



NEWS RELEASE From Mayor Dean DePiero

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PARMA TAKES INNOVATIVE APPROACH TO FORECLOSED HOMES

(PARMA) – In 2009, the City of Parma was awarded \$1.45 million in Neighborhood Stabilization Program (NSP) funds from the Department of Housing & Urban Development to combat the ill effects on neighborhoods caused by foreclosed and abandoned homes.

Mayor Dean DePiero and Community Services/Economic Development Director Erik Tollerup sat down and pored over neighborhood income statistics, Building Department complaints, real estate market research, housing sales data and census population estimates to establish the best course of action.

"We could see populations declining county-wide," said Mayor Dean DePiero. "In short, we decided on what I consider to be a unique policy of addition through subtraction. The plan was based on our national housing crisis and credit crunch that appears to be worsening, and with some obviously distressed homes in our neighborhoods."

Last week, the City of Parma closed on the purchase of its 22nd foreclosed and substandard dwelling structure. Five other homes deemed nuisances due to abandonment and dilapidation were already demolished in July. The 22 homes acquired by Parma are under contract for demolition slated to begin in early September.

"On the one hand, a city having a demolition policy within its NSP Program is not that unusual, said Community Services/Economic Development Director Erik Tollerup. "It's what Parma decided to do that is unique within Ohio. Once the home we've acquired has been demolished, we will approach all adjacent homeowners and offer them half or all of the vacant lot. We perform the survey, we perform the lot consolidation and we file everything on their behalf."

Tollerup says all the resident has to do is accept a restriction that the lot can never be split and built upon, understanding that by accepting the land they will have an increase in their property value and property taxes.

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"We've already begun negotiating with some neighbors and after the third or fourth time of assuring them that I am serious about the offer," said Director Tollerup. "The homeowners are already planning what they can do with the extra space. The responses are exactly what we planned on and had been hoping for."

The NSP Acquisition/Demolition process developed a target area encompassing most neighborhoods north of West Ridgewood Drive. These are areas of small, 40' X 120' lots, with traditional Parma Bungalows that historically have been starter homes for first-time home buying families. When these young families had children, many times they would cite the small size of their lot as an impediment to stay in Parma.

"Too many times, we've had families leave simply because their yard was too small for their young children," said Mayor DePiero. "They also considered the lot was too small for a bedroom addition or to build a new garage. This was an opportunity to address these issues and solve other problems."

According to Director Tollerup, the process succeeds in eliminating properties that were historic problems for neighbors and the neighborhood. Director Tollerup says many of these foreclosed homes were property maintenance headaches when he was in the Building Department six years ago.

"If it wasn't a problem homeowner, it was problem renter after problem renter," said Director Tollerup. "And now, there are 22 fewer homes in Parma that cannot be turned into rentals, cheap flips or cases that continue to clog the courts with property maintenance issues."

Acquiring the properties is no easy matter. Represented by ERA Lentz of Parma and a HUD certified appraiser, the City of Parma and its Realtor had to monitor the Multiple Listing Service each morning and run to every possible eligible home for a quick review. In other words, the City of Parma had to act like every other buyer and had no special privilege. Director Tollerup would inspect the home, determine the cost of repairing all violations and then compare those costs with the appraised value of the home.

"We would only acquire homes where repair costs exceeded 50% of the appraised value," said Director Tollerup. "We would not pay more than 99% of the appraised value. Most of the homes required complete waterproofing and had substantial roof issues. Most had not seen any kitchen or bathroom updates since they were built. All had been abused and neglected."

"Looking at our market forecast from last year, I think we were right on," said Mayor DePiero. "If we had acquired and renovated these homes for resale like many other area communities, we'd just be competing amidst an overcrowded and depressed market. It wouldn't benefit anyone. We want to make a positive impact now, one that will have a long lasting benefit."

Demolition contracts were awarded through competitive bidding to B&B Wrecking, Baumann Enterprises, All Aspects Contracting and Lightning Demolition.

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