

DATE: February 2020
TO: Henderson Redevelopment Agency and Henderson Community
Development & Services Department
FROM: ECONorthwest
SUBJECT: East Henderson Investment Strategy Appendix D: Incentives and Best Practices

This memorandum is an appendix to the East Henderson Investment Strategy (the Strategy). It outlines potential development incentives and best practices that the Henderson Community Development and Services Department and the Redevelopment Agency could employ to achieve the Strategy's goals.

The full Strategy and additional supporting appendices can be found online at www.CityofHenderson.com/Redevelopment or www.CityofHenderson.com/Community-Development.

This memorandum has two parts: (1) Potential Development Incentives and (2) Best Practices Researched. This memorandum references Appendix A: Comprehensive Action Sheets, which offers details, important considerations, and implementation steps for the thirteen actions and six opportunity sites advanced in the Strategy.

1 Potential Development Incentives

Action 1 in the Strategy calls on the Community Development and Services Department and the Redevelopment Agency to create a package of new development incentives and expand existing incentives to help meet the Strategy goals and objectives, particularly for housing.

Appendix A describes Action 1, discusses important considerations, and outlines some implementation steps, while the following assessment proposes potential development incentives and how they could work. The Community Development and Services Department will lead this action and work with other departments to ensure that incentives complement other programs and regulatory incentives. Action 1 also includes the creation of guidelines for the effective use of public funds or publicly owned land.

Exhibit 1 provides an overview of the four development types that the City would like to encourage in East Henderson, the neighborhoods where these development types are most likely to occur, and the potential incentives that could help to spur such development. Each incentive in Exhibit 1 is assessed in this appendix and would be advanced according to the implementation steps outlined in Appendix A.

Exhibit 1. Proposed Development Incentives Toolkit

Development Focus	Applicable Subareas	Potential Incentives
Employment-Based Development	NW Sunset Corridor Employment Area Cadence Union Village	Eastside Development Grant Program (including tenant improvement grants for vacant storefronts) Low-interest loan fund
Residential Infill (including Missing Middle Housing Types)	Pittman Valley View Boulder Highway South*	Eastside Development Grant Program Code-based incentives Fee waiver (for affordable units) Tax abatements and tax credits
Transit-Oriented Development	Entire Boulder Highway Corridor*	Eastside Development Grant Program Code-based incentives Tax abatements and tax credits
Vacant Storefronts	All Subareas	Eastside Development Grant Program

Note: Boulder Highway South geography would not be eligible for Redevelopment Incentives

Eastside Development Grant and Loan Program

Purpose

The Redevelopment Agency has existing tenant improvement (TI) and façade grant programs with an annual budget allocation of \$150,000 each year. The TI grant has a maximum of \$50,000, and the façade grant has a maximum of \$25,000. To more directly align the Redevelopment Agency's activities with the Strategy, the Redevelopment Agency could explore modifying its program guidelines to target development, building rehabilitation, small-business assistance, and adaptive reuse projects in the redevelopment area. The goal of the program will be to promote employment-based development in the redevelopment area that will bring more middle-class jobs, such as grant and loan programs that work in tandem with other City and Redevelopment Agency incentives or existing programs. Eligible projects could include:

East Henderson Grantee Example

The property owner at 648 Eastgate Road received \$99,000 for tenant improvements in two industrial suites and \$42,000 for façade improvements between three suites.

- **Small business start-up and expansion assistance.** The approach could include revolving loans to help new businesses with start-up costs and established businesses with expansion.
- **Façade and tenant improvements for targeted properties.**
- **Construction of flex/industrial space, housing, and/or mixed use, including possible funding for predevelopment activities.** This would include aligning transit-oriented development concepts with the planned improvements as part of the Reimagine Boulder Highway Plan (see Action 6 in the Strategy and Appendix A).

- **Adaptive reuse projects in vacant retail storefronts.**

Despite the potential for the grant program to reduce physical blight, the program has not attracted much interest. The Strategy identifies the need to increase the marketing of the programs and conduct outreach with East Henderson stakeholders, and Action 2 advances these efforts. More information can be found in the Strategy and in Appendix A.

How It Works

The Redevelopment Agency would designate a pool of money that would be available annually for eligible projects, either through a targeted approach or a criteria-based system with a call for proposals. The Redevelopment Agency should consider developing investment guidelines to conduct proactive outreach with prospective grantees. In Portland, Oregon, the Metro regional government has a Transit-Oriented Development Grant Program with a set of eligible geographies, investment type definitions, threshold requirements, and specific investment criteria.¹ The Redevelopment Agency would want to track its investments over time to understand the impact on the community and adjacent properties.

As part of the Henderson Housing and Community Development Strategy, the City is exploring the adoption of joint criteria or a scoring system for funding with Economic Development, the Redevelopment Agency, and Community Development and Services to evaluate incentives for new development. Potential criteria (by development type) could include:

Development Program – What uses go into the building?	Locational Criteria – Where is the site located?	Design and Building Criteria – What does the building look like?
<ul style="list-style-type: none"> • Mixed-income development • Inclusion of a mix of uses in a development • Inclusion of other amenities or uses that would contribute positively to the community or serve a need (e.g., a preschool, playground, community gathering spaces, workforce enhancements) • A variety of unit sizes • A minimum number of affordable housing units (when subsidies are requested) • Alignment with target industry workforce demands and desired place types • Ability to leverage other resources, funds, and grants (e.g., RDA, LIHTF, and Opportunity Zones) 	<ul style="list-style-type: none"> • Site location where affordable housing products are not currently offered or are limited • Proximity measures to different services (e.g., parks, trails, grocery stores, schools, transit, health care, employment, banks, and financial services) • Offering a site that would disperse affordable housing options in a new location in the city • Implementation of transit-oriented design principles and access to public transportation 	<ul style="list-style-type: none"> • Achievement of a minimum density • Universal design or visitability/accessibility features that allow aging in place • Achievement of sustainability measures, such as energy efficiency, LED lighting insulation, solar power, etc. • Quality design (parameters TBD)

¹ Transit-Oriented Development Project Investment Criteria. Metro.
<https://www.oregonmetro.gov/sites/default/files/2019/02/05/Revised-Investment-Criteria-2-5-19.pdf>

Potential Funding Sources: Redevelopment Agency (RDA) Funds

Additional Considerations and Next Steps:

- Per the Nevada Revised Statutes, if the Redevelopment Agency offers grants exceeding \$100,000, a below-market loan, or any discount on land, prevailing wages are required on any project. This can create a barrier to development because the increased costs of prevailing wages on development may exceed the benefit of the loan or grant.
- Assess the breadth of other local, state, and federal incentives available to connect businesses with other applicable programs where possible. The Redevelopment Agency should revisit this list each year as programs change or additional funding becomes available.
- Work with existing businesses, property owners, and development professionals to evaluate new and modified financial programs, possibly by working through an advisory committee.
- Partner with real estate brokers and other stakeholders to obtain feedback on new and modified financial programs.
- Develop a program guide that outlines eligible projects and investment criteria (as described in Action 1).
- Consider a strategy to target properties geographically, issue a call for projects to raise awareness of funding, waive match requirements for small businesses, and partner with other organizations who can provide matching funds for eligible projects (e.g., Clearinghouse CDFI or Wells Fargo).

Housing-Related Investment Tools (Tax Abatements, Tax Credits, etc.)

Purpose

There are a variety of housing-related funding tools that the City or Redevelopment Agency could use to support housing in East Henderson.

The City of Henderson currently offers a property tax abatement for nonprofit-led developments.² Beyond this incentive, there are no other property tax abatements enabled at the state level that incent new employment or residential development. As part of the Henderson Housing and Community Development Strategy, the City could explore a tax abatement program for target areas in the City, such as all of East Henderson or specific subareas of East Henderson. This would include tracking legislation at the state level that would enable such an abatement.

² Religious, Educational and Non-Profit Exemption. Clark County, Nevada.

<https://www.clarkcountynv.gov/assessor/services/Pages/Religious,EducationalorNon-ProfitExemption.aspx>

The State recently passed a state level housing tax credit with a pilot of four years. This will mean additional funding available for the development of rent-restricted housing throughout Nevada, and it could potentially be used in East Henderson. Housing developers will provide the most funding to units affordable to families/individuals between 60 percent of Area Median Income and 80–120 percent of Area Median Income. The City could develop a strategy to leverage these tax credits with other funding to maximize housing development in East Henderson.

How It Works:

- Develop and continue to update a summary of existing tools and their project eligibility parameters.
- Track potential legislative developments that would allow for housing-related tax abatements in specific geographies.
- Meet with partners to discuss partnership strategies for housing in East Henderson.

Potential Funding Sources: Tax credits, State Low-Income Housing Trust Fund, Public Improvement Trust, and charitable organizations with a housing-related mission.

Additional Considerations and Next Steps:

- Discuss how the City could leverage these tools to support public-private partnerships in housing development.

Code-Based Incentives for Middle Housing

Purpose

The current housing supply in Southern Nevada does not meet the needs of many community members who have different housing needs, including seniors, empty nesters, small families, and young people who find the transition to single-family homeownership out of reach due to student loan debt, underemployment, or high rents that prevent saving for a down payment.³ The number of households with these unmet needs is also projected to increase as the community's demographics change over the next several decades. Because middle housing units are generally smaller than traditional single-family housing, they are usually more affordable.

“Missing middle” or “middle” housing are terms used to describe housing that is generally built at a scale similar to single-family homes but in residential densities that are higher than traditional detached construction types. It is considered “missing” because many cities’ zoning codes disallowed this type of housing in the postwar period. Middle housing encompasses housing types that fall between single-family development and larger multiunit apartment or

³ Fortune Magazine. 2019. “The Real Reason Millennials Aren’t Buying Homes? They’re Too Expensive.” Available from: fortune.com/2019/07/10/millennials-home-buying-fannie-mae/

condominium buildings. Examples of middle housing types include accessory dwelling units, duplexes, triplexes, quadplexes, cottage clusters, townhouses, and shared court apartments.

How It Works

The City could explore the following approaches:

Incentives for internal conversions. Middle housing internal conversions occur when a unit that was previously used for a single-family residence is converted to have multiple units within the same structure. Internal conversions provide opportunities to adapt existing structures to meet housing needs within a community and can often occur in areas where market dynamics do not support new construction or infill development.

- ***Consider allowing for alternative paths to code compliance.*** Internal conversions can be difficult to undertake because many jurisdictions require that the retrofitted house meets current building code requirements.⁴ A primary obstacle to converting houses into multiple units is the transition from residential to commercial building code. The Eastside Development Grant Program could be one source for matching grant funding to implement conversions.
- ***Implement system development charges for internal conversions.*** Such changes can be scaled to the impact of adding units when no additional square footage is added to the structure of the building.
- ***Reduce or waive off-street parking requirements.*** This reflects the difficulty of adding parking spaces when the structure is already built on the lot. However, this may not be feasible in the City of Henderson due to existing low parking requirements and the lack of a transit system, which allows for reduced car ownership.

Zoning code and regulatory approaches. There are generally three zoning code and regulatory approaches to allowing middle housing in previously low-density single dwelling zones:

- 1) ***Modify development and design standards in the base zone.*** This is the most comprehensive approach to allowing middle housing types in a community. This approach requires that development standards are modified to support middle housing types, including maximum densities, parking requirements, lot coverage, and height regulations. Until now, there have been few requests to get to the allowable density, let alone a higher density. However, this does not diminish the City's interest in further study of such changes.
- 2) ***Create new zoning designations and map areas to apply the new zoning designations.*** A city might take this approach when it wants to target middle housing allowances in smaller subareas of low-density residential areas. Unlike single-dwelling zones, new

⁴ DECA Architecture. 2016. "Residential Infill Project Internal Conversion Report." Available from: www.portlandoregon.gov/bps/article/594797

zoning designations will oftentimes allow two to four-unit development types with smaller minimum lot sizes.

- 3) ***Implement an overlay zone.*** Overlay zones can be created to allow middle housing types in more prescriptive target areas. This approach can help target middle housing development and increased density in areas consistent with current policy direction.

Potential Funding Sources: N/A except for staff time or consultant time to study alternatives.

Additional Considerations and Next Steps:

- Evaluate the potential for the development of alternative housing types (e.g., tiny homes, cohousing, manufactured housing, or cottage housing) that increase housing choice and affordability as part of the development code update.
- Consider financial incentives.
- Work with Henderson Community Development and Services Department to consider zoning incentives.
- Work with Henderson Community Development and Services Department to evaluate any zoning barriers that may prohibit these types of development in East Henderson.

Waiver or Reduction of Permit Fees for Specific Development Types

Purpose

Permit fee exemptions can reduce the cost of development. Many jurisdictions offer reduced fee schedules for certain development types, like affordable housing developments. Affordable housing developers have expressed interest in such fee waivers, since this allows for more cost-effective unit production.

The City of Henderson charges fees as a static cost, which must be paid upon submittal of a land use application. Fees do not vary by project size, project type, or whether the project is infill vs. master planned development. The City's fees are much lower for design reviews, use permits, and zone changes than most jurisdictions in Clark County's peer regions. However, these fees can still add costs to development types with small margins, and they can make a difference in development feasibility, especially in affordable housing development.

How It Works

The City would develop a set of criteria in which certain fees would be reduced or waived, and it offer an alternative schedule for projects that can meet those criteria.

Potential Funding Sources: N/A, instead this is foregone revenue to the City.

Additional Considerations and Next Steps:

- If the City were to subsidize any impact fees or permit fees from another source, how much would the City need to allocate to such a program in order to fund a meaningful number of units and projects? If the City were to exempt affordable housing from SDCs or permit fees and not subsidize from another source, how big of a reduction to permit and/or SDC revenue can the City sustain?
- Assess the legal limitations of the City's ability to waive or reduce permit fees, and outline specific requirements for how the City would implement such a program.
- Determine program requirements. These could include the required affordability term, location, project size, preexisting monitoring requirements ensuring affordability, etc.

Existing Development Incentives

In addition to exploring new incentives, the Community Development and Services Department and the Redevelopment Agency should investigate existing incentives that could be leveraged through partnerships in other departments. As of December 2019, the City offers the following redevelopment and economic development incentives:

Redevelopment Programs⁵

- **Residential Improvement Program** - financial assistance for homeowners and tenants for residential improvements.
- **Residential Development Program** - up to \$24,500 per dwelling unit to assist construction of new single family residences in Water Street District of Downtown Henderson.
- **Business Incentive Programs**
 - **Facade Improvement** - up to \$15,000 to cover 50 percent of storefront improvements. Incentives are expanded to \$16,500 to cover 60 percent of green initiatives. Buildings with double frontage may be eligible for an additional \$7,500.
 - **Mini-Facade Improvement** - full grant for smaller improvements up to \$3,000.
 - **Tenant Improvement** - up to \$50,000 to cover 50 percent of tenant improvement costs at a rate of \$25.00 per square foot. Incentives are expanded to \$55,000 for green initiatives.
- **Developer Assistance Program** - customized set of incentives for developers interested in building in a redevelopment area.

⁵ <https://www.cityofhenderson.com/redevelopment/incentive-programs-available>

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- **Nevada Low-Income Housing Trust Fund** - The Low-Income Housing Trust Fund was created to provide the State of Nevada with a source of matching funds for the Federal HOME Program. This includes funding for the “acquisition, construction, or rehabilitation of housing for eligible families by public or private nonprofit charitable organizations, housing authorities or local governments through loans, rents, or subsidies.”⁶

Economic Development and Tourism Incentives⁷

- **Sales & Use Tax Deferral Program** - businesses in certain industries that make qualified purchases in excess of \$100,000 receive a sales and use tax deferment.
- **Personal Property Tax Abatement** - partial personal property tax abatements are granted to businesses that meet certain statutory requirements in line with the state plan for economic diversification and development.
- **Modified Business Tax Abatement** - partial abatement of applicable taxes are granted to expanding businesses (as determined by the State of Nevada).
- **Utility Franchise Fee Waiver** - industrial businesses that consume more than \$5,000 of energy per month and participate in interstate commerce can receive a partial exemption from the Public Utilities License Fee tax for gas and/or electricity.
- **Job Training & Recruitment Services** - participating employers receive incentives to hire prescreened qualified workers. The State offers customized job training program and recruitment services.
- **Redevelopment Area Incentives** – the Henderson Redevelopment Agency offers various incentive programs to businesses locating within the redevelopment area.
- **Renewables, Conservation & Efficiency Incentives** - The Southern Nevada Water Authority and the State offer various incentives and services to promote renewable energy and energy efficiency.

Other Programs

- **The Public Improvement Trust (PIT)** promotes development within the city limits, which is considered beneficial to the community through the issuance of tax-free bonds that promote job creation, new/improved services, new infrastructure to allow for major developments, or the provision of affordable housing

⁶ Account for Low-Income Housing (Trust Fund) .http://www.state.nv.us/b&i/hd/low_income/liindex.htm

⁷ <https://www.cityofhenderson.com/economic-development-and-tourism/incentives>

2 Best Practices Researched

The Strategy describes the process by which priority actions and opportunities sites were suggested, chosen, and evaluated. This best practice research was one of those inputs.

ECONorthwest evaluated different programs, services, and strategies that other cities have employed to reach goals similar to those in the Strategy. Specifically, this research focuses on the actions and efforts that redevelopment agencies or urban renewal agencies in other cities have done to:

1. Encourage homeownership
2. Track and regulate absentee landlords
3. Improve code enforcement
4. Combat blight to attract new investment

These best practices informed the priority actions that the Community Development Department and the Redevelopment Agency can take to achieve the Strategy goals and objectives.

Best Practice #1: Encourage Homeownership

Stakeholders in East Henderson emphasized the need to stabilize neighborhoods and improve maturing neighborhoods by attracting homeowners who will fix up and maintain homes, provide a more active voice for the neighborhood in community outreach efforts, and maintain a longer tenure. Other stakeholders mentioned the challenges for using Redevelopment Agency (RDA) funds for land purchases, including the inability to sell land below market value and loans that trigger prevailing wage requirements. The following best practices and actions could help the Redevelopment Agency and Community Development and Services Department overcome these obstacles and encourage homeownership.

Potential Actions

Incentives for the development of new owner-occupied housing. The most direct action that the Redevelopment Agency or Community Development and Services Department could take would be to provide subsidies for new owner-occupied housing. Following are examples that cities have done to incent the development of new single-family housing via urban renewal or redevelopment efforts.

- **Portland, Oregon.** Each urban renewal area in the City of Portland has a housing plan that details how the funding should be spent, and each plan is developed in light of the City's housing goals. Prosper Portland, the urban renewal agency for the City of Portland, predicts the level of funding available each year and the amount of funding available by housing type. In the Interstate Urban Renewal Area, a local community land trust (Proud Ground) is working with Habitat for Humanity to develop an affordable condominium project on the site of a former food market.

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- **Lofts at Reynoldstown Crossing, Atlanta, GA.** The City of Atlanta implemented a TIF initiative for areas impacted by the Atlanta BeltLine, a multiyear project to connect 45 neighborhoods via a 22-mile loop of multiuse trails, a streetcar, parks, and other public amenities. Since 2008, the BeltLine’s Tax Allocation Districts, or TADs, have allocated \$13 million to help preserve and develop affordable rental housing and provide down-payment assistance for low and moderate-income homebuyers in targeted neighborhoods.⁸ The agency used tax increment dollars to buy a partially finished luxury condominium project to turn into workforce ownership housing. Funds from the district provided a permanent subsidy to allow for the units to be sold below market rate.⁹
 - **Chattanooga’s M.L. King neighborhood** was challenged by a high crime rate, deteriorating infrastructure, and dilapidated housing. Partners included the city of Chattanooga, the local CDC, and the Lyndhurst Foundation, a local philanthropic organization that supports initiatives to change urban communities. The Lyndhurst Foundation built or rehabilitated 130 new single-family housing units.¹⁰

This action may also help to achieve *Investment Strategy* objectives related to creating a “Vibrant, resilient economy by supporting infill development and increasing the taxable base. “

Alternative homeownership models. These programs help to reduce barriers to homeownership by providing more affordable pathways to homeownership, such as community land trusts and rent-to-own programs. For example, Cass Community Social Services in Detroit, Michigan, is a nonprofit that is pioneering a housing model (a tiny home rent-to-own program) that will allow people to rent tiny homes up to 400 square feet while working toward homeownership after seven years.¹¹

Homeownership programs. There are a variety of down payment and other assistance programs that could integrate with RDA-funded programs. In **Portland’s Interstate Urban Renewal Area**, Operation HOME provides opportunities for affordable homeownership in support of families, especially families of color, in an effort to bridge the homeownership gap.

Local employee incentives. Using foundation funding, some communities are successful in retaining local employees in the neighborhoods in which they work. In **Chattanooga, Tennessee’s MLK Neighborhood**, the Foundation formed a partnership with the university to sponsor a Live Near Your Work program, which offers a \$15,000 incentive to full-time faculty and staff who buy homes in the community. So far, ten university employees have taken

⁸ Atlanta Beltline. Affordable Housing: Living Made Easier. <https://beltline.org/progress/affordable-housing/>

⁹ HUD: Office of Policy Development and Research. Atlanta, Georgia: Affordable Homeownership on the BeltLine. https://www.huduser.gov/portal/casestudies/study_05062015_1.html

¹⁰ HUD Ideas that Work. <https://www.huduser.gov/portal/publications/pdf/ideasthatwork.pdf>

¹¹ TreeHugger.com Rent-to-own tiny housing development aims to lift low-income folks out of poverty. <https://www.treehugger.com/tiny-houses/cass-community-social-services-tiny-houses-low-income-homeless.html>

advantage of the program. Similar programs are available to police officers, schoolteachers, and hospital employees.¹²

Investing in community amenities to attract homeowners. Many communities focus on taking concrete steps to make the neighborhood attractive again to prospective homeowners. By leveraging the efforts of many partners working across social services, Henderson can attract grant funding for projects that increase community livability through leadership and community organizing, training, youth development, public health initiatives, housing initiatives, crime prevention, and research projects. For example, in **Chattanooga**, the initiative focused on increasing the quality of life in the neighborhood, including the provision of parks, a new school, and improvements to the transportation infrastructure.¹³

Best Practice #2: Track and Regulate Absentee Landlords

Another emerging trend from the existing conditions research and the community input was the need to reduce absentee landlords and their blighted properties. While this is most commonly an issue for housing, business owners have struggled with vacant properties attracting crime and nuisances, and they also discussed the differing conditions of franchised or corporate businesses from one side of Henderson to another (e.g., a grocery mart chain in West Henderson is kept in better quality than an example location provided in East Henderson, despite identical corporate standards). A few actions that could be undertaken to track and regulate absentee landlords include the following.

Potential Actions

The toolkit for working with absentee landlords requires partnerships with other City departments and outside agencies.

- **Rental licensing and/or inspection systems** are a locally regulated way to require landlords to register with the City and provide key information about the rental property to regulate habitability standards.¹⁴ Depending on the program's breadth, these programs can license and track properties without inspections, or they can include periodic inspections under the same program department. Like many cities, Henderson started licensing short-term rental properties as a way to track, regulate, and ensure the safety of these short-term rentals. This mechanism may help the City initiate a more comprehensive licensing system. Around the country, these programs have been credited with reducing slumlords, improving the quality of housing for renters, and improving property values.¹⁵

¹² HUD. Ideas that Work. <https://www.huduser.gov/portal/publications/pdf/ideasthatwork.pdf>

¹³ Ibid.

¹⁴ Center for Community Progress. Finding and Tracking Property Owners. <https://www.communityprogress.net/tool-2--finding-tracking-property-owners-pages-208.php>

¹⁵ Comments from a Salem, Oregon, focus group of property owners discussing positive impacts of the City's inspection and licensing program.

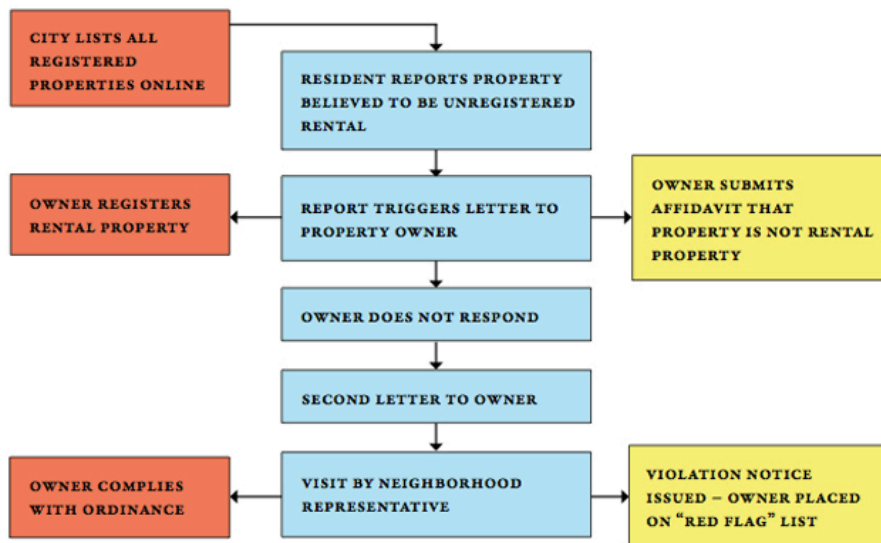
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- **Example: Salem, Oregon's, multifamily licensing and inspection program** requires all rental properties with more than four units to receive an annual operating license and to be physically inspected at least every five years. This program is self-funded because the licensing fee covers the costs of the inspector and department administration. Many cities have programs with different fees, inspection schedules, and department staffing—all of which can be adjusted for appropriateness and scale. This program requires coordination with building departments and planning departments, as well as police and code enforcement.
 - **Example: Boulder, Colorado's, licensing program** requires a general inspection (exterior, egress, stairways, fire protection and gas appliances, food preparation and storage, lighting and ventilation, general conditions, and plumbing), an electrical inspection, and a safety inspection of heating and fuel-burning appliances.¹⁶
 - **Good landlord incentives** include landlord training programs, crime reduction programs, and financial incentives (such as exemptions from fees). The City already has the Crime Free Multi-Housing Program, adopted in 2019.
 - Often used in conjunction with rental licensing and inspection programs, good landlord incentives can often reduce the burdens associated with these types of programs if a property has positive outcomes. For example, a property that has a history of routinely passing inspections can see its frequency of inspections (often disruptive to the property manager and to the residents) reduced.
 - **Vacant property registration ordinances.** These ordinance ensure that a city can contact the owners of vacant properties, and they ensure that these owners meet the minimum standards of maintenance of vacant properties.
 - As a way to track and regulate properties in the city, the City of Henderson already maintains a vacant property database that could be expanded to include all business—and the definition of a business could be expanded to include rental housing.
 - **Targeting noncompliant landlords.** The challenge for many cities when initiating a property registration system is registering noncompliant landlords. By targeting bad apples, a city can not only focus on the most serious offenders but can use limited inspection and enforcement resources more effectively.
 - **Example: Raleigh, North Carolina,** has adopted a Probationary Rental Occupancy Permit ordinance. Landlords who have violated rental property ordinances and failed to bring the property into timely compliance, or who have a pattern of repeat citations, must obtain a two-year Probationary Rental Occupancy Permit (PROP) from the City. A landlord placed in the PROP

¹⁶ Center for Community Progress. Rental Registration Programs. <https://www.communityprogress.net/tool-1---rental-registration-lincensing-pages-207.php>

program must pay \$500 per year for the two-year permit to cover the cost of administering the program, and they must attend a City-approved residential property management course during the first year of the permit. Furthermore, the property for which the permit was issued must remain in compliance with City codes throughout the two-year permit period.¹⁷

- **Example: The Center for Community Progress** cites a simple system that cities can use to allow residents to report potential unregistered properties. The system provides “a cost-effective way to bring what is likely to be the great majority of them into compliance.” In addition, “once it has been set up, the public sector cost is little more than the cost of data entry and mailing. While it will not catch everyone, it will get most, other than the small number of owners determined to evade the system. Since the report has no direct consequences other than a letter to the owner, it does not raise legal issues.”¹⁸

Steps in a System to Find Rental Property Owners



Source: Alan Mallach, Meeting the Challenge of Distressed Property Investors in America's Neighborhoods

Best Practice #3: Enhance Code Enforcement

An effective code enforcement system can be a key building block toward reinvestment in the Eastside redevelopment area. Interviews with local residents and business owners found the need to invest in code enforcement with teeth that would hold property owners accountable, especially those that lease low-cost, market-rate housing in East Henderson's neighborhoods. A

¹⁷ Center for Community Progress. Finding and Targeting 'Bad Apples.' <https://www.communityprogress.net/tool-4--finding-targeting--bad-apples--pages-210.php>

¹⁸ Center for Community Progress. Finding and Tracking Property Owners. <https://www.communityprogress.net/tool-2--finding-tracking-property-owners-pages-208.php>

heavier hand in enforcing trash removal, blighted property, and nuisances (e.g., trees, weeds, etc.) can also positively impact local businesses via improved aesthetics, customer safety, and increased property values. This strategy likely needs to be part of the prior strategy of tracking and improving absentee landlords, as a code violation sent to an absent or out-of-state property owner may have little effect.

Potential Actions

- **Maximizing code enforcement capacity.** Key steps include using technology efficiently, building a team that is skilled at customer relations, and developing organizational systems that link up the efforts of different City departments. **Local Initiatives Support Foundation** (LISC) researched the partnerships needed for effective code enforcement. The partnership should involve code enforcement agencies (including the housing, health, zoning, and building inspection departments), law enforcement (police and prosecutors), and partners working in community development.¹⁹
- **Targeting resources.** Complaint-driven code enforcement tends to result in diluting limited resources across a large area, reducing the ability for fostering improved neighborhood conditions. Code enforcement could be targeted to specific neighborhoods, building types, problems (illegal dumping or abandoned cars), or responsible parties. The LISC research report found that partners should take the following steps:
 - Discuss key priorities with project partners and reach agreement on priorities jointly. In **Kansas City, Missouri**, the Twelfth Street Heritage Development Corporation worked with code enforcement, law enforcement, and community partners to encourage rehabilitation of problem properties that were discouraging broader neighborhood revitalization efforts.²⁰
 - Gather information on problem properties, which likely includes door-to-door outreach.
 - Streamline the case management approach.
 - Conduct joint inspections for police and code enforcement. In Kalamazoo, Michigan's, Edison neighborhood, code enforcement officers streamlined the code complaint process and initiated joint inspections: "A team of inspectors responds to complaints about hot spots filed by neighbors and other potential partners who can report such as postal workers. Neighborhood Enforcement and Assistance Teams include police detectives, community officers, representatives from the city's drug enforcement team and housing inspectors. By visiting sites together, these teams can address both criminal activity and quality-of-life issues at the same time. A Kalamazoo County Neighborhood Assistant Prosecuting

¹⁹ Leveraging Code Enforcement for Neighborhood Safety Insights for Community Developers. Local Initiatives Support Foundation. https://www.communityprogress.net/filebin/pdf/nvpc_trnsfr/Schilling_LeveragingCodeEnf.pdf

²⁰ Ibid.

Attorney coordinated the teams, further assisting them by assembling the hot spot information sheets, following up on complaints and prosecuting violations.”²¹

Best Practice #4: Combat Blight to Attract New Investment

Though the Redevelopment Agency currently runs a program that assists homeowners with repairs, many people in the neighborhood are not familiar with the program, though with new marketing and outreach efforts there have been additional applications. In addition, the program is targeted toward homeowners, rather than dilapidated rental properties. Stakeholders mentioned the need to improve the appearance of the existing affordable housing in the area.

Potential Actions

- **Owner-occupied home rehabilitation programs.** Many communities, including Henderson, provide funding for the rehabilitation for owner-occupied housing. The Redevelopment Agency could consider expanding the eligible list of program activities to include security issues, weatherization issues, or other ongoing maintenance issues. For example, in **Chattanooga, Tennessee’s, MLK Neighborhood**, a façade grant program, paid for by the Lyndhurst Foundation, provided \$2,000-grants to 25 residents to fix porches and paint their homes. Homeowner and homebuyer workshops provided information and services to help residents with home maintenance, security issues, and landscaping projects.²²
- **Property owner outreach.** The Redevelopment Agency could consider providing incentives to landlords in the area who are meeting or exceeding property maintenance standards to increase their holdings, especially on vacant and underutilized properties.
- **Housing rehabilitation fund could provide** incentives to acquire and upgrade properties. Other incentives can encourage responsible landlords and investors to expand their holdings or make major improvements to the properties they already own.
- **Partner with community nonprofits** who may be spearheading their own property renovation projects.

²¹ Ibid.

²² HUD. Ideas that Work. <https://www.huduser.gov/portal//publications/pdf/ideasthatwork.pdf>