



TACIR

The Tennessee Advisory Commission
on Intergovernmental Relations



6

226 Capitol Boulevard Bldg., Suite 508
Nashville, Tennessee 37243-0760
Phone: (615) 741-3012
Fax: (615) 532-2443
www.tn.gov/tacir

MEMORANDUM

TO: Commission Members

FROM: Lynnisse Roehrich-Patrick
Executive Director 

DATE: 13 September 2012

SUBJECT: Blighted Properties, Issues and Alternatives

Two pieces of legislation regarding blighted properties were referred to TACIR for study by the 107th General Assembly:

Senate Joint Resolution 103 (McNally), passed by the Senate in 2011, directed TACIR to

- study the overall effects on local governments when blighted properties are left vacant,
- recommend solutions that will assist such local governments to return such properties to beneficial reuse, and
- report its findings and recommendations, including any proposed legislation or interim reports upon conclusion of its study, to the Chairmen of the Finance, Ways and Means Committees of the Senate and the House of Representatives.

House Bill 2996 (Parkinson) [Senate Bill 2933 (Norris, Campfield)] was referred by the State and Local Government Subcommittee during the 2012 session of the 107th General Assembly. This bill would have required municipalities that have adopted a slum clearance ordinance or a vacant properties acquisition ordinance to report the owner and address of unfit, blighted, and deteriorated commercial properties to the Secretary of State for publication on the Secretary of State's website until such condition is cured.

Tennessee Laws Related to Blight

There are numerous provisions in current law being used effectively in various jurisdictions across the state. Under authority of the Neighborhood Preservation Act, the city of Memphis initiated in 2010 an aggressive program to combat blight. The program involves filing suit against property owners to force by court order the demolition, rehabilitation, or title divestiture of targeted properties. A total of 138 suits were filed to start the process of a two-year litigation effort. These lawsuits resulted in 46 rehabilitations completed, 18 rehabilitations underway, 19 demolitions, and 24 active cases. An additional 86 lawsuits were filed in early 2012.

The Codes Department of Metro Nashville has used a rental inspection ordinance as authorized by Tennessee Code Annotated Title 13, Chapter 21, Part 3 successfully to inspect and upgrade rental properties. Metro has also adopted a spot blight ordinance under the authority granted by Tennessee Code Annotated Title 13, Chapter 21, Part 2 and has appointed a Vacant Properties Review Commission to certify that identified properties are in fact blighted.

The city of Springfield adopted a slum clearance ordinance under the authority of Tennessee Code Annotated Title 13 Chapter 21, Part 1 in addition to a property maintenance code to provide the necessary tools to attack the blight present in the community. Since January 2011, 46 houses that were listed to be condemned have been demolished or rehabilitated by either the city or the owner. By November 2011, 31 additional houses were in process.

Tennessee's laws related to blight can be grouped into five categories: neighborhood preservation, property acquisition and redevelopment, code enforcement, delinquent taxes, and land banking.

Neighborhood Preservation

- Title 13, Chapter 5. Older Neighborhood Preservation Act – Authorizes a municipality or a county to create a grant program by resolution for revitalization of substandard rental residential properties and residential real property in a designated neighborhood where the majority of the residential property was constructed 50 years or more prior to April 22, 2004.
- Title 13, Chapter 6. Neighborhood Preservation Act – Only applies in Davidson and Shelby Counties. Requires an owner of residential rental property or an unoccupied residence to keep the exterior of the property up to the standards of the community in which it is located. Also allows a property owner affected by the blighted property to bring an action against the owner of the blighted property if the community standards are not maintained.
- Title 13, Chapter 21, Part 3. Residential Rental Inspections – Only applies to Metro Nashville and Oak Ridge. Authorizes a municipality to adopt an ordinance to establish

a residential rental inspection program for deteriorated or deteriorating blighted rental properties within an established residential rental inspection district.

Property Acquisition and Redevelopment

- Title 29, Chapter 17. Use of Eminent Domain – Authorizes the acquisition of property by a housing authority or community development agency to implement an urban renewal or redevelopment plan in a blighted area, as authorized by title 13, chapter 20, part 2 or title 13, chapter 21, part 2.
- Title 13, Chapter 21, Part 2. Acquisition of Vacant Property – Only applies to ten counties specified by population from the census of 1980 and to Metro Nashville. Establishes as state policy the elimination of blighted properties and that elimination of blight constitutes a public use and purpose for which public money may be expended and private property acquired, defines blighted properties, authorizes the adoption of an ordinance creating a vacant property review commission, authorizes the use of eminent domain to acquire vacant blighted property and hold, , manage and dispose of the property and provides detailed procedures and findings for the use of eminent domain
- Title 7, Chapter 84. Central Business Improvement Districts – Authorizes a municipality to create districts for redevelopment of such districts to eliminate urban blight and decay, to improve business conditions, provides for the use of eminent domain, provides that a district may be part of an urban renewal plan and authorizes broad powers to acquire and redevelop property.
- Title 13, Chapter 20. Housing Authorities – Authorizes the creation of housing authorities and gives them broad powers to combat blight by acquiring land and buildings, building and operating housing projects, redeveloping blighted areas, using the power of eminent domain, develop redevelopment or urban renewal plans and providing various means of financing all operations of the authority.
- Title 13, Chapter 28. Enterprise Zones – Authorizes the creation of an Enterprise Zone Management Board, authorizes the establishment of an Enterprise Zone comprised of depressed areas and pockets of poverty, provides for a development corporation to encourage redevelopment and determine the necessary courses of action for redevelopment to occur.

Code Enforcement

- Title 6, Chapter 54, Section 502. Adoption of Codes by Reference – Authorizes a municipality to adopt by reference any code or portion of any code.

- Title 6, Chapter 54, Part 10. Administrative Hearing Officer – Authorizes a municipality to create by ordinance the office of administrative hearing officer to hear building and property-maintenance code violations.
- Title 6, Chapter 54, Section 113. Removal of vegetation and debris – Authorizes a municipality to require the owner(s) of any property that has become overgrown with trees, brush, grass, weeds or that has accumulated debris, trash, litter or garbage to remedy the conditions immediately upon receiving notice of such conditions. Also, authorizes the municipality to correct the problems if the owner(s) fail to do so within the specified time and file a lien upon the property for the total costs incurred in the process.
- Title 13, Chapter 21, Part 1. Slum Clearance – Authorizes a municipality to adopt ordinances relating to structures that are unfit for human habitation or use, issue orders to the owner to repair or demolish such structures, authorize the municipality to demolish such structures and authorize the assessment of all costs upon the owner and levy a lien upon the property.
- Title 68, Chapter 102, Section 117. Authorizes the fire marshal to order the demolition of dangerous buildings that constitute a fire hazard.
- Title 68, Chapter 120, Part 1, Section 117. Administrative Inspection Warrants – Authorizes municipal or county building officials to obtain an administrative inspection warrant when a request to inspect property for code violations is denied.

Delinquent Taxes

- Title 67, Chapter 5. Property Taxes – Provides the basis for levy, assessment and collection of property taxes. Provides for collection of delinquent taxes, sale of property and redemption after sale.

Land Banking

Public Chapter 1096, Acts of 2012 – Enacts the "Tennessee Local Land Bank Pilot Program." Amends Tennessee Code Annotated Title 13. This Act is limited to the city of Oak Ridge. It authorizes the city to create a corporation to operate a land bank. The corporation has broad powers to acquire property by purchase or donation and to construct, demolish, redevelop or improve real property. The Act directs the Comptroller's Office to monitor the land bank for three years from its creation date and report back with recommendations concerning whether the pilot project should be continued, expanded, or discontinued, together with recommended legislative actions based on such decision.

A land bank is a public or private authority created to hold, manage, and redevelop tax-foreclosed property.¹ It can also be used as a legal and financial mechanism to transform vacant, abandoned, and tax-foreclosed property back to productive use. This would enable a municipality or a properly established non-profit corporation to acquire blighted properties; hold them for rehabilitation, demolition, or redevelopment and re-subdivision; and put them back on the market for productive re-use. While a land bank provides short-term fiscal benefits, it can also act as a tool for planning long-term community development. States that have adopted land bank legislation include Michigan, Georgia, Indiana, Texas, Kentucky, and Maryland.

Referred Legislation

HB 2996 by Representative Parkinson would have required municipalities to report the owner and address of unfit, blighted, and deteriorated commercial properties to the Secretary of State for publication on the Secretary of State's website until such condition is cured.

Several cities across the country maintain a website of blighted properties. The city of Reading, Pennsylvania's blighted properties website is known locally as the "Wall of Shame". It includes a location map of the properties, a picture of the building in question, and the name and address of the property owner. The town of Bloomfield, Connecticut maintains a website with a map of blighted properties and the addresses. These are but two examples. These websites are presumably effective since these local governments continue to maintain them.

HB 2996 is different from the approaches in Reading and Bloomfield in that it would require that certain cities report blighted commercial property to the Secretary of State and then the Secretary would develop a website to list the owner's name and address of the property. According to the fiscal note, state expenditures would increase by over \$25,000 annually.

¹ Jessica de Wit. *Revitalizing Blighted Communities with Land Banks*. www.umich.edu/~econdev/landbank/. (Accessed November 14, 2011.)