

## **H.R. 656, the Restore Our Neighborhoods Act Fact Sheet**

### **THE PROBLEM:**

- According to 2010 Census, nonseasonal vacant properties have increased 51% nationally from nearly 7 million in 2000 to 10 million in April 2010, with 10 states seeing increases of 70 percent or more.
- Vacant properties can attract crime, cause blight, threaten public safety and lower the home values of responsible home owners.
- Studies have found that vacant properties have reduced prices of nearby homes by as much as \$8,600 to \$17,000 per property in certain cities.
- According to the Government Accountability Office (GAO), a recent study of the impact on sales prices of vacant, tax-delinquent, and foreclosed properties in Cuyahoga County between April 2010 and March 2011 found that a vacant property within 500 feet of another property reduces that property's price by approximately 0.7%. The study also found that a foreclosed, vacant, and tax-delinquent property reduces neighboring property prices by almost 10 percent.
- In addition, the same study on Cuyahoga County estimated the loss to home sellers attributable to nearby foreclosed, vacant, or tax delinquent properties is approximately \$76 million.

### **THE SOLUTION:**

- The solution to this problem is demolition. Demolishing vacant blighted properties will create green space and vacant land that can be used for economic development.
- Proven to work: In Flint, MI, \$3.5 million was targeted for demolitions in a specific area where structures were beyond repair. Within 5 years of the Flint demolitions, property values in the area surged by more than \$112 million.
- A GAO study of distressed housing in Cuyahoga County estimated that, given an average demolition cost of \$7,500, demolishing 2,000 homes that are foreclosed and vacant, tax delinquent, or all three, would net \$12 million in value, benefiting sellers of nearby homes and the county's real property tax base.
- The Restore our Neighborhoods Act will create a national qualified urban demolition bond limitation that the Secretary of the Treasury shall allocate among the states to empower states to undertake significant residential and commercial structure demolition projects.
- The bonds will be issued by land banks, and in cases where a state does not have a land bank, by the state itself. The proceeds from the bonds will be used for demolition projects.
- This effort already has bipartisan support.