu’s version of the app has an “adoption rate” of 75%. The original app was created in a single weekend and has been used in Seattle (clogged storm drains) and Chicago (sidewalk shoveling). According to a 2013 TED talk by Code For America’s founder, at least 9 additional cities are planning to use the app.

- ✓ *Maintaining a vacant or abandoned property registry/master list.*

According to the COPS report, *“local ordinances can require trustees and beneficiaries (i.e., lending institutions) who have a legal interest in a foreclosed property to register the property...and assume responsibility for maintenance...Registration allows the government to quickly remediate problems and mobilize responsible parties through current contact information, instead of having to track down seemingly ‘anonymous’ owners...”*

Example: Milwaukee

In 2010, the City’s Vacant Building Registration ordinance took effect. According to s. 200-51.7-1 of the code, *“a significant relationship exists between vacant buildings and increased calls for service for police services, higher incidence of fires...and decline and disinvestment in neighborhoods...Registration, inspection and aggressive monitoring of vacant properties helps stabilize and improve impacted neighborhoods and helps in the development of code enforcement efforts as well as public safety.”*

Responses with Limited Effectiveness

- *Conducting cosmetic improvement and cleanup campaigns.*

According to the COPS report, *“cosmetic improvements and cleanup efforts can be a costly and time-consuming short-term intervention. The government should be willing to place a lien on the property and initiate legal proceedings to recover expenses.”*

- *Conducting additional police patrols and enforcement efforts.*

The COPS report notes that “*additional directed patrols and crackdown operations may provide temporary relief from crime and disorder conditions, which lowers the crime and victimization rate, but the effect may not be long lasting...[and] may compete with other police priorities.*”

Example: Tucson

The City of Tucson established the SABER (Slum Abatement and Blight Enforcement Response) Team to institutionalize interdepartmental cooperation and coordination among 9 different City departments. For example, where vacant structures are identified by police as areas of criminal activity, the information is shared with property inspectors, who respond accordingly.

- *Increasing formal surveillance through closed circuit television.*

According to the COPS report, “*supplementing a CCTV program with a publicity campaign and signage may increase the deterrent effect; however, it is difficult to reach the majority of the public to create such a heightened perception of risk...CCTV works best with other strategies.*”

- ✓ Charging service fees for police, fire, health and code enforcement responses.

As a stand-alone strategy to prevent the illegal stripping and sale of materials from vacant homes, charging service fees may have limited effectiveness, but the COPS report notes that “*charging fees should be part of a comprehensive strategy...as adding fees on top of an existing financial burden may be ignored. Legal language should be clear and definitive to avoid problems with civil or criminal proceedings.*”

ADDITIONAL MEASURES IN OTHER U.S. CITIES

Dallas – Cashless Transactions

In 2008, the City of Dallas passed an ordinance which, among other things, established a non-transferable cash transaction card system and requiring check or debit card credit as payment for transactions. The Dallas City code also contains a 5-day holding period for regulated metal property and contains a list of items for which a seller must prove ownership. Other jurisdictions which require cashless transactions include:

- City of Orlando – adopted 2010.
- Phoenix – for transactions over \$25, excluding aluminum cans, and with a limit of one cash transaction per day.
- State of California – for all transactions over \$20 and payment cannot be made until at least 3 days after receipt of material.

Indianapolis – Data Analysis

In 2008, the Indianapolis Metropolitan Police Department and the University of Indianapolis Community Research Center began the Indianapolis Metal Theft Project, an effort to collect and analyze data on metal thefts, including incidence, types, costs and impacts. For instance, preliminary analysis of 2012 data (approximately 2,471 metal thefts) found that victimization was a good predictor of future victimization. As a result, Indianapolis is working to identify ways to

focus its limited resources on a small group of repeat victims, such as providing properties with UV-responsive pens to mark metal or distributing educational material.

Memphis – Tag and Hold Legislation

After being sued by scrap metal dealers over its tag-and-hold rules, the City of Memphis changed its ordinance to require the tagging and holding of only certain items – such as air conditioning parts, new copper tubing and aluminum siding. The ordinance change also requires scrap metal buyers to issue vouchers at least 5 business days after the transaction, instead of paying cash.

Mesa – Metal Marking

Due to a high rate of construction metal theft, the City of Mesa began having companies spray paint their property at jobsites. The City also provided construction companies with laminated signs to be put on their properties saying that copper and wire on the site is marked.

CONCLUSION

According to the 2010 COPS report, *“tackling the problem of scrap metal theft requires understanding the organizational arrangements between sellers and buyers, in addition to understanding the features of specific theft locations and knowing about individual offenders.”* The report further notes that *“prohibiting anonymous cash purchases of scrap metal is likely a viable and cost-effective way of achieving significant reductions in scrap metal thefts in markets where the bulk of thefts occur in residential settings.”*

Although the problem of metal theft is not likely to completely cease as long as scrap metal prices remain attractive to would-be thieves, through the combined efforts of lawmakers, metal dealers, local law enforcement and other community stakeholders, the City might succeed in reducing the problem, while maintaining the viability of the industry.

Response	How It Works	Works Best If...	Considerations
<i>Increasing Effort</i>			
Physically securing abandoned properties	Makes it harder for people to access the property & engage in criminal behavior.	....crime, disorder conditions or injuries are reported at the abandoned property.	Government may have to bear the costs to secure the property & may not recoup costs.
Altering environmental features	Makes it harder for people to approach the property; sends the visual message that the area is properly governed.	....the changes are part of a master plan for redevelopment so the changes are systematic & permanent.	The costs of the intervention are not likely to be recouped from the property owner.
<i>Increasing Risks</i>			
Initiating privatized public nuisance abatement lawsuits	Increases the risk that the property owner will forfeit the property & be subject to fines if conditions are not corrected.	....acquiring a vacant property is part of a strategic development plan involving residents & a community development corporation (CDC).	Must legally establish a CDC with statutory authority to act on behalf of the government.
Aggressively enforcing building codes	Delivers the ultimatum that property owners must correct all code violations or their interest in the property may be lost.	....coupled with an organized enhancement program; citizens are involved & able to easily report abandoned buildings; private & nonprofit resources can be leveraged; proactive rather than reactive.	Government must be willing to initiate legal proceedings & seek enforcement for failing to pay fines or address deficiencies.
Creating incentives for responsible ownership & occupancy of abandoned buildings	The presence of responsible owners in an area is intended to reduce certain crimes & conditions.	....the available housing units are densely concentrated.	Smaller & more compact zones are likely to have the greatest impact on crime.
<i>Reducing Rewards</i>			
Acquiring properties & establishing rehabilitation programs.	Acts as a disincentive for an owner to allow the property to decline; government takes ownership & works with developers to sell or rehabilitate it, restoring it to the tax rolls.	....the market value of the property does not exceed the cost to acquire, maintain, rehabilitate, etc.; the government partners with nonprofit & civic associations.	Government must be willing to absorb property tax losses until it can sell the property.
Razing abandoned buildings	Removes unsightly & dangerous structures & clears the way for redevelopment.	....the government is relatively certain it will not recapture its previous population level & the property can be put to better use.	Typically a last resort effort after a building has been declared a dangerous nuisance.

Response	How It Works	Works Best If...	Considerations
<i>Removing Excuses</i>			
Establishing an abandoned property early warning system	Gives the government an advantage of confronting a problem & a property owner before adverse conditions escalate.	....resources permit keeping the data current & taking action before the property is abandoned.	Keeping current data is labor intensive; cost of creating a system where none exists.
Conducting public education campaigns	Informs residents & other about how to report problems & issues with abandoned properties & potential hazards for children & adults.	....it is part of a comprehensive strategy to prevent abandonment, correct conditions, & reuse the property.	The messages: 1) how to report suspicious activity; 2) abandoned properties for sale; & 3) risks & consequences for abandoning a property.
Maintaining an abandoned property master list	Facilitates certain legal actions to take control of vacant properties; makes reaching responsible parties easier.	....doing so enhances the government's power over vacant properties & is authorized by law; police & code enforcement work cooperatively.	Creating & maintaining lists is time consuming; requires authorizing legislation.
<i>Responses With Limited Effectiveness</i>			
Conducting government-initiated cosmetic improvement & cleanup campaigns	Improves safety & signals the government is serious about maintaining neighborhood aesthetics & character.	....the government is able to fund the initial maintenance effort & recoup associated expenses for improvements.	Temporary, time consuming & costly; does not address the underlying problem; government should be willing to lien the property to recover expenses.
Conducting additional police patrols & enforcement efforts	Provides short-term relief from crime & disorder conditions & reduces victimization.	....enforcement is coupled with other long-term strategies designed to abate the source of the problem.	Compared to other police priorities, how much harm is caused by forgoing enforcement efforts elsewhere.
Increasing formal surveillance through closed circuit television (CCTV)	Extends formal area surveillance into areas where police may not be able to go.	....the field of vision is clear & it is coupled with other intervention strategies.	Costly to purchase, install & maintain; requires 24-hour staffing for maximum benefit; privacy issues.
Charging service fees for police response	Gives the government a small measure to recoup expenditures associated with problem properties.	....coupled with other strategies to abate the problem & reuse the property.	Requires enabling legislation; may exacerbate the owners' financial problems; clear & definitive legal language needed.