

# *Neighborhood-by-Neighbor:* A Citywide Problem Property Audit

## Summary of Findings

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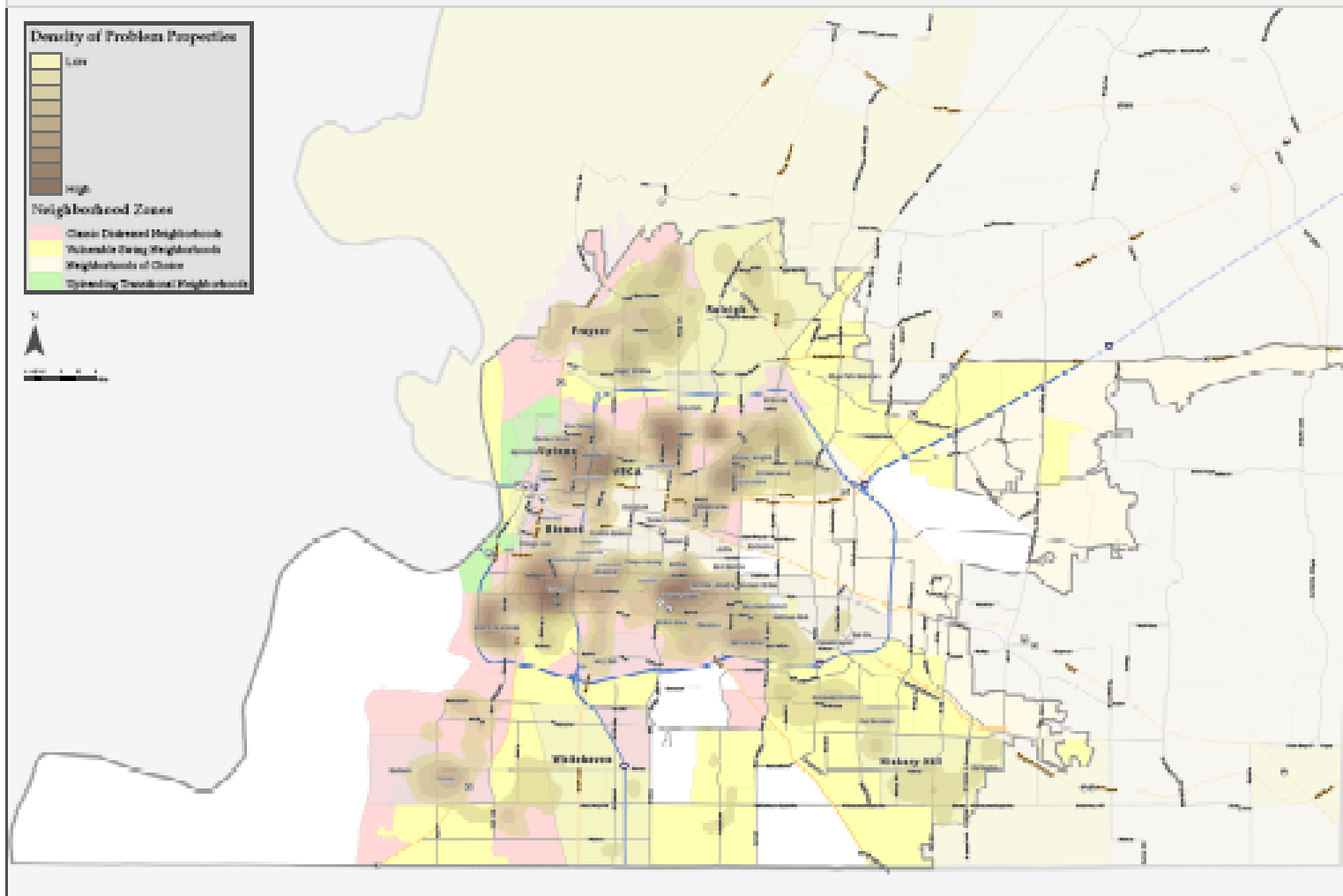
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# DENSITY OF NEIGHBORHOOD BY NEIGHBOR AUDITS BY NEIGHBORHOOD AND NEIGHBORHOOD ZONES



**Neighborhood by Neighborhood**  
A city-wide research platform project to build

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## ***Neighborhood-by-Neighbor: A Citywide Problem Property Audit***



Submitted for review, a summary of residential property condition in Memphis, Tennessee using data collected from February 2008 through January 2010. In our efforts to make this data more actionable and to make its dissemination easier for stakeholders, we have developed a typology for understanding neighborhood change that groups like neighborhoods into zones, and through this framework we summarize our findings from the citywide survey.

For the purpose of this study, we defined blight as *any residential property not in compliance with our city's anti-blight housing code*, which includes environmental, cosmetic and structural conditions. Every residential property in the city of Memphis was evaluated, and an audit record was created for every residential property in violation of our city's anti-blight housing code. Additionally, we created an audit record that captures the condition of every parcel foreclosed by lenders in 2007 and 2008, and every parcel whose owners received notification of intent to foreclose those same years. Foreclosure findings will be reported as part of this report, and a more substantive study of community impact will be released as a separate product, forthcoming. Finally, at the direction of

the division of Housing and Community Development (HCD), we audited every parcel whose last reported resident received rent subsidies in the form of Housing Choice vouchers from a Memphis Housing Authority data set furnished to us by HCD.

As we drill down and look more carefully at property condition, we introduce *Zone Analysis*, the typology referenced above and developed by the Center for Community Building and Neighborhood Action (CBANA) aimed at grouping like neighborhoods into zones in an effort to develop remedies and identify policy gaps that may resolve- or undermine- efforts to restore our city's residential housing stock to optimal condition.

### **Citywide: “We’ve Got Good Bones, But We’ve Got Work to Do”**

This feedback, offered by a resident in Glenview during the citywide problem property audit, *Neighborhood-by-Neighbor*, summarizes very well the current state of housing in our city. Our systematic evaluation of every residential parcel in the city yielded a blight rate of 22%. Blight varies greatly among neighborhoods, with core city neighborhoods bearing the brunt of decline, surrounding oases of renaissance and redevelopment -such as Soulsville, Uptown, and South Bluffs. Examples of extreme blight, however, abound outside the core in areas of South Memphis, North Memphis, and more recently, edging towards the county line in suburban-style subdivision pockets toward Bartlett and Southeast Memphis.

Distribution of problem types were almost evenly divided between issues a home owner could theoretically resolve themselves (cosmetic and environmental), and those requiring professional assistance (structural repair needs, extreme dilapidation and burnouts- candidates for demolition).



Citywide, we documented 31,372 parcels with environmental code violations- 16% of total housing stock. Violations include weed overgrowth, commercial dumping, dumpster overflow, improper storage issues, inoperable vehicles, non-conforming

commercial activity at residential addresses that disrupt the flow of traffic (*shade tree mechanics*), commercial trucks (18 wheelers) parked in residential driveways or in front of residential properties, yard parking and its corollary, erosion. Because properties can and often do have multiple issues, the environmental category is not exclusive, and over two-thirds of these properties also have cosmetic or structural issues. However, 9,063 parcels are in good structural condition and environmental violations are their only concern.

***A campaign that successfully targets environmental code violations could reduce our city's blight rate by approximately 20%***



*This low lying fruit, if abated, would reduce the city's blight rate by 4.6 percentage points, or about 20%.*

Parcels with cosmetic repair needs total 17,706, which is 29.7% of the problem property data set and 9% of all residential parcels. For cosmetic repair needs, we looked for peeling paint, or rot around trim, windows, doors or eaves.

Properties needing structural repairs were determined to need roof repair or replacement, siding repair or replacement, porch repair or replacement, or cracks in foundations that produced visible sag to either roof or walls. Because we could not access interiors, the greatest potential margin of error exists within this subset. That is to say that cosmetic repair needs on an otherwise pristine property are more likely to imply that the interior of said property is in comparable

condition, whereas deferred maintenance on homes in need of structural repair have a much greater likelihood of also needing significant remediation on the interior. In the absence of interior home inspection, there is no way to know for



sure if properties placed in the 'structural repairs' category are better or worse off on the inside, making it more likely that some of these candidates may instead fit



into the next category, extreme dilapidation. Structural repair candidates total 14,578- that's 24.5% of the data set and 7.4% of all residential parcels.

Extreme dilapidation was documented at 1,683 parcels, or 2.8% of the data set, representing less than 1% (a very modest .85%, to be precise) of all residential parcels. Candidates for this category include properties most likely in need of demolition- properties more likely than not to require more resources to restore and make habitable than to demolish and begin anew. These properties are defined by missing (in part or whole) roofs, doors, windows and/or walls, and partially demolished properties (either formally or through acts of nature). Many of these have overgrowth swelling out from their interior, and most of these are vacant, possibly abandoned.

In the *extreme dilapidation* category, only 300 of the 1,683 residential parcels were boarded up in compliance with the city's housing code, and a total of 250 properties displayed "Do Not Occupy" placards, confirming our assessment of the properties and



demonstrating that these properties are in the code enforcement system and are in the process of condemnation. This represents a very conservative calculation of 14.8% of all potential demolition candidates. We can not assume that

because a placard wasn't displayed on the other 85% of extremely dilapidated housing that the property has evaded code enforcement radar altogether; a wealth of anecdotal evidence suggests that these are sometimes ripped down in opposition of the city's demand for demolition. It is also possible that some of these properties are in the condemnation pipeline and haven't reached the notification stage. Properties with unclear titles or absentee ownership often stall in favor of progress on the condemnation of less complicated properties, and we suggest that part of this is reflected in the data.

### ***How Many Vacant Lots Do We Have?***

The certified tax roll for 2010 includes 24,982 vacant land or properties with an individual parcel ID and designated as having no build structure. This total includes thousands of parcels inappropriate for development because of size or location, as well as seemingly vacant parcels that are actually functioning as annexes for adjacent properties (from railroad right of ways to baseball diamonds). While each parcel coded as residential was scrutinized in the field during our survey, we generated audit records only for the vacant lots that represent underutilization of land that could be targeted for infill, or alternately, for maintained green space. Most of these underutilized spaces were also neglected, characterized by overgrowth, dumping, vehicle abandonment and/or demolition debris. Large tracts of unparceled land, vacant lots zoned as commercial, vacant parcels whose upkeep had been assumed by adjacent properties, easements and service alleys were not counted as vacant lots in this audit.



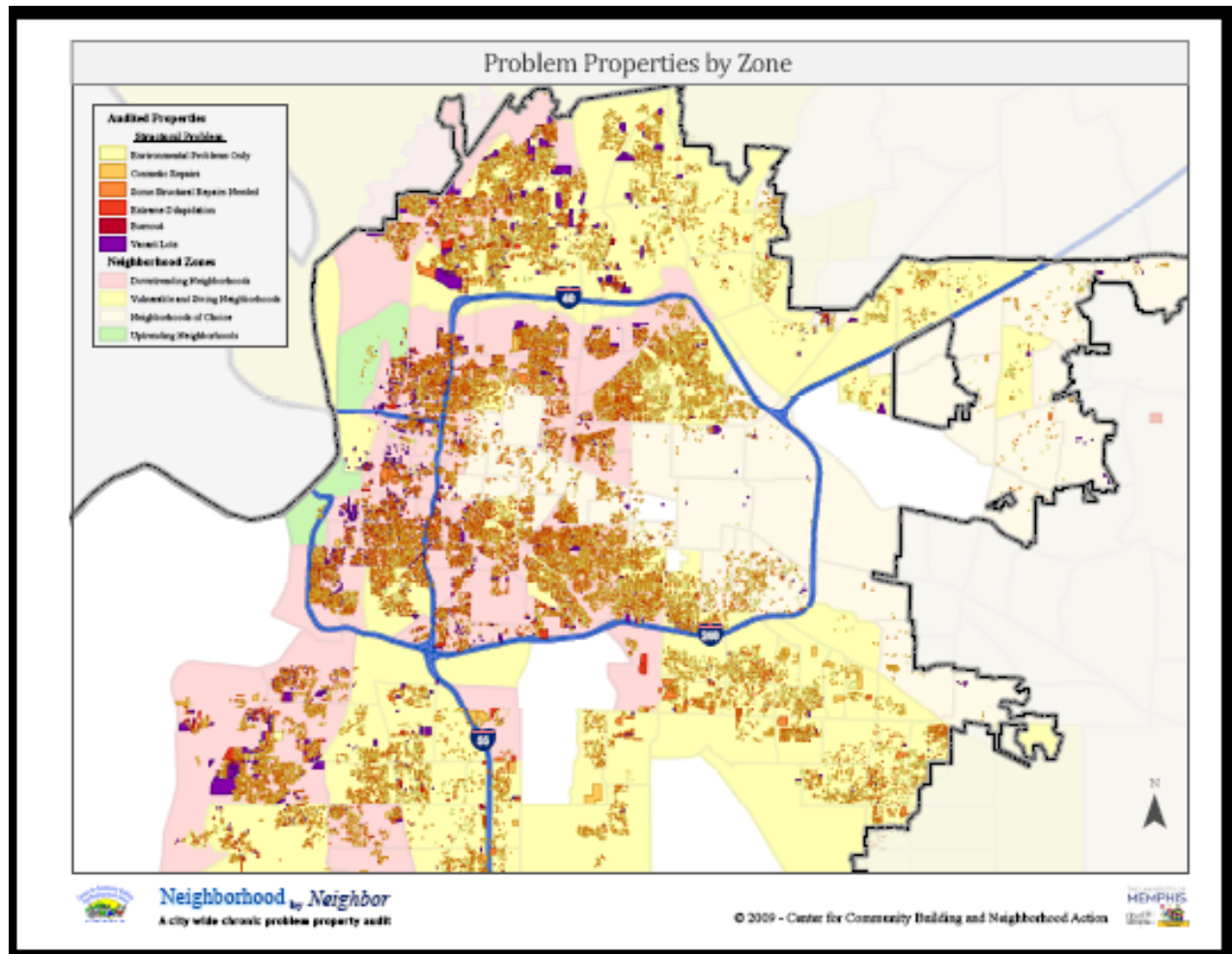


With the exclusions as described, the survey identified 7,484 underutilized vacant parcels, or about 10% of all *problem properties* identified for remedial action.

Underutilization was the only issue for 2,755 vacant lots in good condition (36.8%) and ready for infill opportunity (though only 81 had for sale signs). One-half of vacant lots in the data set have weed overgrowth, defined as grass or weeds growing in excess of 12", and 284 host abandoned inoperable vehicles. Thirty-two percent have excessive pedestrian litter, with 14.5%, or 1,087 vacant lots as illegal dumpsites. Discarded tires were found on most, ranging from a few to thousands.



## ***Neighborhood-by-Neighbor: Through the Lens of Zone Analysis***



In an effort to better understand the broad range of housing and neighborhood conditions, and customize community development remedies, CBANA developed a neighborhood typology hereafter referred to as *Zone Analysis*. We offer this typology to help stakeholders and public policy makers customize solutions for some of our city's greatest challenges. Using US Census, Internal Revenue and Home Mortgage Disclosure Act data, Memphis neighborhoods with common criteria are divided into like zones, conceptualized as four geographically clustered and qualitatively differentiated areas. Poverty rates, percentage of

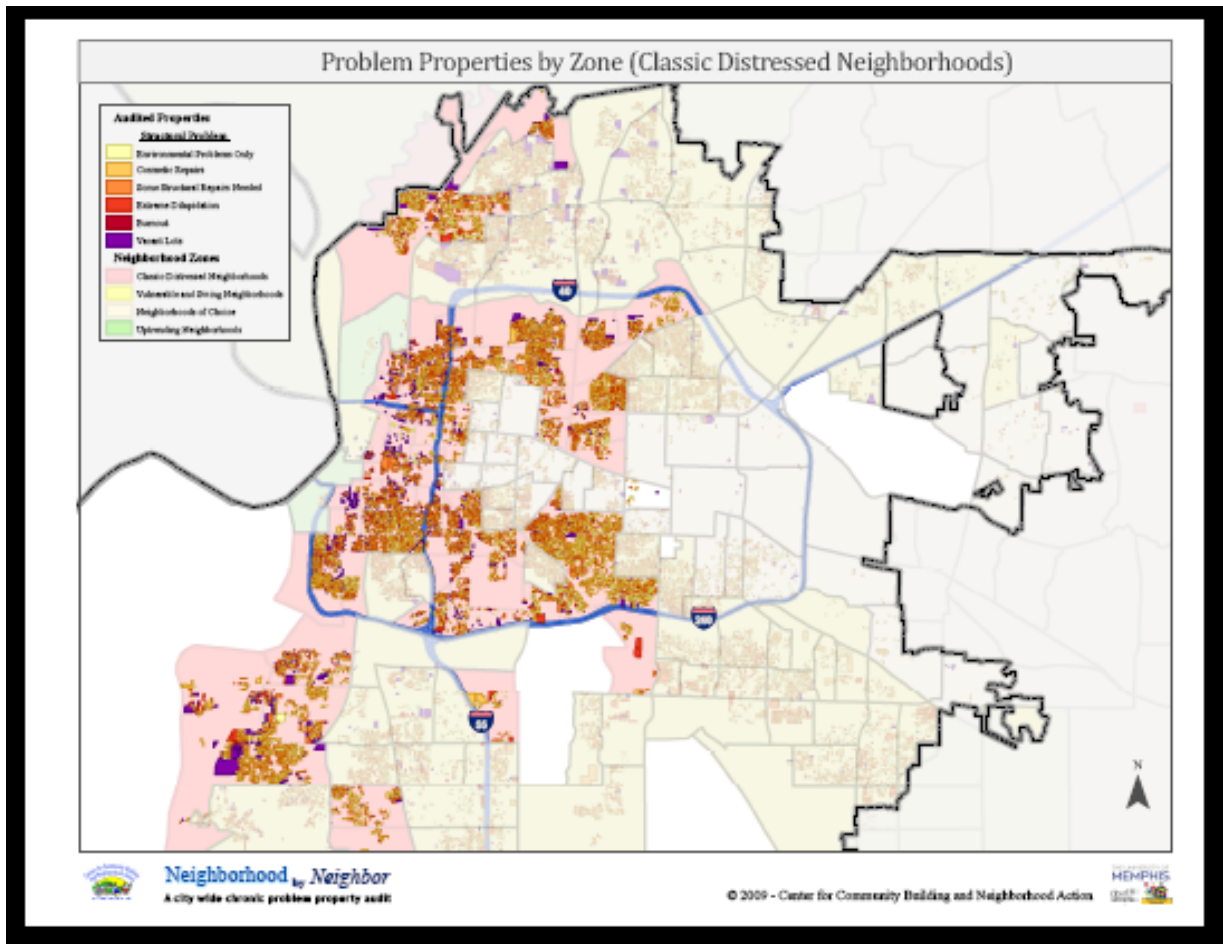
income tax returns claiming the Earned Income Tax Credit (an indicator of low-income), and prevalence of subprime lending (a precursor for foreclosure and vacancy) are used to assign census tracts to zones. Table 1 below describes the criteria used to place each census tract into our matrix. What follows is a summary of residential property condition in each zone, with special attention to those properties whose last recorded resident received rent subsidy, and those properties foreclosed in 2007 and 2008.

<b>Table 1: Zone Analysis Criteria</b>		
<b>Zone</b>	<b>Definition</b>	<b>Criteria for Census Tracts</b>
<b>1</b>	Classic Distressed Neighborhoods - High poverty rates - High levels of blight	Had a poverty rate of at least 40% in 2000 <b>or</b> Had a poverty rate of at least 20% in <i>both</i> 1990 and 2000 <b>and</b> Had subprime lending rates of at least 40% in tracts with 30 or more mortgage loans in 2006
<b>2</b>	Vulnerable Swing Neighborhoods - Downtrending	Had poverty rates of 20% in 2000, but not in 1990 <b>or</b> Poverty rates increased by at least 5 percentage points from 1990 to 2000 <b>and</b> 15% poverty by 2000 <b>and</b> Were in Zip Codes where EITC filers increased by at least 30% from 2000 to 2005 <b>and</b> had at least 30% EITC rate in 2005 (Proxy for increase in poverty rate) <b>or</b> Had subprime lending rates of at least 30% as reported in 2006 HMDA data
<b>3</b>	Stable Neighborhoods of Choice - Stable 'good' neighborhoods - Little evidence of blight	Did not meet criteria for Zone 1 or Zone 2 (No evidence of endemic poverty or increasing rates of poverty) <b>and</b> Do not meet criteria for Zone 4 (Not a previously identified distressed neighborhood on the upswing)
<b>4</b>	Uptrending Transitional Neighborhoods - Formerly classified as a Zone 1 neighborhood -HOPE VI redevelopment areas	Poverty rates decreased by 50% between 1990 and 2000 <b>or</b> Transition from high blight residential to industrial or mixed use area
<b>Source: Center for Community Building and Neighborhood Action, University of Memphis, 2010.</b>		

The table below summarizes, for quick review, residential property condition and reports a blight rate by zone, allowing a comparative view of each zone with citywide figures.

<b>Table 2: Residential Property Condition by Zone</b>					
	<b>Zone 1</b>	<b>Zone 2</b>	<b>Zone 3</b>	<b>Zone 4</b>	<b>Citywide</b>
Cosmetic Repairs	9635	6929	1092	54	17710
Some Structural Repairs	9131	4848	585	14	14578
Extreme Dilapidation	1366	274	38	3	1681
Burnout	129	70	4	1	204
Environmental Issues Only	3793	5002	550	2	9347
Problem Property TOTALS	24054	17123	2269	74	43520
Blight Rate	54.97	25.02	4.8	3.3	22.06
<i>Source: Neighborhood-by-Neighbor: A Citywide Problem Property Audit of Memphis, Tennessee. 2010. Center for Community Building and Neighborhood Action, University of Memphis.</i>					

## Zone 1: Classic Distressed Neighborhoods



Community development, as an industry, was born in Zone 1. Our city's first community development corporations, formed to stabilize housing markets and expand the supply of decent affordable housing, concentrated in *classic distressed neighborhoods*. All neighborhoods in Memphis that we classify in Zone 1 had at least 40% of the population living in poverty, or in slightly more economically stable areas, a chronic, recurring poverty rate of 20% or greater in both 1990 and 2000. Very little mortgage lending has occurred in Zone 1 in the last five years, with at least 40% of all loans made for cash-out refinancing of existing mortgages at inflated interest rates. Zone 1 has received the lion's share



of CDBG funds, workforce investment funding and initiatives, and is the locus of the majority of health department *loop clinics* and community centers, evidencing a significant effort on the parts of policymakers to save these neighborhoods. Zone 1 can be further characterized by low homeownership, high mobility rates and broad scale commercial disinvestment.

Zone 1 housing inventory includes 55,612 residential parcels, which is 28.3% of all housing inside the city limits. This zone has the greatest amount of blight,

***Over half of all housing in Zone 1 is in need of some form of repair or code enforcement.***

with a rate twice as high as the city's average; nearly 55%. *Over half of all housing in Zone 1 is in need of some form of repair or code enforcement.* Researchers found 30,721 properties to be out of compliance with housing code. Structural and cosmetic repair needs are evenly divided, with 27% of the subset needing structural repair (again, in the absence of interior inspection this is likely to be undercounted) and 27% needing the proverbial paint job. Four percent of residential properties are extremely dilapidated, with questionable habitability. In Zone 1 we can't reliably suggest that all of these properties are demolition candidates. The quality of older housing stock appears to exceed the quality of housing built in Memphis in the post-world war II era, and many of these older homes *may have life in them yet*. At the very least, we may suggest that 1,367 homes in this zone are in need of feasibility study to see what can be rehabilitated and what needs





to be demolished. Among this subset, however, researchers documented 129 homes gutted by fire and unquestionably uninhabitable.

These are clear demolition candidates and merit high priority attention, as there are public health and safety implications. And of the *worst of the worst* kept properties, we documented only 847 board-ups. If, however, we may use partial board-ups as an indicator of continued investment in the neighborhood (i.e. ownership attempts to secure properties), it should be noted that almost twice as many had been secured at one point in time (n=1,525), but these attempts were quashed by determined trespassers using boots and fists to strip equity from homeowners- and from neighborhoods.

Through the lens of zone analysis, we are able to isolate some of the problems identified in each zone, and because economic factors dictate zone designation, we can reliably estimate how many properties might qualify for assistance. In turn, public policy makers will be able to better determine the city's financial need for housing assistance.

For example, while the blight rate in Zone 1 is significantly higher than other zones, we've been able to isolate just the proportion of homes needing structural repairs that are owner-occupied, producing a discrete list of probable low-income owners in need of financial



**Of the 250 “Do Not Occupy” placards counted citywide, a staggering 77% (n=192) were recorded in Zone 1.**

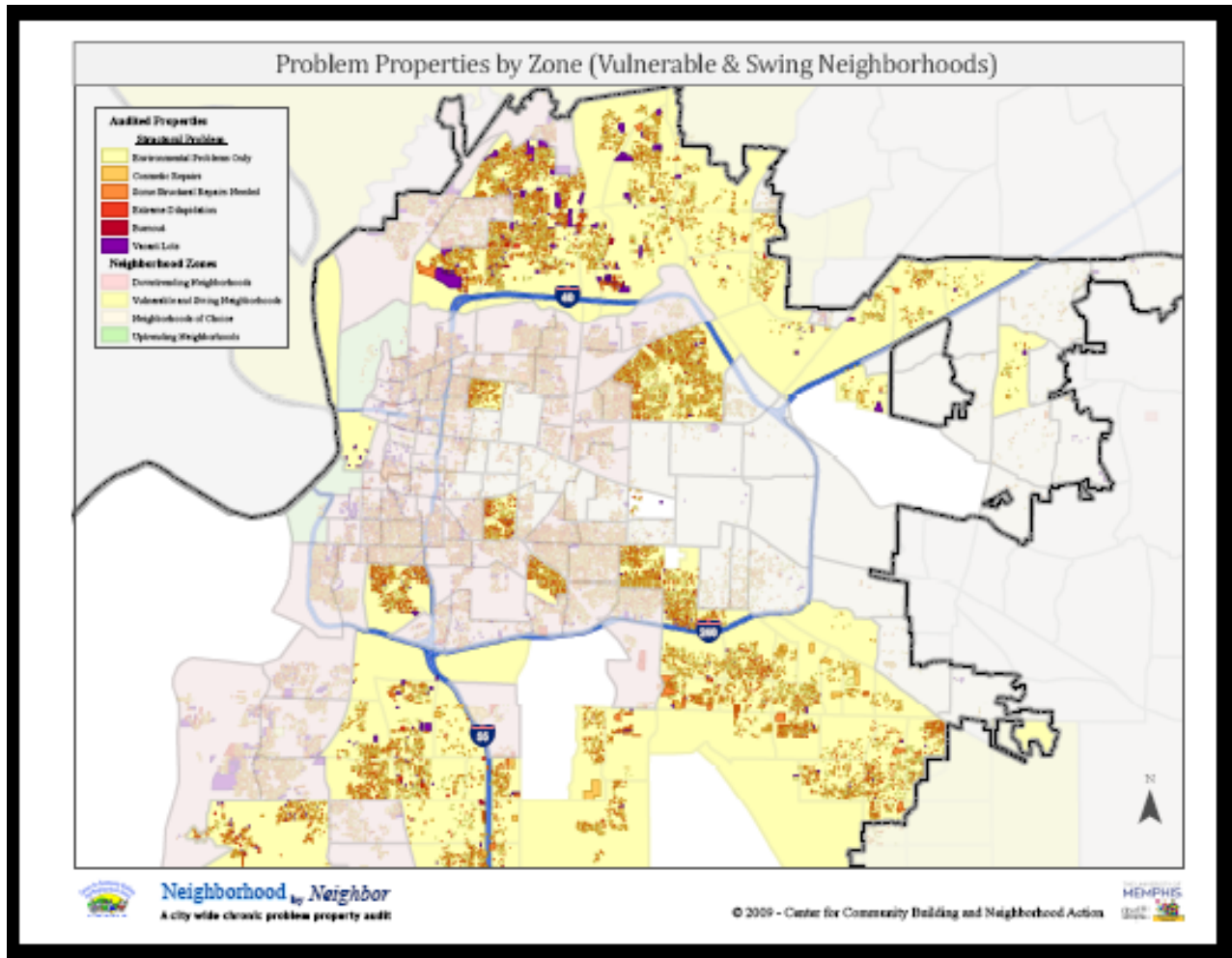
assistance with bringing their properties up to code. In Zone 1, that category includes a very manageable total of 389 properties. At the same time, non-profits like Binghamton's wildly popular Service Over Self, or another citywide

***389: The number of owner-occupied households who potentially qualify for means-tested housing repair assistance in Zone 1.***

favorite, Habitat for Humanity, or perhaps even some of our city's many faith-based organizations may filter this data to identify potential candidates to assist with cosmetic repairs (5,098 fit this category in Zone 1). Further, organizations such as Clean Memphis or agencies such as City Beautiful may use this data to identify residential

environmental issues (such as commercial dumping) to tackle, and they may target owner-occupants for assistance without rewarding investors and absentee landlords with the fruits of their free labor.

## Zone 2: Vulnerable “Swing” Neighborhoods



Less distressed than their neighbors in Zone 1, we use the term “swing” in pondering the future of Zone 2: it could go either way. Zone 2 had poverty rates of at least 20% in 2000, but less than this benchmark in previous census years, or had at least a five percentage point increase from 1990-2000. Also included in Zone 2 were zip codes where EITC filers increased by at least 30% from 2000 to 2005. Additional criteria includes a subprime lending rate of at least 30% according to 2006 HMDA data. All of these markers indicate a downward

transition for the housing market. Most CDBG money allocated in this zone is done so upon the appeal of selected stakeholders and not as part of a broader reaching policy.

Widespread filtering has occurred in Zone 2, where middle-class residents have cut their losses and sold properties at a significant discount to an incoming lower income population. Much of this transition took place with the assistance of predatory loan products, foreclosure, and the depopulation and demolition of public housing and other substandard housing in Zone 1. Attempts to stabilize using tools implemented in Zone 1 have fallen flat in much of Zone 2; CDCs can't compete with flippers and investors. Bulk purchases and low cost cosmetic repairs create profit margins for investors that do not accrue to responsible redevelopers attempting to invest in the kind of renovations (e.g. new heating and A/C or roof and window upgrades) that contribute to successful home ownership for low income families.

Yet within Zone 2 there are notable neighborhood outliers, where CDCs are having great impact, but who remain in Zone 2 because of economic indicators and residential property condition, as we layer survey findings into our zone analysis. The flagship of successful CDC activity in Zone 2 has to be Frayser CDC, but several others have demonstrated success here as well. These stakeholders generally have to work a bit harder for funding and opportunities (that are by policy easier to access in Zone 1, for example), but they are clearly making a difference because the purchase price has fallen so precipitously and

because some parts of the service area are poor enough to qualify CDC operations for rehab subsidy.

In Zone 2, we audited 88,585 parcels and returned a blight rate of 25%- only slightly higher than the city's average. Zone 2 may also boast a higher grassroots survey participation rate than any other zone, with most neighborhoods collecting their own data and/or providing valuable feedback. Frayser and Whitehaven are examples of engaged communities seeking a way to improve their zone designation, and both neighborhoods went to extraordinary lengths to offer assistance with this survey.

The gap between cosmetic and structural repair needs widens in Zone 2, with 30% of residential properties requiring the former and 20% requiring structural rehabilitation. A total of 274 (1.2% of the subset) properties in Zone 2 are categorized as having extreme dilapidation, and those cluster to the north, in Frayser and North Memphis, and to the South. Seventy fire damaged burnouts were counted in this zone, requiring demolition.

One hundred properties were found to be occupied and in advanced stages of dilapidation in Zone 2. Only 22 of the 274 extremely dilapidated properties were boarded up, with fifty showing signs of attempts to secure properties, and 111 more open to casual entry. Fifty-one properties displayed placards from code enforcement deeming them uninhabitable- 18.6% of all potential demolition candidates we identified and 10% fewer than what we found in Zone 1.

In Zone 2, we counted 930 properties for sale and 449 for rent- about the same proportion of properties offered by the market in Zone 1. Distinguishing this zone from Zone 1, we found a significant difference in property condition for homes on the market, with 41% of available homes in good condition (ready to sell) in Zone 2, while in Zone 1 only 14.6% of marketed homes were in good condition.

While there is a clear need for housing relief in Zone 2, the distribution of problem types by owner type suggests once again that a combination of renewed

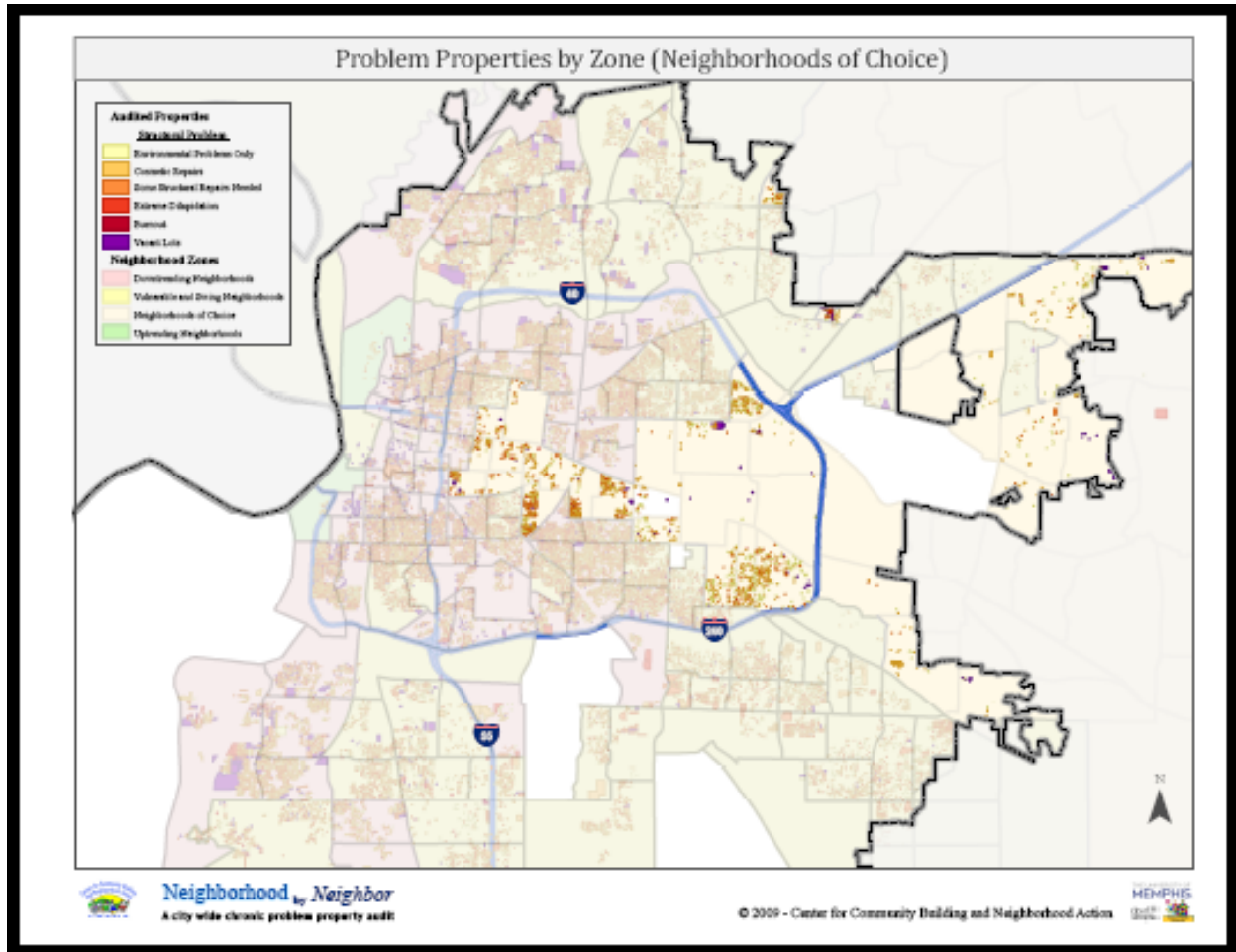


investment and enhanced enforcement is the best line of defense in the battle against blight. In Zone 2, 2,827 parcels are owner-occupied and in need of structural repair. It may alleviate the political fear of

rendering homeless the stereotypical *elderly and longtime homeowner* to know that one-half of the city's most blighted properties are landlord or tenant driven.



### Zone 3: Stable Neighborhoods of Choice



Zone 3 begins in the center, capturing the geographic heart of our city- Central Gardens- and stretches eastward along Poplar. Collecting Evergreen- skipping over Binghamton, the Beltline and Orange Mound- continuing ever eastward, absorbing the northern most neighborhoods in the University District, then panning out both north and south, ignoring Hickory Hill and neighborhoods to its south, Zone 3 heads straight for the suburbs.

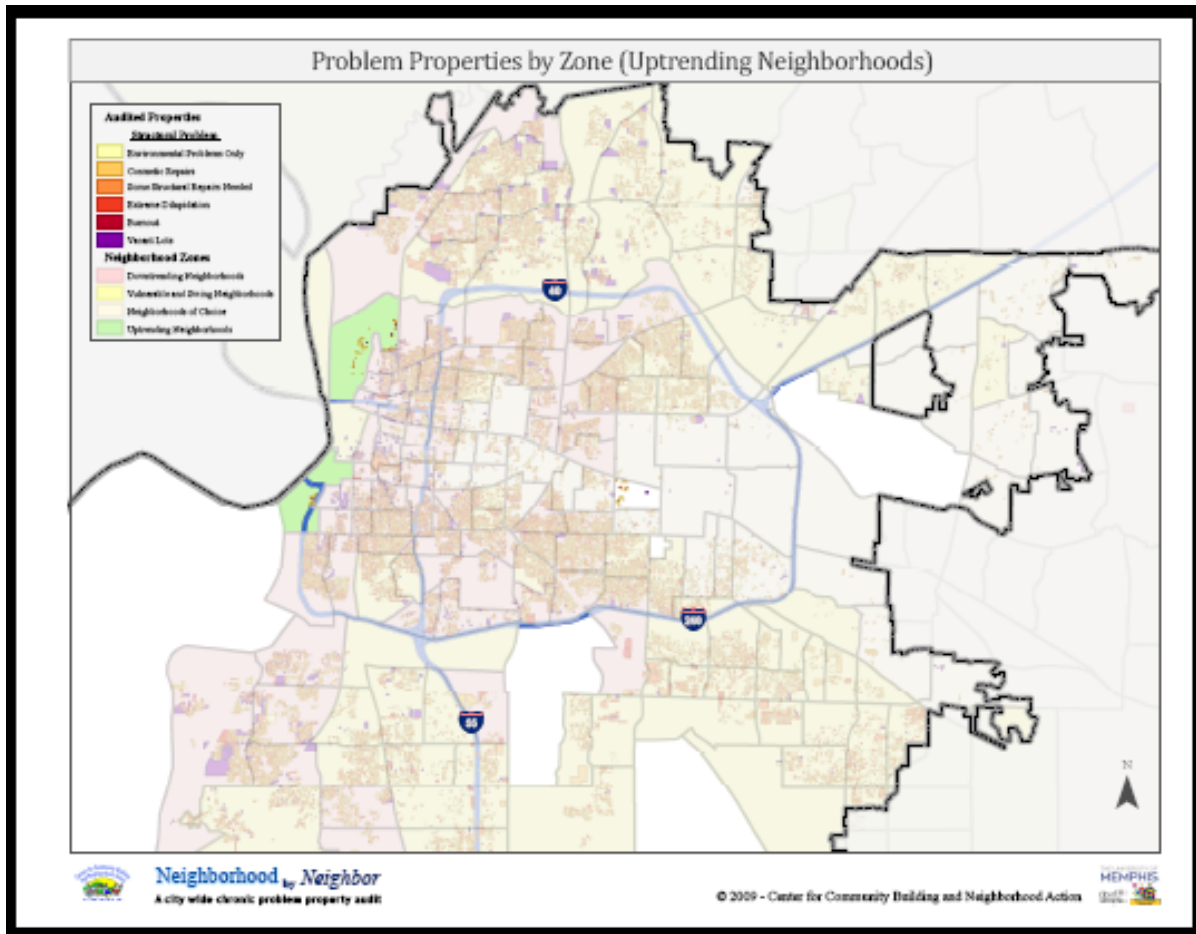
More affluent inner-city neighborhoods aside, these neighborhoods of choice became so during the turbulent 1970s, when “forced” integration and the threat of

busing school children outside their neighborhoods prompted many Memphians to uproot from Zone 2 and inch their families closer and closer to what they perceived as better performing schools and a suburban life free of racial conflict and controversy. Zone 3 neighborhoods have the highest economic indicators-income, housing value and school performance, though the education piece has dwindled, leaving only a couple of optional schools in the area as viable middle-class alternatives to paying private school tuition.

Zone 3 hosts 25% of our housing stock on larger parcels with well groomed lawns and very little blight. Since this area still maintains its owner-occupancy core, we can presume that with better enforcement of our city's very strong housing code, citywide blight rate would decrease by 4.8 percentage points.

In Zone 3, we documented 12 properties boarded up, with an additional 27 failed attempts by owners to secure housing, and in the zone that covers the largest geographical area of our city, we found a total of 38 cases of extreme dilapidation, against a code enforcement backdrop of 6 orders not to occupy. In evaluating discrete variables that address each element of housing code, we found weeds and overgrowth to be the most common problem in Zone 3; even then, only 411 (.8%) overgrown parcels were documented. Otherwise, as suggested, *the grass is in fact greener*, and somewhat better maintained, in Zone 3.

#### *Zone 4: Uptrending Transitional Neighborhoods – The Reclamation Zone*



If Memphians are looking for a come-back story, they need look no further than Zone 4. This area includes Mud Island, Uptown and South Bluffs, but we imagine this zone growing fastest and eventually swallowing up some of our city's greatest challenges downtown. An abundance of baseline data exists for key neighborhoods in this zone, dating back to surveys conducted for the purpose of documenting neighborhood change for the evaluation of HOPE VI projects in the area. Our most recent survey findings suggest dramatic improvement of housing stock, most notably and not surprisingly, in Uptown.

The Uptown Final HOPE VI report submitted in 2004 indicated a blight rate of 37%, with 108 extreme dilapidation or demolition candidates. 158 or 22% needed minor to moderate repair. The infusion of capital concentrated into this small area has completely transformed the neighborhood, and we are witnessing renaissance in surrounding areas as New Urbanism takes strong root downtown. Zone 4 has the lowest blight level of all zones, eclipsing Zone 3's tidy lawns and well kept homes by 1%, with a blight rate of 3%.

We evaluated 2,759 parcels in Zone 4 and found very few violations. The largest problem in the subset seems to be the need for cosmetic repair, with 1.9% of residential properties in this area requiring this level of intervention. In Zone 4, more than twice as many cosmetic repair needs are experienced by homeowners than their renting neighbors, while owner occupants can claim less than half as many structural problems. Here, as in Zones 1 and 2, it will be easy to isolate the need for intervention- and now more than ever, since the total number of problem properties rests at 92. Three properties rose to the level of extreme dilapidation, and for the first time in any stakeholder's memory, the area is down to dealing with only one burnout. A small percentage of properties are in violation of housing code that governs environmental issues- 31 properties have overgrowth, but otherwise environmental problems are isolated to "outlier" properties whose compliance may need to be compelled by environmental court, since most every other option has been exhausted.

Foreclosure has not gutted this area, but soft market variables are having an effect, as home sales stagnate and policy makers grapple with the difficult decision to suspend market rate development in HOPE VI areas. Researchers counted 19 properties for sale and 5 for rent, and homes lost to foreclosure total 15 for our two combined years.

Using Uptown as our guide, we can expect a significant shift in zone placement in the areas where HOPE VI came online more recently- University Place, and where construction is well underway- Legends Park. Leveraged against the efforts of non-profits working in Peabody-Vance to clean up the numerous substandard small apartment buildings, part of this change will be evident as early as the 2010 census, and we expect to promote the University Park area from its current Zone 1 status to Zone 4 as quickly as census tract level data is released for 2010. Improvement stimulated by the demolition of Dixie Homes and Legends Park rising from its ashes won't be captured on the next census, but will be obvious well before 2020.

## ***Housing Choice***

The total subsidized housing data set includes 5,914 discrete voucher addresses occupying 2,926 parcels, which include 2,417 single family homes, 266 duplexes, and 3,213 apartment units inside 156 apartment complexes. Our



survey identified 18 vacant lots on which subsidies are reportedly paid, and as of the date of this publication we were unable to determine if this is ‘noise in the data’ such as incorrect or out-dated addresses listed with MHA, or if owners were indeed erroneously receiving subsidies on these vacant lots.

To evaluate blight among this subset, we divide the data set into two parts; 1-4 unit dwellings (n=2,769), which includes single family homes, duplexes and triplexes; and apartments greater than 4 units (n=3,145). Rates discussed in this section compare 1-4 unit properties by zone and by data set. The apartment condition section reports frequencies for apartment complexes (not units) out of compliance with housing code and summarizes their condition.

*To be clear; all mapping included herein reflects the location and condition of all voucher recipients (which includes all housing types, combined). All analysis and calculation of blight rates is differentiated by property type, as outlined above.*



Distribution of voucher-approved properties and their conditions are presented in Appendix A: Map of Housing Choice Vouchers by Condition. The map in Appendix B overlays voucher properties in need of structural repair with blight density from the complete survey, visually demonstrating how, despite deliberate efforts on the parts of policy makers, subsidies still cluster in our city's more distressed neighborhoods. With a blight rate of 55%, Zone 1 is the product of a naturally aging housing stock combined with elements of filtering, poverty-driven deferred maintenance, and the absence of comprehensive code enforcement. Voucher approved properties in this zone have a blight rate lower than the zonal average (41.5%, compared to 55% zone-wide). Because of the serious nature of blight in this area, where our most vulnerable neighborhoods have up to 70% of all properties out of code compliance, it can be concluded that the presence of these vouchers does not exacerbate blight in the area. Further, anecdotal evidence from our field experience in this zone suggests voucher properties are in better condition than proximate properties, and this impression is represented visually by the blight density map in Appendix B.

Blight rates in Zone 2 paint a slightly different picture, though again we do not conclude that the presence of vouchers drives blight. The voucher subset has a structural blight rate of 35.6%, which eclipses the zone's overall blight by ten points. Deterioration in the housing stock is no doubt associated with a high foreclosure rate during the past five years: five to seven percent of single family homes received a foreclosure notification *each year* in Zone 2 zipcodes including Hickory Hill and Fox Meadows, Whitehaven, Frayser and Raleigh. (Seven of

Shelby County's top ten zipcodes for foreclosure are in Zone 2, where subprime lending is associated with both rapid turnover in the housing stock and foreclosure.) In turn, foreclosure is associated with bank sales to investors and transition of the single family housing stock to the rental market. For example, 37% of bank sales for 2007 foreclosures were to investors in zipcode 38125, a zipcode where virtually all single family homes were owner-occupied ten years ago; similarly, bank sales of foreclosed properties accounted for 57% of all sales of single family homes in 2008. Compared to other Zone 2 zipcodes, 38125 is fairing well: in Raleigh 38128 70% of bank sales are going to investors. It is likely that vouchered properties compare to the condition of other rental properties, and that together these properties are in poorer condition than homes that remain owner-occupied. There may, however, be an opportunity to curb blight being introduced by the rental market if vouchered properties are subject to enhanced scrutiny on a regular basis.

Although the number of vouchers in Zone 3 is small, it is here that vigilance may be most indicated. It is noteworthy that 39% of all problem properties in Zone 3 are voucher qualified. Of the 74 documented properties in violation of housing code, 29 receive rent subsidies.

### ***Single Families, Subsidized Citywide***

Of the 2,769 subsidized 1-4 unit dwellings, 39% have repair needs. Seven hundred and fourteen (26% of the subset) need cosmetic attention. Twelve percent (n=339) have structural repair needs, and 11 properties are extremely

dilapidated- six of which had “Do Not Occupy” placards posted by Code Enforcement, indicating action had been taken to remove subsidies and tenants from these properties. *We did not find a single subsidized property that was both occupied and uninhabitable, though we must report that we found 2 properties to be extremely dilapidated (photos below).*

<b>Table 3: Condition of Housing Choice Voucher Properties with 1-4 Units</b>					
	Zone 1	Zone 2	Zone 3	Zone 4	Total
Needs Cosmetic Repair	353	347	14	0	714
Needs Structural Repair	177	156	6	0	339
Extreme Dilapidation	10	1	0	0	11
Environmental Violations Only	535	652	9	0	1,196
Good Condition	226	260	6	0	492
Total	1,275	1,383	35	0	2,752
<i>Source: Neighborhood-by-Neighbor: A Citywide Problem Property Audit of Memphis, Tennessee. 2010. Center for Community Building and Neighborhood Action, University of Memphis.</i>					

Lastly, 1,137 – or 41.3%- of the subset of subsidized properties are in violation of the city’s housing code for environmental issues. Overwhelmingly, these are improper storage issues and yard parking, both of which are tenant-driven violations, where the *carrot* of the voucher could be used to leverage compliance. Researchers documented 243 addresses with inoperable cars, 269 properties with weed overgrowth, 36 subsidized sites of illegal dumping, and 18 properties in the subset where pit bulls were being bred and perceived as a threat to pedestrians.



Reinforcing the discussion of foreclosure and property condition in Zone 2, we considered recent foreclosures as a special group of vouchered properties. In this subset, two hundred and thirty-five parcels certified for voucher holders were foreclosed in 2007, and another 116 fell to foreclosure in 2008. Among the foreclosures, 88 require cosmetic repair, 40 need structural repair, and one property needs significant rehabilitation. In other words, 37% of recent foreclosures require attention to bring them in line with the city's anti-blight housing code.

### ***Housing Choice in Apartments***

Surveying apartments was a different matter, as we attempted to account for 3,213 vouchers in 156 apartment complexes. Disregarding property condition altogether, there were many obstacles to the survey of apartments. A surprising number of apartments were gated, and although we, theoretically, should have been granted access, most of the time we were sternly reminded by property managers that neither the Housing Authority nor any agent on its behalf has the right to pop in unannounced. Inspections, these managers insisted, were scheduled events, and no softening of terms would justify for them why they should allow us access. For apartments where we were denied entry, or for those complexes whose gates were access-controlled and had no gate attendant or anyone with which to speak, we photographed as much as we could from the street. Whenever possible we photographed the gate itself.

The absence of a gate and keeper did not signal our welcome, however. In several of the complexes where we did enter and begin auditing, we were quickly

noticed, contacted, and asked to leave. On one occasion, in Whitehaven, guards obstructed our vehicle and tried to detain us, insisting we accompany them to their leasing office. While these issues made completing the survey more challenging, we interpret these enhanced security features as very good news. These security improvements- we'd surveyed some of the complexes previously as part of an earlier project and found no such impediments in our earlier attempts- work well to keep non-residents at bay. We are certain this reduces the amount of drive-through traffic that often plagues apartment complexes and contributes to the vulnerability of both the property and the people.

Of the 156 apartment parcels audited, only 8 complexes were vacant, with two of those boarded up and secure, another 3 partially boarded, and only 3 open to casual entry. Citywide, the structural blight rate among apartments rests at about 18% (we estimate total apartment complexes citywide at about 1,700), and this rate closely resembles the structural blight rate among voucher qualified apartments (19.9% in the HCV set, to be precise). The most common issue with voucher qualified apartments appears to be environmental, which is arguably tenant driven but ultimately the responsibility of ownership.

Factoring in environmental violations, the blight rate for apartments citywide increases about three points, to 35.7%, while the voucher set climbs to 36.8% when including environmental violations. Nearly 60% of all apartment complexes receiving subsidies have environmental violations, which include improper

storage, inoperable cars, pedestrian litter, and several anti-social indicators such as consumption of alcohol or drugs, yard parking, loitering and graffiti.

Within the context of all apartment buildings citywide, we found no evidence that voucher qualified units were in worse structural condition than proximate units in each zone, but strong evidence exists to suggest that a strategy that addresses environmental code violations in multifamily units would decrease the blight rate in this subset by two-thirds. Appendix D visually demonstrates the distribution and condition of voucher-supplemented apartment complexes citywide.



## ***Conclusion***

Historically, community development in Memphis has been reactive rather than proactive, but despite our propensity to work in silos and cross paths in contrived collaborations, *neighborhood-by-neighborhood*, the River City rolls along and progress is made. One has only to witness the revival of a once dead industrial wasteland that has blossomed into South Bluffs, or to see crime decrease by 30% in the Beltline, where the CDC has reclaimed Midland Avenue and made it safe for



kids again – to feel that optimism is palpable in our city once more, perhaps for the first time in decades. Now is the time to launch comprehensive community initiatives, *neighborhood-by-neighborhood*, to foster collaboration between unlikely partners. Now is the time for CDCs to come to the table with healthcare providers, educators, property managers, law enforcement, workforce development specialists and social workers, and envision a service area not just with decent, affordable housing, but with all the goods and services needed to sustain and support a family located within reach.

*“We’ve got good bones, but we’ve got work to do,”* says Mrs. Jackson. In this report, we isolated our housing issues (segmentation), defined the scope of our problem, and made projections about what proportion of this work may need professional assistance and what proportion falls squarely on the shoulders of

#### **NxN Highlights**

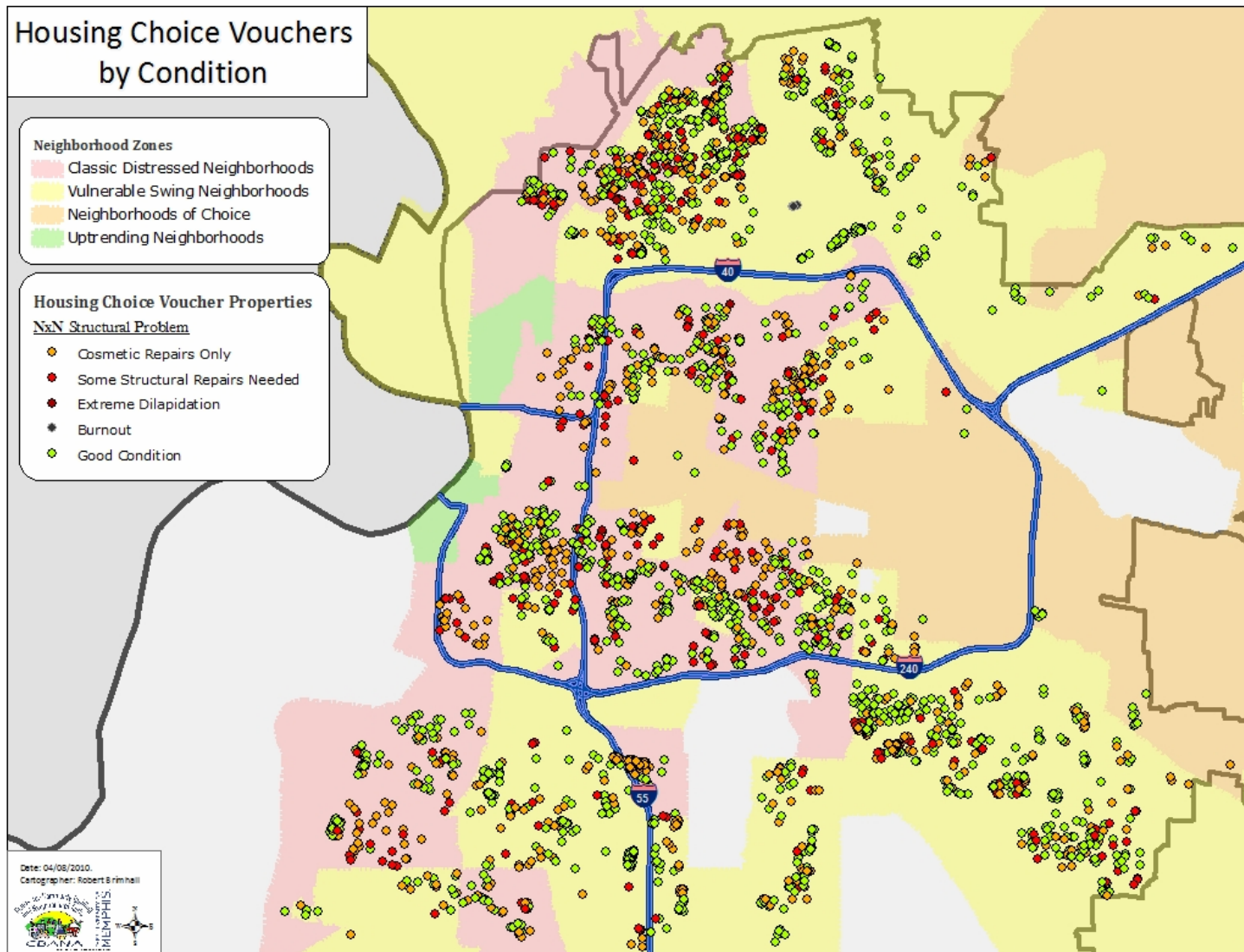
- ✓ Citywide Blight Rate = 22%
- ✓ A campaign that targets environmental violations could reduce the city's blight rate by 20%.
- ✓ 7,484 "shovel-ready" vacant lots.
- ✓ One Size Does Not Fit All: Neighborhood change and condition are best understood within context- Zone Analysis makes it possible to isolate issues and resolve more difficult problems within their contexts:
- ✓ ZA may be used to estimate the amount of housing repair dollars needed to rehabilitate owner-occupied means tested problem properties. N= 389.
- ✓ At least 240 fire-gutted, indisputable demolition candidates identified.
- ✓ The Perfect Storm: tenure transition, deferred maintenance, predatory lending and foreclosure epidemic converge to create market chaos.
- ✓ Housing Choice Vouchers are not driving blight, but there is cause for enhanced monitoring and attention as vouchers move into Zone 3.

the homeowner. And by zone, we were able to determine approximately what proportion might lack the financial means to bring their properties up to code, and what proportion could likely qualify for assistance after means testing. We were able to isolate what proportion of the worst kept properties are owner-occupied and hopefully dispel the notion that enforcing code equitably in our city translates into evicting elderly homeowners (prioritization). Proactive, effective code enforcement in fact preserves quality of life for our most vulnerable populations- it is rarely a hindrance. In the end, *Neighborhood-by-*

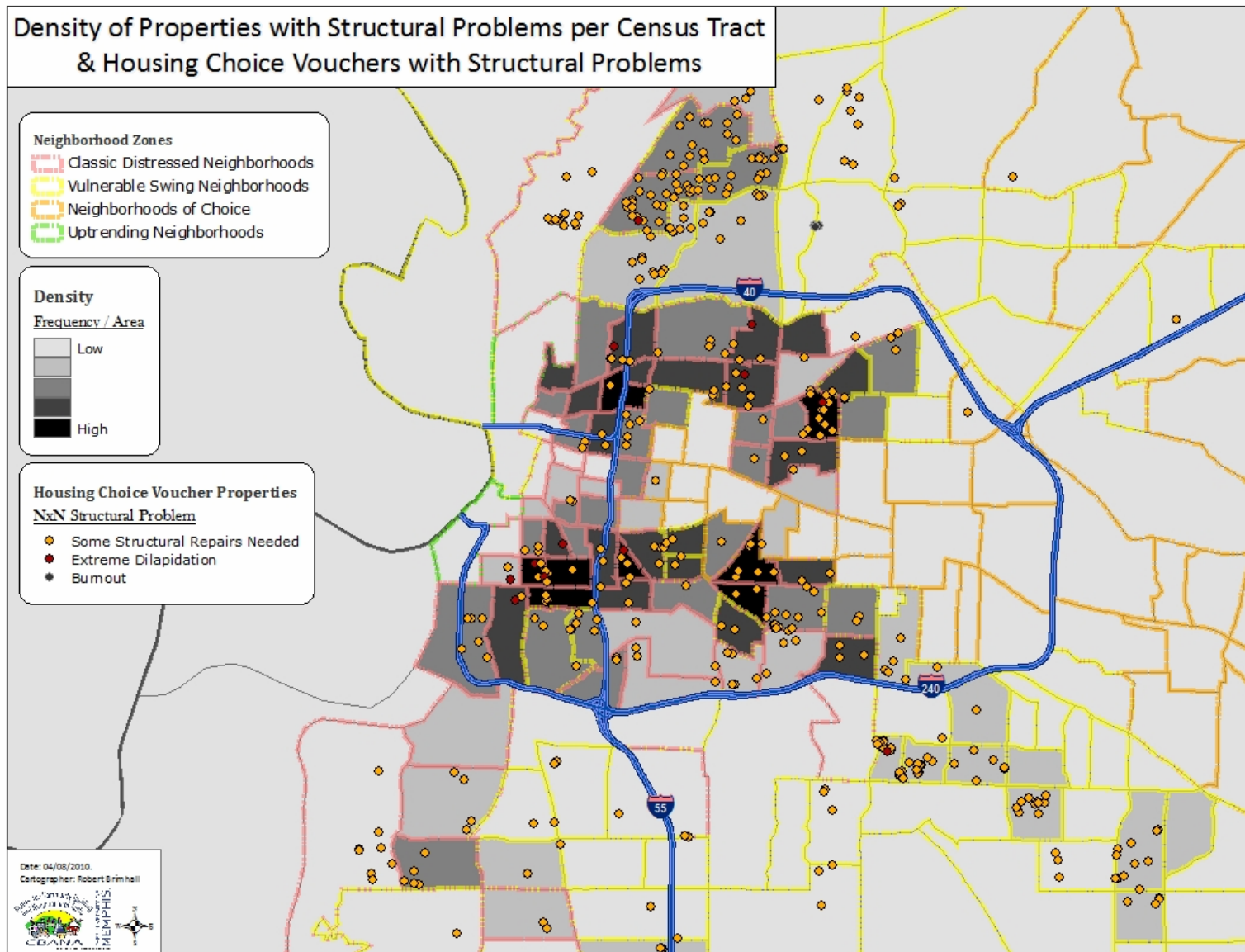
*Neighbor* indexed 48,648 problem properties citywide and created a photo and record for special populations for a total of 59,601 audits. *We've got work to do, indeed*, Mrs. Jackson. When viewed in the abstract, the city's blight problem seems insurmountable. But tackled by zone- and by even smaller geographies (available Fall 2010 on InfoWorksMemphis.org) - taken neighborhood-by-neighbor, our city can be transformed.

## **Appendices**

## Appendix A:

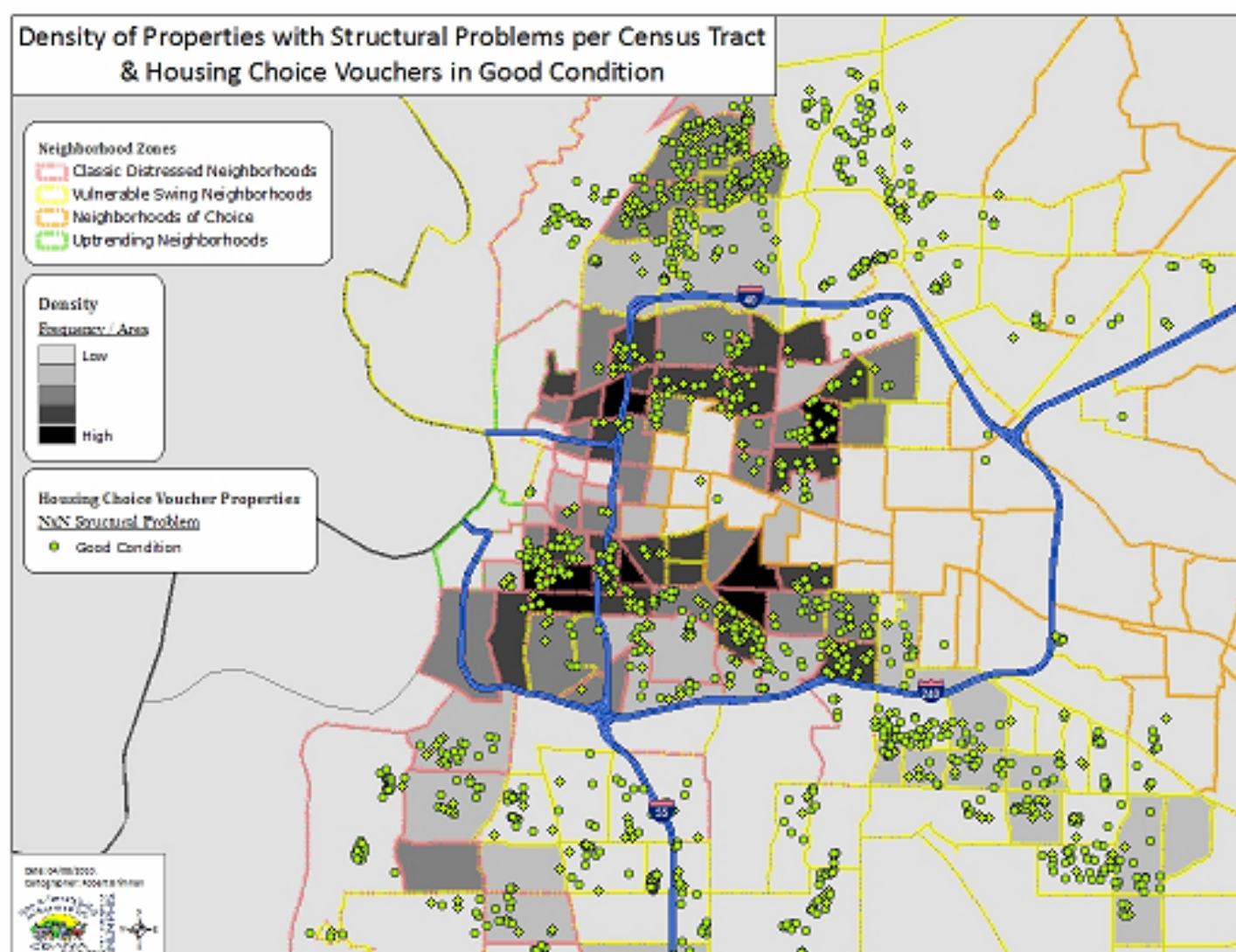


## Appendix B:





## Appendix C:



## Appendix D:

