

**Before the Senate Finance General Government and Agency Review Subcommittee**

**Am. Sub. House Bill 49**

**Testimony of  
Jim Rokakis, Vice President  
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Chairman Jordan, Vice Chair O'Brien, and members of the Subcommittee:

Thank you for affording me the opportunity today to speak about the need for dollars to remove vacant and abandoned commercial structures in Ohio's communities, as well as making money available for the restoration and renovation of distressed properties in Ohio's communities.

My name is Jim Rokakis. I'm the former County Treasurer in Cuyahoga County. I'm a Vice President at the Western Reserve Land Conservancy and I direct their urban mission. While serving as County Treasurer, I worked with members of this legislative body to create the entities you know as County Land Banks. Back in 2008, I worked with State Senator Tom Patton and State Representative Matt Dolan to create these quasi-public corporations to deal with vacant and abandoned properties through Senate Bill 353. We started with one Land bank – the Cuyahoga County Land bank – and now have 43 incorporated Land Banks in the State of Ohio. My organization has been involved in raising over \$400 million to deal with the removal of vacant and distressed residential structures. In some communities, this money will have eliminated most - if not all - of the vacant and abandoned properties -- at least on the residential side.

But there is no comparable source of funding to help communities deal with abandoned and blighted commercial and industrial properties. This includes apartment buildings with 4 or more units. Many small and medium sized towns in Ohio are working hard to restore the vitality of their main street business districts – but I frequently get calls from mayors and building officials who are frustrated by one or two dilapidated commercial buildings that are holding back their efforts, and they have no funding to address them. For example, in the city of Van Wert, there is a building at the corner of Main and Market streets that is literally falling down, but the town has no funding to remove the structure. Their only recourse is to surround the building with yellow police tape.

In many cases dealing with that one problem building can make a huge difference in the success of a main street retail revival. An example of that is in Allen County, in the City of Delphos, where there are a strip of commercial buildings with common walls that need to come down. They are eyesores, and dangerous and are impeding every effort by that small town to move that City forward.

There is also no comparable source of funding to help communities renovate abandoned homes. Not every abandoned house needs to be demolished. Many still have good bones and could be brought back to life. But there's a Catch-22: although the home could be physically saved, the depressed housing market in some communities means the home might appraise for 20 to 30 thousand dollars less than the cost of renovation. Some communities are at a tipping point – where a modest investment that bridges the appraisal gap in home renovation could be enough of a catalyst to turn the market around.

We are hearing more and more from our land bank network that the money that has been made available for demolition, first from the Attorney General's Moving Ohio Forward and more recently from the Department of Treasury's Hardest Hit Fund, has made a big difference, but that they are also in need of funds to renovate and restore properties.

In the Fall of 2016 a study released by Dynamo Metrics, LLC looked at the impact that renovation of 1,081 vacant blighted homes in Cuyahoga County had on surrounding properties. The research team divided the county into 4 submarkets and analyzed the impact in each. Even in the most distressed neighborhoods rehabilitation showed a positive impact. The most significant impact - between 6 and 11% value preserved – was found in the other three submarkets in Cuyahoga County. "Decision Support for Property Intervention: Rehab Impacts in Greater Cleveland 2009-2015" (2016), <https://www.dropbox.com/s/9jxcqgic00bm3e8/DMetrics-CNP-rehabstudy.pdf?dl=0>

I also want to share with you a new study we commissioned from Case Western Reserve University that documents the connection between property abandonment and crime. Anecdotally, news reports in recent years suggest that vacant homes are often sites for rape, murder, assault, arson and assaults on police officers. In my written testimony I provide links to some of these cases. (The recent murder of Alianna DeFreeze, whose body was found in an abandoned home <http://fox8.com/2017/03/22/ohio-legislature-considers-alianna-alert-named-after-murdered-cleveland-teen/> . The murder of Officer Derek Owens in 2008, shot while investigating youth hanging out in an abandoned property: [http://blog.cleveland.com/metro/2008/03/cleveland\\_police\\_officer\\_slain.html](http://blog.cleveland.com/metro/2008/03/cleveland_police_officer_slain.html)).

Simply put – crime follows abandonment. It's logical, but until now no concrete statistical evidence has confirmed this. The new study found that the highest rates of homicide, aggravated assault and weapons violations can be found in the same "hot spots" where vacancy and abandonment are also high. My written testimony includes a link to this new Case Western Reserve University study.

You know what else follows abandonment? Lower property values. In a study done in 2011, titled "The Cost of Vacancy—Everybody Pays," we showed how distressed property values in core cities--- and even inner ring suburbs-- can drive costs up for homeowners in more stable neighborhoods because of property taxes that are collected countywide. In this study, we showed how 43 million dollars in property tax collections were shifted to more stable communities in Cuyahoga County. <http://s3.documentcloud.org/documents/1096130/the-cost-of-vacancy.pdf>

I realize how great the demands are on this legislature to deal with a difficult budget. I get that—I chaired the Finance Committee for Cleveland City Council for seven years. I know what empty—or almost empty—cupboards look like. But I also know that certain allocations—even relatively small allocations can make a difference in certain areas. Monies allocated for commercial and industrial demolition and renovation of distressed properties can pay big dividends with safer neighborhoods, increased property values and more stable communities. Thank you for your time. I am happy to answer any questions that you may have.