



Office of the City Manager

October 10, 2013

Local Government Committee
Representative Amanda Price, Chair
307 House Office Building
Lansing, MI 48933

Re: Discussion on blight issues

Chair Price and Committee Members,

The City of Ypsilanti prides itself on being a college town rich in culture, as well as being the fifth largest historic district in the state of Michigan. However, like most college towns, Ypsilanti has an extraordinarily large transient population. In fact, 66% of the residences in Ypsilanti are rental property. Please consider the following as blight issues in the City of Ypsilanti.

Rental Housing Market

- There are number reputable publications that encourage people to invest/flip/manage property in college towns (see attached). Certainly we value all individuals and businesses who choose to invest in the community; however, investing in property does not automatically qualify an individual or business to be an adequate landlord, or designate their willingness to keep the property in a safe and secure condition.
- With a 66% rental housing market, Ypsilanti remains hard pressed to maintain accurate records through steady transfers of owners, occupants, and assessing records, all while actively monitoring the safety of our youthful population. According to the 2010 Census, 50% of Ypsilanti's residents are 24 and under (more than 1/3 are between ages 18-24). The student population of Eastern Michigan University alone (approximately 23,000) is higher than the approximate 20,000 population of Ypsilanti.
- When combining a very high volume of temporary residents, with Ypsilanti only being 4.32 square miles, blight can be an issue in all areas of the City. However, traditionally blight violations occur on rental properties. A recent study by our Building Department found that

most abatements done by the City (e.g., trash cleanups, snow removals, grass cutting, etc..) are on rental properties.

- In 2012, 77% of the blight abatements were rental properties
- In 2013, 79% of the blight abatements were rental properties

- Accordingly, Ypsilanti has a profound need for our rental inspection program. Certificates of Compliance typically expire two years after the date it is issued. Often times when houses are scheduled for inspection, or cited for violations, the owners and/or occupants have changed since the last time the property was inspected.

Administrative Hearings Bureau

- In 2010, Ypsilanti formed an Administrative Hearing Bureau (AHB) that is authorized to conduct administrative adjudication proceedings for blight violations. Ypsilanti's AHB has raised the following revenues through February 2013:

- FY 2010-2011: \$3,500
 - FY 2011-2012: \$7,670
 - FY 2012-2013: \$10,130 (through February 2013)
- Total AHB Revenue through February 2013: \$21,300

- The City has steadily increased its AHB caseload and revenues over the years, mainly due to hiring a full time ordinance enforcement officer, and we anticipate even greater success for FY 2013-2014. However, the majority of fines assessed through AHB have not been collected. As of February 2013, AHB had \$26,310 in uncollected fines.

- As a former AHB Officer for the City, I noticed several obstacles with our AHB blight enforcement. First, the vast majority of the property owners did not appear for the hearing. Maybe 10-15% of the docket appeared for the hearing. Second, many property owners work the system and pay the violation at the last minute, after the City has incurred the time and expense to schedule the hearing. Third, and most notably, I witnessed properties with a transferred ownership, or going through the foreclosure process. In these cases, a former owner or occupant would appear (who owned or occupied the property when it was cited) to say that he or she is no longer responsible for the property.

- Overall, the AHB is a efficient and effective method for the City to streamline blight violations, but we still face several roadblocks when enforcing blight violations because many property owners do not respond to violations, show up for AHB hearings and/or pay their fines.

Senate Bills 35-39

- Ypsilanti has taken a particular interest in the passage of SBs 35-39, which would authorize the City to take additional measures to improve enforcement, such as denial of building permits, certificates of occupancy or zoning variances if a person is delinquent in paying a

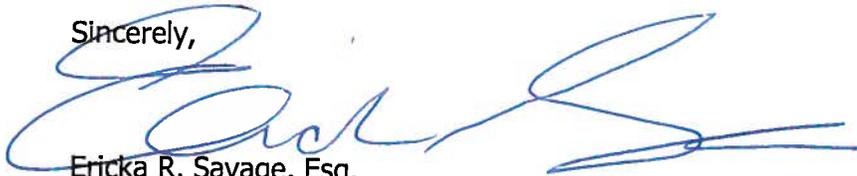
fine or costs for a blight violation. This legislation would be a remarkable way for municipalities to reel in persons who continue illegal activities in the market, without paying their fines to the City. Currently there is nothing that the City can do to collect from these individuals prior to them moving on to the next property.

Demolishing Dangerous Buildings

- Finally, I have been asked by our Building Department to share that municipalities are in need of more resources to demolish dangerous buildings under the Michigan Housing Law. In years past, the City has leveraged Neighborhood Stabilization dollars and Community Development Block Grant dollars to demolish dangerous buildings. But currently, Ypsilanti lacks adequate funding to demolish most structures after they have been ordered demolished. Asbestos and lead abatements prior to demolishing a house, alone, can cost tens of thousands of dollars.
- While Cities of Promise funding at recent CDBG blight grant have allowed larger cities or those with large scale demolition needs, further support is needed in smaller communities for scattered site demolition to remove blight and restore property values for adjacent parcels.
- We hope that the Governor and Legislature will support more resources, or grant opportunities or other ways for municipalities to demolished dangerous houses.

Thank you for allowing me the opportunity to share some the blight issues we are currently facing in Ypsilanti. I ask that you take the time to consider the unique challenges municipalities are facing, especially with regards to the rental market and blight challenges in college towns. Please feel free to contact me with any questions at (734) 483-1810 or esavage@cityofypsilanti.com

Sincerely,



Ericka R. Savage, Esq.
City Manager's Office, City of Ypsilanti

College Town Investment Opportunities: Rents and Prices this Academic Year Get High Marks



Whether you've got a kid in college or not, investing in this year's hot rental housing markets in and around university towns might be worth a close look. Not only are the going monthly rents in these communities likely higher than you imagined, but real estate prices have come off bottom and are rising in most of them. So you have the prospect of solid rental income, depreciation write-offs on your rental business, plus at least modest capital gains on the house or condo, assuming a continuation of current value trends.

Check out this overview of rents, median list prices and mortgage costs compiled by Realtor.com from cities with the top 25 universities, as ranked by US News and World Report.

City	Median List Price	Average rent all bedrooms*	Mortgage Payment Estimate	Year on List
Boston, MA	\$334,900	\$3,084	\$1,240	Yes
Princeton, NJ	\$265,000	\$2,056	\$980	No
Chicago, IL	\$194,000	\$1,630	\$720	Yes
Washington, DC	\$395,000	\$2,637	\$1,460	Yes
Houston, TX	\$183,000	\$1,134	\$680	Yes
Philadelphia, PA	\$234,900	\$1,475	\$870	Yes
Atlanta, GA	\$174,900	\$1,187	\$650	Yes
Pittsburgh, PA	\$140,000	\$1,122	\$520	No
Providence, RI	\$259,000	\$1,527	\$960	No
Los Angeles, CA	\$358,000	\$2,290	\$1,330	No

*Estimated Mortgage Payments calculated at current mortgage rates with a 20% down payment and a 30-year fixed loan. Median List Prices are based on Market Trend Information from Realtor.com for July 2012. Average Rental Prices are from rents.com for July 2012. Rental prices for all bedrooms are calculated based on the average prices for one bed, two bed, and 3+ bed rentals combined.

You can rack up significant gross rents in some of these markets, especially in

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Landlords: How to make a buck in college towns

College towns have innate demand for apartments, whose rents often are pegged to room-and-board fees, not market rates. In some towns, off-campus rental rates can exceed average mortgage payments.



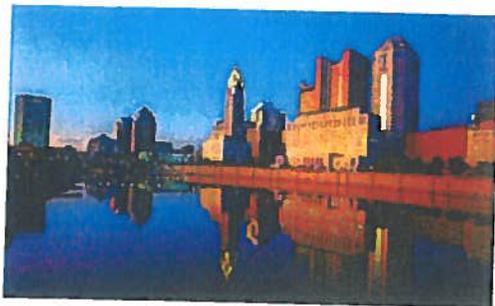
By Carmen Nobel of [MainStreet](#)

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In Columbus, Ohio, where Ohio State University resides, home prices have dropped 10% in the past five years. // © Corbis/SuperStock

While the economic recession is bad news for the real-estate industry, it's a boon for prospective college-town landlords.

Housing prices have fallen by half in some areas, and mortgage rates have sunk to a record low, while university enrollment is surging as people go back to school in the wake of job losses. That has led to a dearth of student housing, which means it's a great time to buy low and rent high.

"An investor is certainly more likely to profit from a rental property than what was possible two to three years ago," says David Stiff, vice president of quantitative analysis at Fiserv, which publishes the Case-Shiller housing indexes. "Home prices have dropped substantially in many markets. But absorption rates seem to be stabilizing, in part because the surge in foreclosures has pushed many households into the rental-housing market."

Supply and demand are in the landlord's favor. Freshman enrollment at post-secondary schools in the U.S. surged by 144,000 students from the fall of 2007 to the fall of 2008, the biggest boom in 40 years, according to the Pew Research Center. The freshmen of 2008 are now entering their junior year — and junior year is often when students start living off-campus.

For a prospective landlord, it makes sense to seek college towns where prices are especially low. In Columbus, home of Ohio State University, housing prices have dropped 10% in the past five years, according to Case-Shiller. In San Luis Obispo, home of California Polytechnic Institute, prices have plunged 31% since 2007. In Tallahassee, home of Florida State University, prices have fallen 16% in the past three years and are expected to go down an additional 1.5% in the next year. In Gainesville, home of the University of Florida, home prices are down 22% over the past three years and are expected to drop an additional 15% between the first quarter of this year and next.

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[Sell your home in any market: 5 steps](#)

[Credit-score challenged? You've got options](#)

What's your home worth?

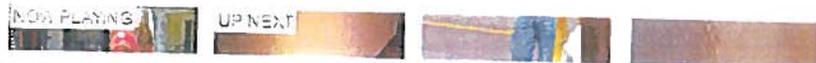
Gainesville, home of the University of Florida, home prices are down 22% over the past three years and are expected to drop an additional 15% between the first quarter of this year and next.

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Craigslist scam targets renters, landlords

A Craigslist scam targeting renters and landlords has hit at least one property owner in Louisville.



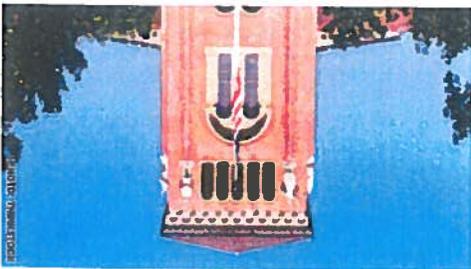


Real estate investors' best kept secret: College towns

From Athens, Ohio to College Station, Texas, real estate investors are buying up properties in college towns that offer a steady stream of renters and stable, prosperous economies.

The allure of a college town

1 of 5



Looking to be a landlord? Buying property in college towns typically translates into stable rental returns, no matter how the economy is faring.

Not only do colleges provide a steady source of jobs for the local economy, but enrollments have swelled as the unemployed go back to school seeking new job skills.

Along with increased demand, rents have risen, too, by about 5% over the past 12 months, according to real estate website Trulia. And you can expect them to keep climbing. Steve Berkowitz, CEO of Realtor.com projects rents will rise by another 5% in the upcoming year.

Even developers who have cut back on other housing projects, are building in college towns. Erik Nelson, who handles construction loans for the Portland-based Bank of the West, said he arranged financing for residential housing projects in five college towns last year.

"The closer to the campus, the better," he said.

For buyers, there are plenty of bargains out there. According to Coldwell Banker's College Home Listing Report for 2011, the average three-bedroom, two-bath home sold for less than \$200,000 in nearly two-thirds of the college markets it surveyed and less than \$150,000 in nearly a quarter of the towns.

Here are some investors who have profited from being college-area landlords and are looking to buy more -- while the deals last.

NEXT: Raleigh, N.C.

BY LES CHRISTIE @CNNMONEY - LAST UPDATED APRIL 18 2012: 9:10 AM ET

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