



Community and Economic Development in North Carolina and Beyond Blog: Tackling Blight & Vacancy: An Update on Durham's Demolition Lien Program

By CED Program Interns & Students

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In 2010, you might have read a post on our blog regarding tools available to local

governments for dealing with foreclosures. The economic crisis resulted in a record number of foreclosures in North Carolina, leaving vacant properties in its wake. Four options available to local governments to tackle this issue were covered in our last post on this topic:

1. Forgive demolition liens when owners build affordable housing;
2. Acquire dilapidated property through eminent domain for affordable housing;
3. Employ minimum housing codes to repair houses before demolition is needed; and
4. Establish a monitoring program for vacant homes.

This blog post discusses the first option and provides an update on the City of Durham's Demolition Lien Program, which was implemented in 2010 to encourage people to build new homes on formerly deteriorated properties in exchange for forgiveness of repair or demolition liens.

Code enforcement and the minimum housing ordinances are handled by the City of Durham's Neighborhoods Improvement Services Department. They also deal with complaints from residents about blighted homes in their neighborhoods that often result in liens on the property. When the City responds to these complaints and sends a crew to cut the grass or clean up around a vacant or dilapidated home, the cost of these services is a lien. If the owner does not pay after a number of attempts to collect, he or she receives a notice of foreclosure. If the bill is still not paid, the house will be up for auction to the highest bidder so that the City can recover the money that is owed. This money goes to the local government's general fund. If an owner fails to repair home for which the cost of repair is greater than fifty percent of the tax value, the City can demolish the home and place a lien on the property for the cost of the home. Vacant land with a lien on it can be difficult to sell. The Demolition Lien Program allows owners of such land an option that may allow them to sell to another individual or organization. If someone builds affordable housing on the parcel, the lien can be forgiven by the City.

Durham's program offers an opportunity to bring in new owners who want to redevelop blighted properties, but no one has taken advantage of it since it was approved in 2010. There was initial interest very early in the program's history, but no projects have come to fruition. While City staff does not foresee any significant administrative burden other than contracts with the new owner and approval of the development plan and schedule, there are two key lessons that other local governments should consider.

- ***Is the point of foreclosure or demolition the right time to incent property owners?*** It may be argued that



foreclosure and the point of demolition is too late to convince negligent property owners to make repairs because the properties have fallen into increasing states of disrepair, making a rehab project very expensive. If the owners are interested in fixing up the houses, it would likely be before this point. Therefore, local governments should consider intervening shortly after the first complaints are responded to or the first bill goes unpaid.

- ***How will you market the program to reach owners and interested buyers?*** Local nonprofits involved in community development such as Self Help Credit Union, were included in the inception of the ordinance in hopes that they would take advantage of the program. However, the program did not spark as much interest from local organizations as the City had anticipated. When the Demolition Lien Program was adopted in Durham, eligible property owners were notified by the City, but no further marketing or outreach occurred. As new properties are added to the lien list, the owners could be notified of the program.

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