

Vacant Properties Creating Neighborhood Nuisances

Review of Privately-Owned Properties with Violations
in the City of Philadelphia

JANUARY 2015



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EXECUTIVE SUMMARY

Why the Controller's Office Conducted the Review

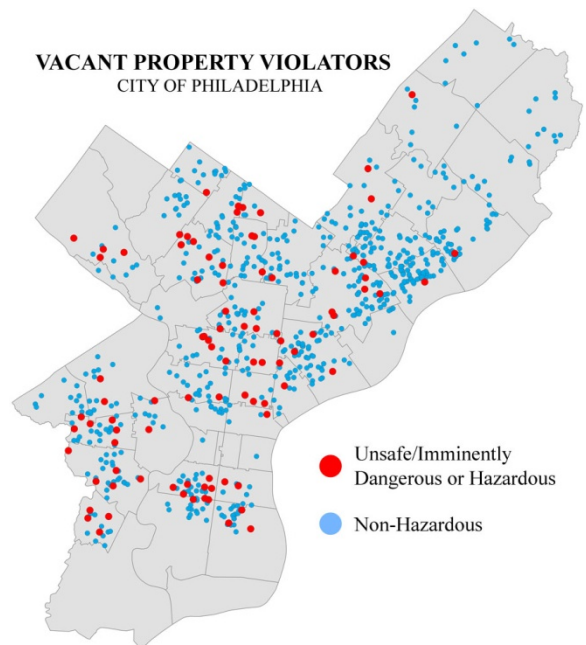
As part of the City Controller's ongoing efforts to ensure public safety and quality of life in all Philadelphia neighborhoods, the Office of the City Controller reviewed privately-owned vacant properties with violations and examined those with any unresolved issues that may be causing unsafe conditions and blight in the City.

After receiving an inquiry from NBC 10 regarding the conditions of a few vacant properties, the Controller's Office implemented a data-mining technique and cross matching of public records maintained by Philadelphia's Department of Licenses and Inspections (L&I). The objective of this review was to determine the locations where properties need immediate attention as well as serve as a guiding tool for L&I and all enforcement agencies to eradicate dangerous properties and to fight blight.

What the Controller's Office Found

After examining public records for more than 5,700 privately-owned properties that were indicated as having a vacant-property license issued in 2013 and 2014, the Controller's Office found the following:

- A total of 1,215 vacant properties contained violations. More than half, 791, had violations that were considered "Open" and/or not in compliance with City Code.
- There were 2,283 violations identified at the properties that were not in compliance.
- The majority, 81 percent, of the properties had more than one violation that was not in compliance, including one that had 20 open violations.
- There were 101 properties considered Unsafe, Imminently Dangerous, or Hazardous with conditions that were not in compliance.



The City Controller's Recommendations

As some of these properties contain unsafe and imminently dangerous conditions, the City Controller's Office continues to recommend that L&I prioritize its workload to ensure that these properties do not jeopardize public safety. Additional recommendations can be found at the conclusion of this report.

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Background

Under the City of Philadelphia's Code, the owner of a vacant structure or lot is required to obtain a license with the Licenses and Inspections Department (L&I). Applicants must supply required information, such as contact name and address and their Philadelphia Business Income and Receipts Tax Number. In addition, owners must pay an annual fee of \$150 to maintain the license. A license must be obtained no later than 30 days following the vacating of a building or lot. The license serves as a prerequisite for engaging in any activity or having possession of or using any property.



Specifically for vacant premises, a license ensures that there is a legal responsibility of the owner to maintain a clean, safe, secure, and sanitary condition of the interior and exterior of a structure or lot.

City Code also requires owners to take measures to prevent unauthorized entry to the premises; including securing windows, doors, or any other openings accessible to trespassers or even vermin. If such measures are not in compliance with the code, L&I may constitute a violation when conducting an inspection. The violation is followed by a written notice to the registered owner with an appropriate order to comply with this code. Failure to comply with the violation will subject the owner to penalties set forth in the administrative code.

According to L&I's Vacant Property Strategy set forth in 2011, L&I focused on utilizing new enforcement measures to collect licenses and permit fees, fines, and unpaid taxes owed to the City of Philadelphia from vacant properties. For example, the "doors and windows" ordinance allows the Department to ask the court to fine owners \$300 per day per opening that is not covered with a functional door or window. In addition, the initiative has dedicated court dates exclusively to address vacant cases.



As part of the City Controller's ongoing efforts to ensure public safety and quality of life in all Philadelphia neighborhoods, the Office of the City Controller reviewed privately-owned vacant properties with violations and examined those with any unresolved issues that may be causing unsafe conditions and blight in the City.

After receiving an inquiry from NBC 10 regarding the conditions of a few vacant properties, the Controller's Office implemented a data-mining technique and cross matching of public records maintained by Philadelphia's Department of Licenses and Inspections (L&I).

As indicated in the City Controller's report, there are thousands of privately-owned properties with vacant residential and/or commercial licenses. L&I officials have identified violations that

range from high weeds and trash throughout the property to more serious conditions such as hazardous, unsafe or imminently dangerous. In many instances, property owners do not comply with the violations and the properties are left in deteriorating conditions.

Not only do these properties continue to add to the City's ongoing struggle to eradicate blight and other hazardous conditions, but it exhausts resources and creates an additional burden on L&I when property owners fail to take action on the violations. In 2013, the City expended \$100,270 over its original estimated budget allocated for demolitions and abatement of nuisances, according to a review of the Fiscal Operating Budgets for FY2014 and FY2015. In these cases the City must demolish vacant properties when owners are unresponsive to notices, or otherwise risk the safety of surrounding properties and community members.

While L&I is currently tasked with ensuring building safety and issuing demolition permits, the Department is underfunded and with too many responsibilities, as concluded by The Building Safety Oversight Board commissioned by Mayor Nutter in 2013. The process of inspecting properties and determining a resolution is costly and inefficient. Owners are supposed to reimburse the City for work done, such as "cleaning and sealing", since it is their responsibility as licensed owners.

Initial Field Work

At the onset of the review, the Controller's investigators identified two vacant properties that contained unsafe conditions. The Controller's staff immediately presented these findings to L&I and the Department instantly deployed its inspectors to these sites. At one of the properties, barricades were placed around the perimeter to ensure that no one can gain access as well as block any building debris that may fall from the building. L&I indicated that both property owners were notified and the Department is taking appropriate actions to get the buildings repaired and/or demolished.

Conclusion of Field Work

The Controller's Office provided L&I with a summary of findings and the list of properties deemed Imminently Dangerous, Unsafe and Hazardous that were not in compliance, according with L&I's records. L&I provided a status update to the dangerous properties that the Controller's Office conducted on-site observations.

For eight of the 20 properties, L&I indicated that it took actions to correct the dangerous conditions at the properties five days after receiving the Controller's report findings. This included bidding several of the properties for demolition and sending others to court.

For the properties where the Controller's Office found that inspection reports were not updated in L&I's database, the Department indicated that there are a number of factors that can cause a case to remain open in their system including legal, administrative or operational procedures that must be completed prior to closing a case in the system.

Methodology & Scope of Work

After compiling public records maintained by L&I, the Controller's Office implemented data-mining and cross-matching techniques to focus the review on privately-owned residential and commercial properties that were licensed as "vacant". The initial set of data included 5,725 properties that were listed as having been issued a vacant license in 2013 and 2014. Of these properties, there were a total of 1,215 that had at least one violation.

The properties with violations were sorted to determine how many had one violation compared to those with multiple violations. The data was also reviewed to determine which of the properties had violations that were considered "OPEN", which meant the violation still existed and the issue was not resolved. In addition, the priority level of the violation was examined to determine which of the properties might be Unsafe and/or Imminently Dangerous and which contained Non-Hazardous conditions.

Once the properties were sorted by violation, severity and condition, the Controller's Special Investigations Unit conducted on-site visits of selected properties. The results of these visits including photographs are included in the body of the report. For those properties that appeared to be extremely unsafe, the Controller's Office immediately notified L&I and monitored ongoing actions taken by the Department.

In addition, the Controller's Office utilized Geographic Information System (GIS) software to map the properties with open violations as well as pinpoint those that are unsafe and/or imminently dangerous, which can be viewed on the map located in the report.

Findings

The Department of Licenses and Inspections maintains property records through its HANSEN System. As reported in the City Controller's 2014 Performance Audit of L&I's Oversight for Private Property Demolitions, all activity for demolition permits, including the review and approval of the permit application, inspector site visits, and final supervisory approval/closeout, is to be entered and captured in the HANSEN System. Inspection reports contained in HANSEN are L&I's official inspection documentation for demolition permits.

Through the utilization of a public database presented by PlanPhilly, which provides direct access to L&I's records, the City Controller's Office compiled a list of more than 5,700 properties that had either a vacant residential or vacant commercial license issued in 2013 and 2014 at the address. By cross-matching the properties with vacant licenses to properties that had been issued violations, the Controller's Office identified 1,215 addresses with violations.

Conditions Identified

These violations included conditions such as Imminently Dangerous, Unsafe and/or Hazardous, as well as those that were considered Non-Hazardous. According to the Philadelphia Code and by reviewing specific violations, these conditions are described as follows:

Unsafe – all structures that are or hereafter shall become unsafe, unsanitary or deficient because of inadequate means of egress facilities, or which constitute a fire hazard, or are otherwise dangerous to human life or the public welfare, or which involved illegal or improper occupancy or inadequate maintenance, shall be deemed unsafe. (PM-307)

Imminently Dangerous – when, in the opinion of the code official, there is imminent danger of failure or collapse of a structure or any part thereof which endangers life, or when any structure or part of a structure has fallen and life is endangered by the occupation of the structure, the code official is hereby authorized and empowered to order and require the occupants to vacate the same forthwith in. (PM-308.1)

Hazardous – by reviewing the specific types of violations recorded by L&I inspectors, these properties appear to be not as serious as Unsafe or Imminently Dangerous but still contained conditions that warranted significant attention. Some of the violations related to this condition consisted of exterior steps that needed to be repaired, interior plumbing structures in violation of Code, heating and electrical systems that were defective and drainage issues.

Non-Hazardous – by reviewing the specific types of violations recorded by L&I inspectors, these properties were cited for items such as high weeds, significant amounts of garbage and/or rubbish present, broken or missing windows and failure to maintain the required vacant license.

Violations

Of the total 1,215 vacant licensed properties, the Controller's Office determined that 791 of them contained violations that were considered "OPEN", or not in compliance with the City's Code. The other violations were considered to be either Closed, Sent to Court, Demolished or Clean & Seal.

The properties with unresolved violations accounted for a total of 2,283 violations. In most instances, properties contained more than one violation that was not in compliance. In fact, the multiple violators were identified at 638 of the 791 properties.

Multiple Violators

With many of the properties containing more than one violation, there are instances where L&I had issued as many as 20 violations to a single property. The list below contains the top 10 properties with the most violations that are considered OPEN and/or not in compliance with the City Code:

#	Address	Zip	Condition(s)	Violation Count
1.	5334 James St.	19137	Non Hazardous	20
2.	110 W. Washington La.	19144	Unsafe, Non-Hazardous, Construction Services	16
3.	3447 Tudor St.	19136	Non Hazardous	13
4.	6243 Lawnton St.	19128	Non Hazardous, Hazardous	13
5.	6250 Crafton St.	19149	Non Hazardous	12
6.	3726 N. Carlisle St.	19140	Construction Services	12
7.	4732 E. Roosevelt Blvd.	19124	Unsafe, Non Hazardous	12
8.	2145 N. Front St.	19122	Non Hazardous	11
9.	1227 S. 24 th St.	19146	Imminently Dangerous, Construction Services	10
10.	5832 W. Girard Ave	19131	Non Hazardous, Construction Services	10

Dangerous Properties

While the majority of properties contained violations that were deemed Non-Hazardous, the Controller's Office identified 101 properties that were considered Unsafe, Imminently Dangerous or Hazardous. A breakdown of these properties includes the following:

<u>Type</u>	<u>Total</u>
Unsafe	72
Imminently Dangerous	11
Hazardous	15
Imminently Dangerous/Unsafe	2
Unsafe/Non Hazardous	1
Total	101

The 101 properties that were considered to be Unsafe, Imminently Dangerous or Hazardous contained violations, including the following: loose and deteriorating walls, missing bricks,

deteriorating roofs and floors, partially collapsed walls and roofs, fire damage to interior and roof structures, and drainage concerns due to downspouts that needed repaired. Some of these properties have not been updated and/or inspected since 2013, according to the dates and times recorded by L&I.

The Controller's Office compiled a list of properties that were considered Unsafe, Imminently Dangerous, or Hazardous with the most violations that were not in compliance with the City Code, according to L&I's records. To assess the conditions of the properties with what was recorded in L&I's database, the Controller's Investigators conducted on-site observations and documented their findings.

The Controller's staff determined that L&I's records did not accurately reflect the conditions of these properties, as some of the buildings have been demolished or renovated. For example, 1711 Ingersoll St., in North Philadelphia, L&I's records indicated that it was Imminently Dangerous/Unsafe and had violations that were still open. It also indicated that the last inspection occurred June 5, 2013. However, the Controller's investigators found that the building on this parcel had been demolished.

A similar finding was presented in the Controller's Performance Audit of L&I's Oversight for Private Property Demolitions where L&I's records indicated there were several properties where final demolition inspections were claimed to have been completed and that no new work had started at the property. However, the Controller's staff found many of the properties had new homes and buildings constructed on them. Some of these sites were demolitions that were left open for as long as eight years – including several that are now home to the new expansion of the Pennsylvania Convention Center.

The list below contains the top 20 dangerous properties that were considered Unsafe, Imminently Dangerous, or Hazardous with the most violations that were not in compliance with the City Code, according to L&I's records. To illustrate the actual condition of the property, the Controller's on-site observations are included.

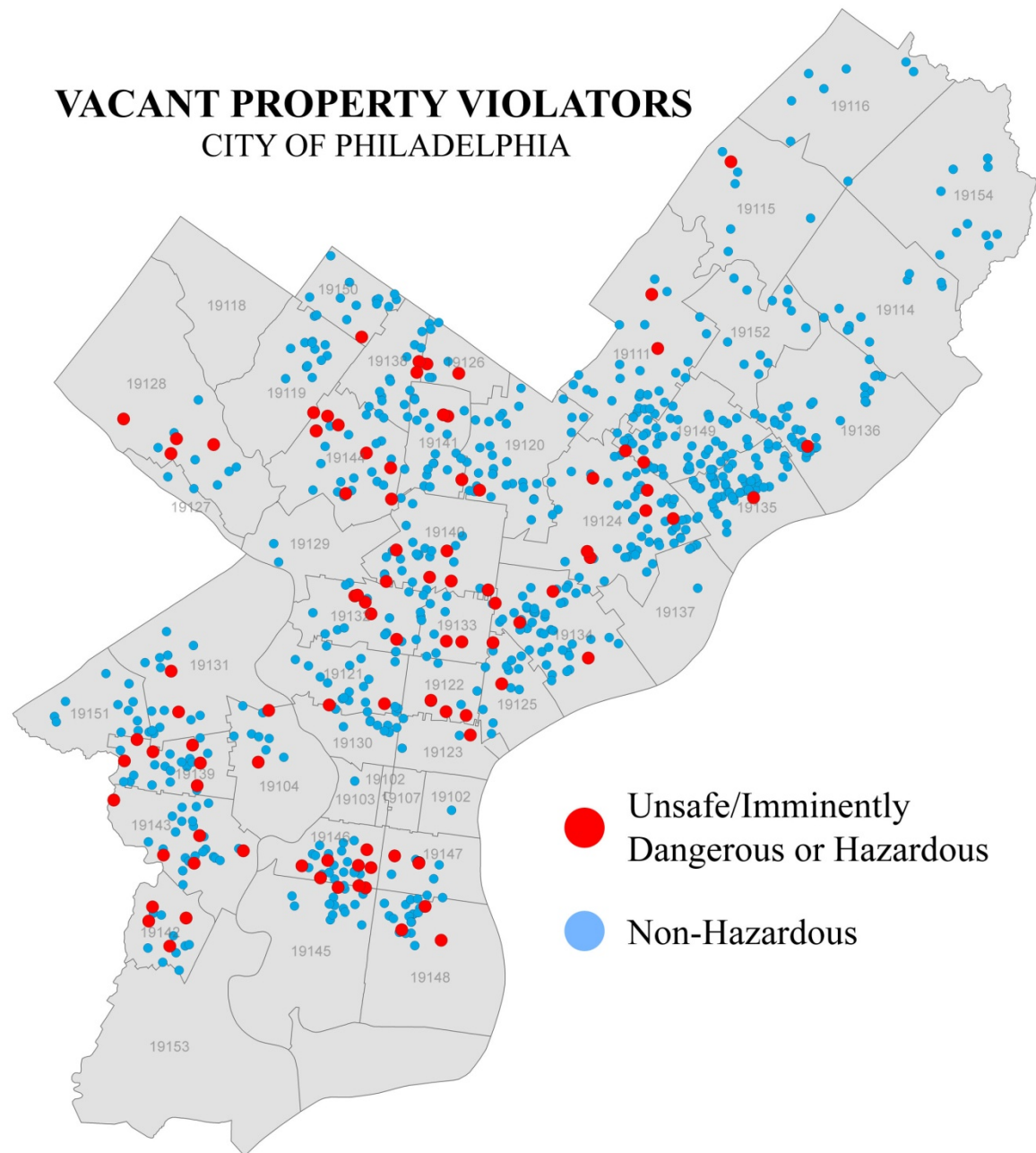
#	Address	Zip	Condition(s)	Last Inspected	Controller's On-Site Observations
1.	1711 Ingersoll St.	19121	Imminently Dangerous/Unsafe	06/05/2013	NU – building has been demolished
2.	4732 E. Roosevelt Blvd.	19124	Unsafe	06/20/2014	Apartment complex sealed, trash/rubbish present outside
3.	110 W. Washing La.	19144	Unsafe	09/24/2013	NU – building has been renovated
4.	298 Delmar St.	19128	Imminently Dangerous/Unsafe	11/19/2014	NU – building has been demolished
5.	1214 S. 18 th St.	19146	Imminently Dangerous	02/01/2013	No significant deficiencies visible from outside of building
6.	3233 N. Woodstock St.	19140	Imminently Dangerous	11/20/2014	NU – building has been demolished
7.	2112 Mountain St.	19145	Imminently Dangerous	02/23/2014	No Trespassing Sign; rear of building is significantly damaged, appears very unsafe
8.	5923 N. Broad St.	19121	Unsafe	06/05/2014	Building was not sealed, broken windows and ground-floor access, rear of property contained trash
9.	6539 Regent St.	19142	Unsafe	04/25/2013	Significant damage to front roof, construction debris laying across the sidewalk
10.	905 Griffith St.	19111	Unsafe	10/08/2014	Notice of Violation Sign (9-18-14); significant fire damage, windows are sealed
11.	3842 N. Delhi St.	19140	Imminently Dangerous	11/05/2013	NU – building has been demolished
12.	226 E. Clapier St.	19144	Imminently Dangerous	10/07/2014	No Trespassing Sign; significant damage to front structure, roof appears to be missing
13.	1227 S. 24 th St.	19146	Imminently Dangerous	07/27/2014	NU – building has been renovated, For Sale sign present
14.	1033 S. 52 nd St.	19143	Unsafe	08/08/2014	NU – building has been demolished, construction debris present
15.	1522 S. Taylor St.	19146	Unsafe	04/21/2013	No Trespassing Sign; front windows broken/missing
16.	1013 S. 7 th St.	19147	Unsafe	11/06/2014	Sealed property with L&I barricades in front of building
17.	2309 E. Fletcher St.	19125	Unsafe	04/20/2013	NU – building is in the process of being renovated
18.	5819 Race St.	19139	Imminently Dangerous	09/13/2013	Sealed property, marked with spray paint, causing blight
19.	6233 Market St.	19139	Imminently Dangerous	08/14/2014	Missing windows, open entryways, signs that someone could be living in it
20.	1339 N. Randolph St.	19122	Imminently Dangerous	4/24/2013	NU – building has been demolished

Not Updated (NU) – Record Not Updated in L&I's database to reflect what was observed by the Controller's inspectors

Location of Violations

The Controller's Office utilized Geographic Information System (GIS) software to map the properties with open violations as well as pinpoint those that are unsafe and/or imminently dangerous.

The map located below shows neighborhoods where there are significant amounts of vacant properties with open violations. The map includes color-coded markings to show which of the properties are considered Non-Hazardous and which are Unsafe, Imminently Dangerous or Hazardous.



As indicated in the map on the previous page, the vacant properties with violations are spread throughout the City with the majority located through the North and Lower Northeast sections. There are also clusters of properties located in parts of South and West Philadelphia neighborhoods. A breakdown by zip code includes the following:

Zip	Total	Zip	Total	Zip	Total
19124	60	19138	19	19114	10
19135	52	19145	18	19130	10
19134	49	19121	20	19133	10
19149	46	19141	20	19154	10
19136	37	19138	19	19147	9
19120	36	19131	16	19116	8
19111	33	19142	14	19126	8
19146	31	19125	13	19115	7
19140	29	19152	13	19137	5
19144	29	19119	12	19123	4
19143	27	19150	12	19127	2
19132	25	19151	12	19129	2
19139	24	19141	20	19103	1
19148	23	19104	11	19106	1
19121	20	19122	11	19107	1
19141	20	19128	11		

Visual Inspections – Conditions Observed

226 E. CLAPIER ST. 19144 - Imminently Dangerous



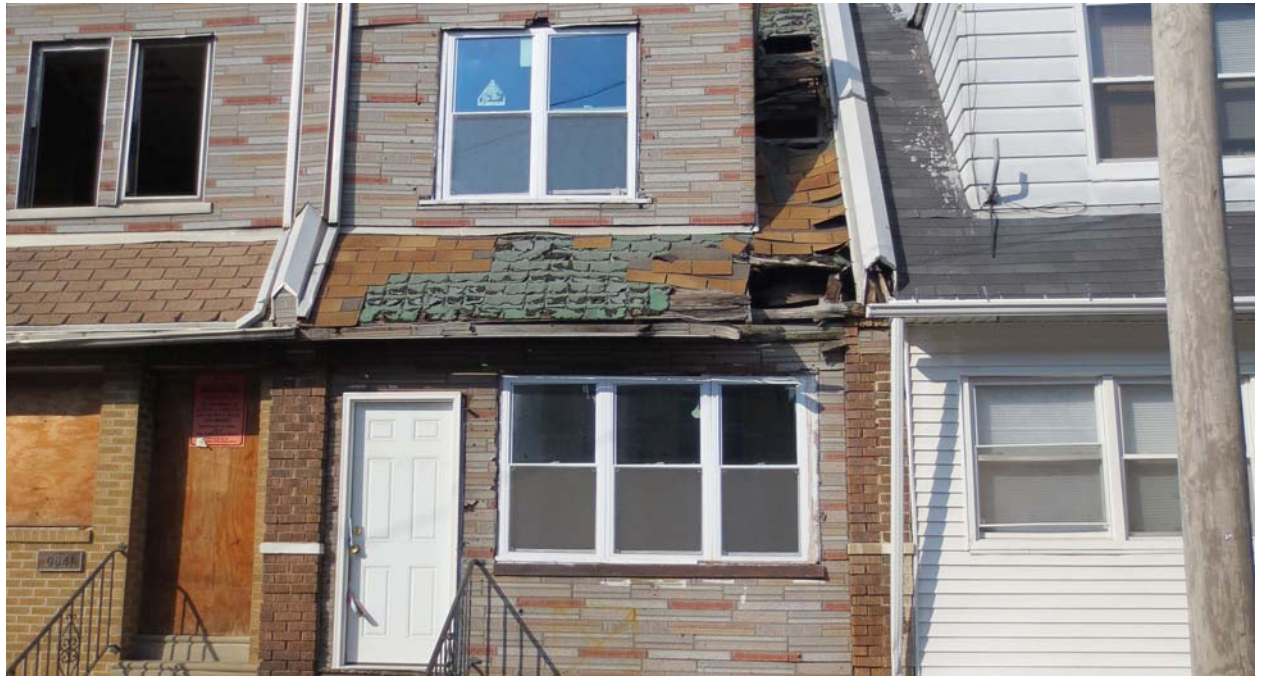
Last Inspection (Oct. 17, 2014): Conditions include significant damage to the front structure and the roof appears to be missing. L&I violations include the wall and roof partially collapsed.

6233 MARKET ST. 19139 – Imminently Dangerous



Last Inspection (Aug. 14, 2014): Missing windows, unsealed entryways, signs that someone could be living in it. L&I violations include building leaning westward, cracked wall and no plumbing.

6539 REGENT ST. 19142 - Unsafe



Last Inspection (April 25, 2013): Significant damage to the roof and drainage. L&I violations include wall fire damaged and the roof and wall deteriorated. Attached property had unsealed windows and No Trespassing sign.

1522 S. TAYLOR ST. 19146 - Unsafe



Last Inspection (April 21, 2013): No Trespassing Sign; front windows broken/missing. L&I violations include fire damage to the roof and floor deterioration.

2112 MOUNTAIN ST. 19145 – Imminently Dangerous



Last Inspection (Feb. 23, 2014): Rear of building is significantly damaged, as the top portion of it has collapsed into the lower level. L&I violations include wall, roof and floor partially collapsed.

1013 S. 7TH ST. 19147 – Unsafe



Last Inspection (Nov. 6, 2014): The property was sealed with L&I barricades placed in the front of the building. L&I violations include a fractured wall and a bulged wall.

1711 INGERSOLL ST. 19121 – Imminently Dangerous/Unsafe



Last Inspection (June 5, 2013): Property was demolished. L&I's records do not accurately reflect the status and/or property conditions as the imminently dangerous/unsafe violations are considered "open".

3842 N. DELHI ST. 19140 – Imminently Dangerous



Last Inspection (Nov. 5, 2013): Property was demolished. L&I's records do not accurately reflect the status/and or property conditions as the imminently dangerous violations are considered "open".

Managing Vacant Properties in Other Cities

The issue of vacant properties is not exclusively within the City of Philadelphia. Other cities also struggle to eliminate these structures so that surrounding properties and residents are safe. How a city chooses to keep owners accountable determines if the problem will be resolved or if a property stands slowly deteriorating without a rehabilitation or redevelopment plan.

Owner accountability can be measured through the fiscal responsibility and building maintenance the owner holds once a vacant license is obtained. As mentioned previously in the report, an owner of a vacant property in the City of Philadelphia must obtain an annual license for \$150 through L&I. This is to document ownership as well as their responsibility to maintain the structure in a clean, safe, secure, and sanitary condition. The owner is responsible to reimburse the City for any measures L&I takes to inspect, secure, or demolish a property. Violations left unresolved will cost the owner a penalty of no more than \$300 per day per violation according to the City Code.

Owner Accountability: Chicago

To best avoid the cost of enclosing and demolishing buildings, the City of Chicago has taken aggressive steps to make sure owners of vacant properties maintain them securely and reimburse money owed to the City. In 2008, the City passed an ordinance to strengthen the maintenance requirements for vacant properties and increase the responsibility of owners; including the following:

- Upon registration of a vacant property license, the applicant must pay an initial “base registration fee” of \$250, and thereafter every 6 months to renew the license. Provided that the vacant building holds a violation of any provision of the building or fire code, the renewal fee increases by \$250 each renewal period. If a property reaches the quadrupled period, the highest fee of \$1,000 will remain for each subsequent renewal until the owner can show full compliance with the building and fire code.
- Owners of any building that has become vacant within 30 days must acquire or otherwise maintain liability insurance.
- Mandatory incarceration is authorized in the event that specific building security standards are not met, such as open and unsecure doors, or a condition arose because of a violation, such as injury or death. The owner of any vacant property can be punished by a term of incarceration of not less than 30 days or more than 6 months.
- Mortgagees are required to file a registration statement with a \$500 fee and maintain the property, with inspections regularly.

The Department of Buildings in the City of Chicago maintains a registration, transfer, and deregistration record for each privately owned property. The owner of a vacant property must notify the building commissioner by certified mail no less than 60 days before transferring the property. For example, if an owner of a vacant building is donating, selling, or otherwise relinquishing their license as a vacant property owner, a notice to the commissioner is required, to determine if the proposed transferee has the financial resources to repair, maintain, enclose, or

demolish the building. Once the proposed transfer is approved by the Commissioner, the license will be transferred and the previous owner deregistered, relinquishing his or her ownership responsibilities.

The City of Philadelphia does not require owners to deregister their properties, mainly in part because separate departments are involved in the process of maintaining physical and financial records for a vacant property. Providing greater enforcement measures ensures that owners cannot evade their legal responsibilities.

Vacants to Value: Baltimore

Baltimore has implemented the Neighborhood Code Enforcement strategy under the Vacants to Value (V2V) initiative, to demolish, rehabilitate, and redevelop vacant properties to increase safety and potential economic benefits. The initiative focuses on both city-owned and privately owned properties. These strategies included the following:

- The Streamlined Code Enforcement approach centers on targeting scattered vacant properties in neighborhoods with stronger housing markets to avoid court action. V2V issues \$900 citations when owners of vacant buildings do not respond to violation notices. The penalty increases if owners continue to not respond, putting more pressure on owners to act. If citations are not resolved, the law allows Baltimore to push the property to auction into receivership so that a new owner can rehabilitate it.
- In high vacancy blocks, the City of Baltimore seeks to partner with developers on a set of Community Development Clusters. V2V focuses on blocks of the city with many vacant properties to fix up at one time, to ensure revitalization and redevelopment is occurring.

The Vacants to Value initiative aligns community development tools with neighborhood market conditions to increase development and safety in Baltimore. According to the Baltimore Housing Authority, under the Neighborhood Code Enforcement strategy, 2,096 of the 3,360* original vacant properties at the start of V2V are rehabbed or are undergoing rehab; over 45% have receivership cases filed, and 119 properties have been demolished.

*Note: Neighborhood Code Enforcement statistics include both city-owned and privately-owned properties.

Recommendations

By maintaining incorrect and out-of-date information, requiring low penalties for violations and allowing imminently dangerous and unsafe buildings to continue without taking action to repair or demolish, vacant property owners will continue to not be held accountable for their inactions. This increases the risk of public safety to residents and damage to surrounding properties.

The Controller's Office recommends the following recommendations for L&I and any other City agency that may be involved with vacant properties:

- Prioritize the workload to ensure that properties listed as unsafe, imminently dangerous or hazardous are consistently monitored and do not jeopardize public safety,
- Target specific neighborhoods that have the most dangerous vacant properties to promote more equal redevelopment throughout the City,
- Limit license validity to six months, instead of one year, as a way to get owners to rehabilitate the properties at a much faster rate,
- Increase accountability for financial institutions that manage foreclosed properties but do claim ownership, including issuing violations for conditions that are not in compliance with the City Code,
- Explore legal alternatives for mandatory incarceration in the event that specific building security standards are not met,
- Maintain updated records in real-time through an internal database where multiple City agencies can access current information, including violation conditions, unpaid invoices and even crime statistics that have occurred at these vacant properties, and
- City Council should consider increasing violation penalties, including requiring license owners to submit financial collateral to the City if penalties are not complied with,