

STRATEGIES TO ADDRESS VACANT AND UNDERUTILIZED PROPERTY

Vacant and underutilized property is an issue in both Cameron and Calcasieu parishes that can be addressed with several strategies.

FRAMING THE ISSUE

Southwest Louisiana has been having an extended conversation about how to best address vacant, underutilized, and adjudicated property. There is a concentration of 670+ adjudicated and vacant properties in the North Lake Charles area and along the I-10 corridor.

Beyond those 670 adjudicated properties, other properties are vacant, underutilized, or not contributing to community stability.

The priority of the City of Lake Charles is to prevent properties from becoming abandoned, adjudicated, or underutilized in the first place and to facilitate the redemption of adjudicated property and lots by the heirs and owners when possible. It should be important that individuals and families in North Lake Charles be provided the tools and support to facilitate that transfer



HIGH
priority




10
Years



\$2 Million /
Year





I like the idea of there being someone assigned to focus on improving the many abandoned, vacant and dilapidated buildings, lots and properties.

WHAT DOES THIS MEAN FOR CALCASIEU PARISH?

There are 670+ adjudicated properties in the North Lake Charles area alone on the I-10 corridor, in addition to others throughout the parish. These properties require maintenance at an annual expense to Lake Charles and the rest of the parish.



WHAT DOES THIS MEAN FOR CAMERON PARISH?

Migration away from Cameron Parish following storm events means that properties are often left vacant and/or underutilized. Strategies for addressing these properties is critical to giving Camerson Parish tools to use land strategically into the future.



WHAT ARE WE TRYING TO ACCOMPLISH?

1. To move vacant and underutilized property into productive uses (such as housing, community-serving retail, green space, etc.)
2. To prevent at-risk properties from becoming adjudicated through private sales, estate planning, and working closely with current owners
3. To create a strategic approach that
 - Addresses the “low-hanging fruit” of adjudicated properties to obtain warranty or non-warranty deeds
 - Categorizes properties by the risk level (based on the year the property was adjudicated, the number of potential owners/interested parties, and redevelopment potential)
 - Considers strategic locations, adjacencies, and potential for redevelopment
4. To explore creative solutions for properties that have more encumbrances and may not be able to achieve a clear title (see possible solutions listed under #6 in the list of functions below)

I like that the area is going to be cleaned up and the old, broken down buildings would be cleared and something useful put in its place.

of property between generations. The first effort must be to create a standing estate planning and succession program made up of volunteer and pro-bono attorneys that can educate the public on the importance of estate planning and assist in proceedings after the owner(s) have passed away. Ideally, this will ensure more family properties have clear title and are owned by rightful, responsible heirs. Direct discussions with heirs may result in possible solutions such as curing the liens or identifying owners who are interested in selling their properties. Only after employing these preventative strategies should the City and Parish pursue strategies to address property that is still adjudicated or underutilized.

Dedicated staff is needed to keep detailed records of these properties, follow due process in the adjudication process, and move the issue forward with measurable progress.

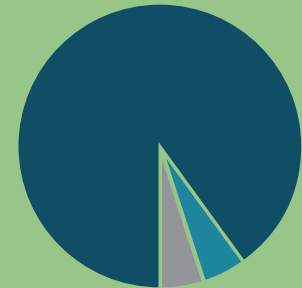
An entity is needed to strategically hold and assemble land, clear title issues on adjudicated (tax delinquent) properties and help implement redevelopment projects that contribute to community needs (such as housing).

Citizens and stakeholders verified that this is a critical issue for the economic health of SWLA.

- Addressing vacant and underutilized property is a high priority project in the Just Imagine plan.
- Over 90% of people indicated that this project would benefit SWLA.
- There is widespread support across both parishes. Adjudicated property and the condition of the I-10 corridor were identified as a top challenge by people who live across Calcasieu and Cameron parishes because it affects the willingness of new residents and businesses to invest in the region.

HIGHLIGHTING COMMUNITY SUPPORT

I think this project will benefit SWLA.



90%
of respondents said **YES**

5%
of respondents said **NO**

5%
of respondents said **I'M NOT SURE**

Three Possible Scales of Change

1. Overturn federal precedent (Mennonite Bd. of Missions v. Adams : 462 US 791 (1983)) to lessen the due process requirements for notices.
2. Change Louisiana state law to limit the number of generations or years that relatives qualify as interested parties (currently unlimited).
3. Work within the current legal framework and precedents to employ creative strategies and address as many properties as possible.

The following options assume working within the current legal context.

FUNCTIONS THAT AN ENTITY NEEDS TO PERFORM IN SWLA

1 Create and maintain a robust database of vacant or adjudicated properties, their tax status, liens, current owners, parties with interest in the property, contact information, records of notices and correspondence, and status within the legal process.

- Organize the database by the year adjudicated:
 - Pre-1983 properties that don't require due process
 - Properties that became adjudicated between 1983 and 2009
 - Properties that became adjudicated after 2009 up until 5 years before the current date. Case by case review is needed; a policy should be adopted prohibiting consideration of properties adjudicated within 5 years of the current date.
- Assign a risk ranking to each property (high, medium, and low)
- Create strategic bundles of properties, based on blended risks, locations, and attractiveness

2 Follow and pursue the process for obtaining clear titles and deeds.

- Adjudicated property process (especially the pre-1983 Mennonite properties)
- Final legal curative process to obtain warranty deeds for properties (where possible)

3 Strategically plan for and assemble properties for development (vacant, underutilized, and adjudicated).

- This requires staff with a strategic understanding of planning and development to explore

adjudicated properties with the most potential and pursue private acquisition real estate purchases for adjacent/strategic properties.

- Focus on one area at a time to maximize impact.
- Understand that banking certain properties is key to clearing many title issues.

4 Build relationships with local stakeholders to facilitate a smooth process.

5 Keep properties clean and green by mowing and clearing debris.

6 Establish partnerships with banks looking for CRA credits/projects and explore creative solutions.

- Negotiate with banks to finance construction of new homes and write off a certain amount of financial risk. For instance, bundle 3-4 low-risk properties with 1-2 high-risk properties and work with banks to take on risk up to a maximum amount, while providing an exemption for the tax sale in the title.
- Explore other tools (affordable rental housing, rent-to-own, and soft second mortgages to reduce risk).
- Explore options for title companies to issue special warranty deeds. In this case, the title company becomes the lender. After 2-4 years, the title company bundles the mortgages and sells them to a mortgage company without a discount.
- Offer other, cost-efficient uses for property, such as parking, community gardens, dog parks, etc. that allow a transfer of ownership without a high risk of loss to the bank and owner.

7 Sell, donate, lease, or RFP land for development.

Learning from other Louisiana Examples BUILD BATON ROUGE (BBR)

WHAT?

Build Baton Rouge was established in 2007 as the East Baton Rouge Redevelopment Authority. It was funded out of the general budget and had broad-based political support. The Authority developed a process of distributing projects and funds to council districts.

HOW?

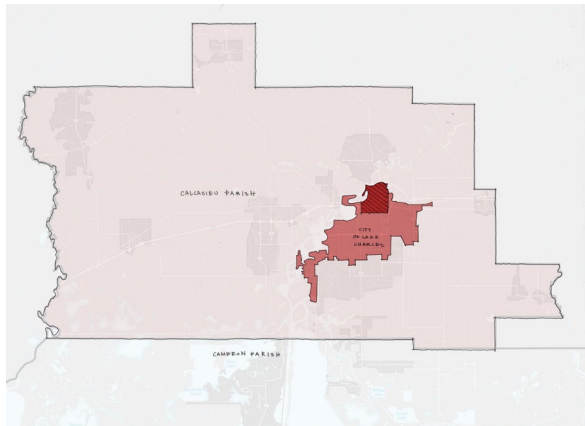
- For several years, Build Baton Rouge also housed the administration of HOPWA, HOME, CDBG, and other grant programs, which provided entitlement/funding for salaries. These programs are no longer being administered by BBR and have been moved back to the City's Office of Community Development.
- The system for distributing the projects and funding across council districts helps to maintain political support, but conversely, it spreads the impact thinly and makes it difficult to have a visible impact in one area of the city and region.
- BBR has undergone several leadership changes in recent years and has been without a CEO since December 2021.



The Electric Depot: BBR is the master developer and holds a ground lease of the property

THREE APPROACHES FOR SWLA TO ADDRESS VACANT AND UNDERUTILIZED PROPERTY

The Just Imagine SWLA process explored different options to address these issues. The plan lays out three possible approaches and the reasons for and against each approach. The decision on an approach must be made collaboratively by the City of Lake Charles and the other project partners based on the most effective approach that will accomplish the objectives and lessons learned from other cities in the state.



Target areas where there is a concentration of adjudicated, abandoned, or underutilized properties

1. House these functions with dedicated staff at the City of Lake Charles

Given that most of the properties are within the City limits, and that the Lake Charles North Redevelopment Authority currently has jurisdiction over addressing these properties, the City should play a lead role in addressing vacant and underutilized properties.

- This will require a sustained funding source to fund the salaries of 1-2 experienced staff people who can devote their full-time attention to vacant and underutilized property.
- There is currently a staff position at Calcasieu Parish that is responsible for tracking and addressing all adjudicated property in the parish, except for properties in the Lake Charles North Redevelopment Authority boundary. The Parish's purview overlaps with the City's jurisdiction outside of the Lake Charles North Redevelopment Authority boundary. City and Parish administrations should coordinate to determine whether all positions are needed and to ensure there is no duplication and that roles are clear and complementary. Once all staff positions are filled, the experts at the City and Parish will need to work closely together in a coordinated manner.
- The City should ramp up code enforcement as a tool to get the attention of owners of at-risk properties, by adding the liens assessed to maintain properties to tax bills. The fines and fees generated through code enforcement should be allocated back to funding the general operations.



Benefits

- Ability to put a system in place quickly, without having to establish a new entity in the state legislation.
- Alignment and close coordination with the administration and the staff carrying out the functions.
- Cost-effective solution for short term.



Drawbacks

- This works well as a short-term structure, but support may change with a change in mayoral administration and council terms.
- The staff positions could be subject to budget restrictions and re-structuring within City departments.
- Because the land would remain in public ownership, it would not be eligible for acquisitive prescription and would remain encumbered (without a warranty deed) without additional legal curative actions.
- This does not directly benefit the Parish or other cities in the Parish, where there are vacant, underutilized and adjudicated properties although fewer than in Lake Charles.

2. Establish or repurpose a Louisiana Tax-Exempt Non-Profit (such as a land bank, community development corporation, etc.).

In this approach, a 501c3 entity would be established or repurposed to be able to hold land and perform actions according to its purpose. The non-profit can develop cooperative agreements with the City and Parish to act as the land-owning entity dedicated to addressing adjudicated, vacant, and underutilized land.



Drawbacks

- The non-profit must be an independent organization, distinct from the City, with a distinct board free from conflicts of interest. This is a drawback if the City wishes to have more control over this process.
- The non-profit would not qualify for Title 33 expedited Quiet Title process. However, the acquisitive prescription process would provide the alternate route to clear title.
- Some effort is needed to establish a new entity or modify an existing organization.



Benefits

- State and local government agencies cannot acquire through acquisitive prescription, which is a cleaner route to clear title for adjudicated properties. Because the land would be in non-profit ownership, it would be eligible for acquisitive prescription. The non-profit could start the clock on the 10 year period sooner, which would bring a property closer to receiving a warranty deed and making it a fully transferable and leverageable asset.
- People and property owners can donate property (or money) directly to the non-profit, which will grow the assets and the likelihood of assembling meaningful properties for development.
- The non-profit could apply for grants issued through OCD.
- The non-profit can serve, to varying degrees, all the Cities and the Parish.
- At some point, the non-profit could create other income streams through training programs, outsourcing, etc.
- This non-profit entity could work in collaboration with dedicated staff within the City of Lake Charles.

Learning from other Louisiana Examples

THE NEW ORLEANS REDEVELOPMENT AUTHORITY

WHAT?

The New Orleans Redevelopment Authority (NORA) has been highly effective in developing affordable housing, commercial revitalization, land stewardship, and resilience planning. The entity was established in 1968 – it has been in existence for over 50 years and has resources, political support, and experienced staff. NORA's successes can be contextualized by the following background.

HOW?

- NORA has political support that has persisted across many administrations.
- Post-Katrina legislation supported NORA's control with additional resources. This led to 15% of the properties coming under NORA's control. Having a larger portfolio made it easier to put together meaningful assemblages of property for redevelopment.
- NORA has several arms (non-profit arm to hold assets, etc.), which is important in the acquisitive prescription process.
- The Louisiana Land Trust is the entity initially formed to manage the properties that were purchased by the State under the Road Home Program. LLT and NORA have been able to partner to strategically assemble properties.



The former Bohn Motor Company automobile dealership: NORA is providing \$500K in commercial corridor gap funding for the project

3. Establish a new Redevelopment Authority in the state legislature

Model the redevelopment authority legislation after NORA and Build Baton Rouge.



Benefits

- A redevelopment authority would have the ability to use taxing and millage authority and powers of expropriation (enacting a tax would require a vote, but the right to tax would be enabled with the district)
- Title 33 offers an expedited Quiet Title process to redevelopment authorities (which reduced the redemptive period from 3 years to 18 months) for a public entity acquiring property.



Drawbacks

- This approach will take the longest time and has the most political hurdles to overcome.
- Funding the authority in perpetuity is a challenge — code enforcement fines and fees can help, but the operating budget would need to be allocated from the General Fund.
- Susceptible to political pressures and changes in elected officials.
- Because the land would remain in public ownership, it would not be eligible for acquisitive prescription and would remain encumbered (without a warranty deed) without additional legal curative actions.

Successful strategies to employ in all three approaches:

- Increase code enforcement as a tool to get the attention of owners of at-risk properties, with the fines and fees generated through code enforcement allocated back to funding the salaries of staff.
- Pursue a “blighted” designation for the property through the administrative court prior to the tax sale (which reduces the redemptive period timeline from 3 years to 18 months).
- Hire consultants who have developed a streamlined and cost-effective process to outsource some component of the process, such as title research, heirship, and efforts to facilitate the redemption of adjudicated property by the heir(s) and owner(s).

Challenges in all three approaches:

- All three require dedicated, reoccurring funding sources that are eligible for operations. Typically, CDBG-DR funds cannot be used for operations. The City of Lake Charles and Calcasieu Parish are exploring options with OCD that would afford more flexibility and allow CDBG-DR to fund a staff person for these purposes.
- Recruiting staff with expertise in the adjudication process and who can pursue the strategic and creative solutions described in this project.

Learning from other Louisiana Examples

LOUISIANA LAND TRUST

WHAT?

The Louisiana Land Trust is a state-created land trust that supports buyouts of properties located in flood-prone areas and helps communities relocate to safer, higher ground. The Land Trust utilizes funds from the Community Development Block Grant disaster funds administered by the Office of Community Development.

HOW?

An agreement between the Land Trust and the Office of Community Development enables the Trust to acquire, renovate, and improve housing stock in compliance with CDBG-DR requirements. Public-private partnerships such as this can unlock funds that are oftentimes unavailable to government agencies.

CASE STUDY

Pecan Acres Resettlement Project

The Louisiana Land Trust bought all 40 properties in the Pecan Acres subdivision — an area that was built on former wetlands and dumping grounds and notorious for flooding issues — and has supported the relocation on a new 23-acre site. Residents of the subdivision worked with the Office of Community Development to select the relocation site and to design and name the new community, which has been dubbed ‘Audubon Estates.’ 16 homes are planned to be complete by summer 2021.



Source: The Advocate

Groundbreaking for the Pecan Acres Resettlement Project

DEFINITIONS

- **Act of Sale** — a document that guarantees a clear title to the buyer of real property
- **Quitclaim Deed** — a deed that transfers whatever rights the seller has but makes no guarantees about those rights (such as the possibility that there may be other owners or parties with interest in the property)
- **Acquisitive Prescription** — a method of acquiring property by meeting requirements for continuous possession. In Louisiana, the requirements for an acquisitive prescription for real property are:
 - Possession for 10 years (or as few as three years in some circumstances)
 - Good faith, and
 - Just title

PROJECTED COSTS:

- \$100,000+ yearly for staff salaries
- \$1.2 million+ for property maintenance (based on the City of Lake Charles's current costs)
- \$1,000-6,000/property legal costs for adjudication due process, notifications, and legal curative process



Potential Funding Sources

- City and Parish General Funds
- Percentage increases on permit fees
- Funds generated by selling/leasing land
- CDBG-DR funding
- American Rescue Plan Act (ARPA)
- Private/Philanthropic Grants
- Tax revenue sharing

WHY IS ADDRESSING ADJUDICATED PROPERTY CHALLENGING IN LOUISIANA?

Federal and Louisiana law and precedent create a complex environment for addressing adjudicated property. Other states place a limit on the number of generations entitled to receive an ancestor's property, and who is therefore required to receive notices for the purpose of due process before taking the property. However, Louisiana's civil law does not limit the number of generations that count as heirs, making the identification of interested parties more time-consuming, and often prohibitive. However, there is some relief on this due process for properties that became adjudicated before the 1983 Supreme Court Case *Mennonite Board. of Missions v. Adams*.

- This case established the requirement that notice must be provided under the Due Process Clause of the Fourteenth Amendment.
- It requires that property owner(s) and interested parties are entitled to notice by certified mail to the last known address at specific points in the tax sale and redemptive periods.
- This, combined with Louisiana's broad understanding of which descendants have an "interest" in property, can create expansive notice requirements.
- Properties that became adjudicated prior to 1983 are not held to this precedent and can be pursued in a more straightforward and less encumbered process.



If done right, this project could put a dent in the chronic problem of abandoned properties.

I love this idea. Abandoned structures or others in dilapidated conditions is a cruel reminder of the storms of 2020. Having a system in place to remove these reminders is crucial to our rebuild.

An Important Note

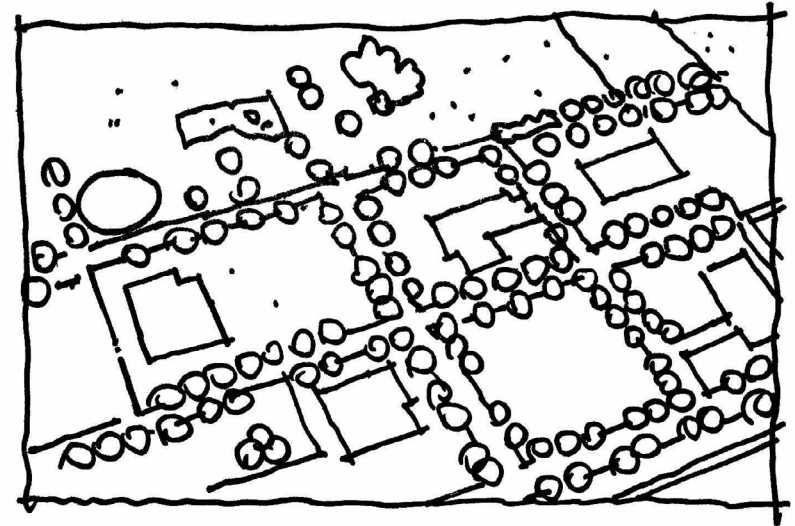
WHY DOESN'T THE *JUST IMAGINE* 50-YEAR RESILIENCE MASTER PLAN USE THE TERM “BLIGHTED”?



This plan acknowledges the effects that structural racism, de jure segregation, and other forces have caused and reinforced the concentration of vacant and adjudicated property in North Lake Charles. The word “blight” etymology dated to the 1500s when farmers used it to describe agrarian diseases. In the first few decades of the 20th century, urban reformers started using the term to refer to a wide range of problems in cities. The term was transferred from referencing diseases that affect plants and crops to an urban context. The term “blight” was heavily used during urban renewal as a vague term and a rhetorical device to make a case for removing Black people and other minorities from neighborhoods by building highways and the taking of land through eminent domain and condemnation, which robbed the original owners of value that would have translated to generational wealth. Urban blight has never been clearly defined. Sometimes it referred to a concentration of abandoned buildings or vacant land, sometimes as a euphemism for talking about who lives in a neighborhood and why there has been disinvestment. Because the word initially meant “diseased,” there are racial undertones and implications that the term refers to the people who live in a place, not only the property conditions.

Additionally, the term’s modern-day usage has become closely associated with crime and tied to the disproven “broken windows theory.” Historically and today, “blight” has been used as a seemingly “neutral” term underpinned by racial and ethnic prejudice. While experts now agree that blight is fraught, it remains the commonly used word for which there is no clear replacement. This challenge also has legal implications, given that the Louisiana state law related to adjudicated property requires administrative courts to declare a property as “blighted” before the tax sale to reduce the redemptive period for a public municipality or entity from 3 years to 18 months. Because this term holds legal significance in Louisiana, we will use it only in reference to that process. In other cases, this plan uses specific terms to describe the conditions (vacant land, buildings, underutilized property, code enforcement challenges, etc.).

Reference: <https://www.bloomberg.com/news/articles/2017-02-16/why-we-talk-about-urban-blight>





IMPLEMENTATION

HOW?	COST	TIME FRAME	POTENTIAL FUNDING SOURCES	LEAD ENTITY	SUPPORTING PARTNERS/ENTITIES
Determine the most effective and appropriate of the three approaches for SWLA: <ul style="list-style-type: none"> Establish any legal entities required Allocate operations funding Hire staff 	TBD	0-1 year	TBD	City of Lake Charles	Calcasieu Parish
Create and maintain a robust database of vacant or adjudicated properties, their tax status, liens, current owners, parties with interest in the property, contact information, records of notices and correspondence, and status within the legal process.	Annual staff salaries	1-2 years	TBD	Entity tasked with addressing vacant and underutilized property	City of Lake Charles Calcasieu Parish
Follow and pursue the process for obtaining clear titles and deeds	\$1,000-\$6,000 per property	ongoing	TBD	Entity tasked with addressing vacant and underutilized property	City of Lake Charles Calcasieu Parish
Strategically plan for and assemble properties for development (vacant, underutilized, and adjudicated).	varies	ongoing	TBD	Entity tasked with addressing vacant and underutilized property	City of Lake Charles Calcasieu Parish
Build relationships with local stakeholders to facilitate a smooth process.	Annual staff salaries	ongoing	TBD	Entity tasked with addressing vacant and underutilized property	City of Lake Charles Calcasieu Parish
Keep properties clean and green by mowing and clearing debris.	\$1.2+ million annually	ongoing	TBD	Entity tasked with addressing vacant and underutilized property	City of Lake Charles Calcasieu Parish
Establish partnerships with banks looking for CRA credits/projects and explore creative solutions:	TBD	ongoing	TBD	Entity tasked with addressing vacant and underutilized property	City of Lake Charles Calcasieu Parish
Sell, donate, lease, or RFP land for development.	TBD	ongoing	TBD	Entity tasked with addressing vacant and underutilized property	City of Lake Charles Calcasieu Parish