700 Block of Mellon St.

These would not sell…

Until we controlled these…
Would you buy the house next door?
Map 3 - Existing Property Conditions
Map 4 - Tax Delinquent Properties in 2002
City of Pittsburgh
Vacant Residential Homes
February, 2005

Source: United States Postal Service, Bureau of Building Inspection
City of Pittsburgh
Percent of Taxable Properties
Delinquent 2 or More Years June, 2006

Legend
- Neighborhood
- Percent Tax Delinquent Over 2 Years
  - 0%-4%
  - 4%-10%
  - 10%-20%
  - 20%-30%
  - 30%-57%

Source: Pittsburgh Neighborhood and Community Information System,
City Dept. of Finance
Years based on estimated 2006 tax bill city and school district
What happens when the city does not foreclose?

• 50% population loss
  – 15% housing stock loss
• 20,000 vacant properties:
• 18,000 parcels are tax delinquent (14%!)
• At least 8,000 abandoned (6%!)
• 1,400 condemnations
• $2-4 Million annual demolition budget
  • And not getting ahead….
The garbage is piling up

8000 abandoned

450 taken per year
225 sold

317 newly abandoned

7867 abandoned

We will be done in 60 years

The garbage is piling up
A Few Statistics About Our Neighborhood (2000 Census)

• 84% of Population is Below Median Income
• 80% of Units in Neighborhood are Rental
• Twice as many Section 8 Vouchers as any other Neighborhood in Pittsburgh
• Only 6 Units For Sale in all of 2000
• 12% Abandoned
• 95% of housing is over 30 years old.
• 20% hasn’t been upgraded since 1939.
Housing
Map 1 – Overview of SIG Project Area
Map 1a –
Overview of SIG Project Area with ELDI Projects
700 Block of Mellon St.

These would not sell…

Until we controlled these…
Map 3 - Existing Property Conditions

Project Boundary
Neighborhoods
Project Area Residential Enclaves
- East Liberty Residential Core
- Negley Place
- Southwest Quadrant of Highland Park
- Beatty Street Focus Area and Alpha Terrace
- Mellon's Orchard

Property Condition Estimation
- Poor
- Dilapidated
- Vacant
Map 5a - Property Action Plan with Neighborhood Classifications
Our tax foreclosure system:

• It works – but ONLY Pittsburgh can use it
• Old and Slow: 2 years to clear title
• It can move a lot of property cheaply
• Typically reliable but frequently breaks down
• Could provide a clear title at sale, but it is not run that way
• The city is afraid to use it too much – collection is a bluff
• Reactive – not proacitve
• Understaffed - underfunded
Map 4 -
Tax Delinquent Properties in 2002
800 Block of Mellon Street
839 Mellon Street
Bad Tenants destroy neighborhoods

ELDI bought this slumlord rental
The tenant moved
Suddenly the street was quiet

Acquire and improve risky rental properties:
• decent rental housing
• maintain good tenants
• ready for future homeownership
700 Block of Mellon St.

These would not sell…

Until we controlled these…
Mellon Rowhouses

A slow and painful deal that finally worked
6 sales, 7 years of work
Some units should be demolished – not renovated
Development Driving Change

800 Mellon Spin-Off Investments
- 5625 Jackson by Chandler Family for Restoration
- 5633 Jackson by David Weiland, successful Renovation
- 931 Negley, by Sider-Rose family for Conversion to Homeownership
- 5506 Baywood: Investor renovation sold: $250,000
- 5503 Baywood: Investor rehab Sold for $305,000
- 5435 Stanton: Investor rehab sold for: $225,000

700 Mellon Spin-Off Investments
- 608 Mellon by Courtney Ehrlichman for Restoration
- 519 Mellon by Eric Jester for Restoration
- 611 Euclid by Ezekiel Paena for Restoration
- 709 N. Euclid by Colin Carrier for Restoration
New Pennley Place
The Market barriers of East Mall And Liberty Park: Removed in 2004
Safe Haven
Permanent housing for homeless men

Boulevard Apartments
Long term Affordable Housing
Prototype houses

• Significant grants required
• New market comparables
• Eliminated blight
• Key to changing the market
Green built prototype home:
Last one sold for $285,000

Pre-sale of custom home:
Sold for $340,000
721 N. Euclid Rehab: Sold for $220,000
(no garage)

Custom new home: 719 N. Euclid
Sale at $340,000

Grants correct land values to reduce density (if necessary)

Long time homeowner

NO SUBSIDIES
For construction
2002 vacant…

Slow
Risky
Expensive

2011 Still vacant… 2012 Sold

2012 Still vacant…
Rippey Turrett Houses
Redevelopment of a key property
Acquired in 2003
18 vacant/foreclosed units

Slow
Risky
Expensive

Almost Done! – April 2011
8 condo units
Affordable Home ownership works in a stable mixed income community

House and lot sold: $315,000  
Google employees  
2011 Value = $330,000

Renovated House  
Sold for $50,000 (in 2007)  
Single mother & grandmother  
2011 Value = $150,000

Renovated House  
$140,00 (2 units)  
Middle income buyer  
2011 value = 140,000

Some developments might just BREAK generational poverty
Market rate renovation for resale underway
Sold 2011 $250,000
30 days on the market

Renovated House
Sold for $50,000 in 2007
Large family
2012 Value = $150,000 +

Affordable Home ownership works in a stable mixed income community

Some developments might just BREAK generational poverty

NO SUBSIDIES
For construction

Existing homeowner
(porch rehab grant)
New homeowner (DIY rehab)
Bought from old homeowner
For $56,000

Existing homeowner

Rehab for sale:
$290,000
Pre-sold

Existing homeowner

Sold
$280,000
20 days on market

Grants? None
Tax increment: $20,000 annually (3 rehabs)

11 homeowners in this block now have their values restored

Three existing homeowners used to be surrounded by vacant properties
Black St. townhouses

5 new homeowners
2 long term tenants
Behind Peabody High School

New life for troublesome vacant lots
New life for foreclosed slumlord housing
Lessons Learned

• Must have large scale site control
  – Financing this is challenging
  – The sooner, the better
  – Requires public partnership in tax foreclosure

• Early stage affordable housing
  – Home owners and renters

• Market rate homes change the market
  – give affordable homebuyers equity
  – Free up subsidies for affordable housing

• Acquire risky rental housing
Larimer Vision – Choice Neighborhoods
Larimer Vision Plan – Choice Neighborhoods
House for a house? - Vs - House for a Slumlord?

Larimer houses for sale in April 2011

Carver
Lowell
Lowell
148 Auburn St; missed opportunity

Meadow
Ladson
Paulson
Frankstown
House for a house – #1 – 184 Shetland St.

• For sale by Owner occupant $20,000
  • Listed with Realtor
• Good condition – well maintained home
• ELDI purchase $20,700

• ELDI relocating tenant from Omega Place (Park Zone)
• Lease purchase for low income buyer
  • Relocation $ = $6,000 down-payment
  • Some ELDI improvements
  • No additional subsidy
Larimer Vision Plan