

# Cloudy Title and Blighted Property: From Liabilities to Assets Using Eminent Domain

Savannah's Experience  
using  
Eminent Domain  
to help  
Stabilize & Improve  
Distressed Neighborhoods

Before & After  
House Bill 1313

# Look Familiar?



Q. How can scenes like these that project **crime, blight, devaluation** and **disinvestment** be reversed to avoid harming residents, property owners, neighborhoods, and the community as a whole?

A. Through the responsible use of Eminent Domain by local government.

Q. What does the **crime, blight, devaluation** and **disinvestment** depicted in these scenes too frequently have in common with each other?

A. Cloudy Title Property.

## ❖ **Cloudy title property**

- ❑ Contributes to **crime, blight, devaluation,** and **disinvestment**
- ❑ Hurts property owners with clear title
- ❑ Hurts neighborhoods and communities as a whole

## ❖ **Cloudy title property** prevents “heirs” from

- ❑ Borrowing money to maintain code complying property
- ❑ Borrowing money to improve property
- ❑ Selling property

## ❖ **Cloudy title property** hurts clear title property owners

- ❑ Lowers property values
- ❑ Difficult to borrow money from banks to improve property
- ❑ Difficult to market property for rent or sale
- ❑ Lowers the quality of life for homeowners (and renters)

# How Savannah addressed these problems before 2006

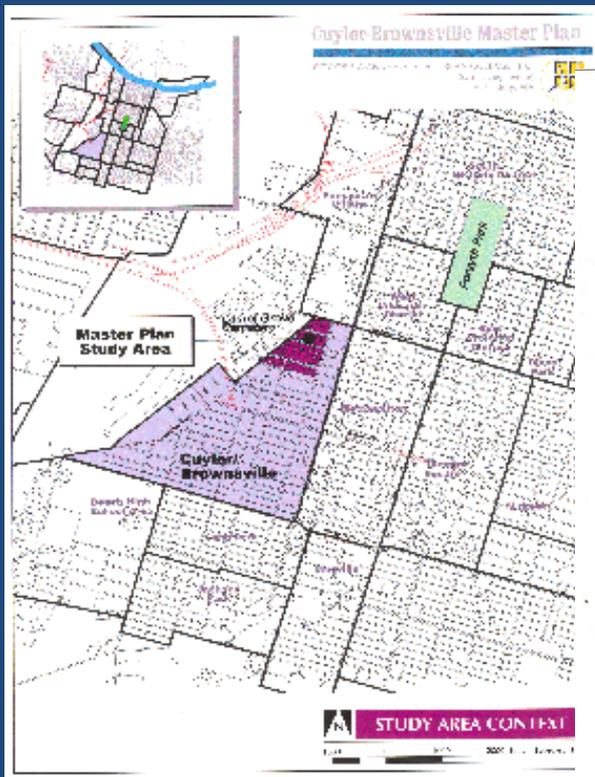
- ❖ Adopted and implemented neighborhood supported Urban Redevelopment and Land Use Plans in distressed neighborhoods
- ❖ Used eminent domain as a means of last resort to acquire cloudy title properties, lots and structures, that were blighted and vacant
- ❖ Paid fair market value for property as determined by an independent appraisal, review appraisal, and the Court
- ❖ Often recombined dimensionally small, substandard, adjoining lots into buildable lots
- ❖ Advertised and sold property for development of affordable housing--bringing new investment and homeowners to neighborhoods for the first time in years

# Neighborhood Residents & Property Owners Participate in Planning Process



# Cuyler-Brownville Neighborhood Resident & Property Owner Supported Urban Redevelopment Plan & Land Use Plan

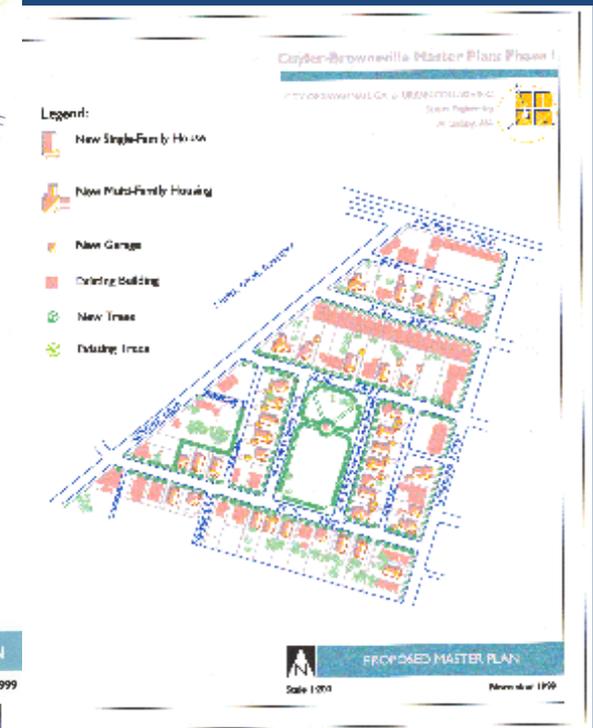
## General Location Map



## Property Development Acquisition Plan



## Land Use Plan



# Cuyler-Brownville Neighborhood

## 2000-2006 Results

- ❖ 120 properties acquired
  - ❑ 40 or 33% of properties acquired with clear title through voluntary sales
  - ❑ 80 or 67% of properties acquired with cloudy title using eminent domain
  
- ❖ 341 dwellings improved/developed
  - ❑ 91 homes repaired
  - ❑ 61 single family homes constructed (47 homes sold to first time home buyers)
  - ❑ 189 rental dwellings developed (Includes adaptive reuse of a historic hospital and elementary school)
  
- ❖ \$31.2 million investment
  - ❑ \$2.5 million infrastructure and acquisition investment
    - ✓ \$1.2 million City SPLOST/General Fund
    - ✓ \$ .8 million City General Fund for Property Acquisition
    - ✓ \$ .5 million State of Georgia
  - ❑ \$28.7 million housing investment
    - ✓ \$ 6.7 million HUD CDBG/HOME
    - ✓ \$22.0 million private, tax credit, and other investment
  
- ❖ Part-1 crime dropped 34%

# Cloudy Title and Blighted Property: From Liabilities to Assets Using Eminent Domain



Before



After

# Cloudy Title and Blighted Property: From Liabilities to Assets Using Eminent Domain



Before



After





Following Eminent Domain New Square, Fountain, Gazebo, Streets, Sidewalks, Historic Street Lighting and Infill Housing benefit Cuyler-Brownville Property Owners and Residents.



# Part-1 Crime Reduction Impact of Eminent Domain and Housing Development

Cuyler-Brownville Neighborhood	North of 37th Street With Eminent Domain		South of 37th Street Without Eminent Domain	
Years	Part-1 Crimes Total	Annual Average	Part-1 Crimes Total	Annual Average
2003-2005	250	83	481	160
2013-2015	166	55	420	140
% Reduction	<b>34% Reduction</b>		<b>13% Reduction</b>	

- Cuyler-Brownville experienced reductions in Part-1 crime as a result of Eminent Domain title clearing and resulting investment in housing development.
- The northern part of the neighborhood, which benefitted from pre-HB 1313 Eminent Domain title clearing acquisitions and development, experienced the greatest reduction in Part-1 crime.

# So What's Happened Since 2006?

- ❖ HB 1313 passed in April 2006 as a result of a U.S. Supreme Court ruling on the use of eminent domain (Kelo vs New London, CT) and isolated incidents in Georgia
- ❖ Known as “**The Landowners Bill of Rights and Private Property Protection Act**”, HB 1313 seeks to curb chances for governmental misuse of eminent domain
- ❖ Well intended legislation with some unintended consequences
- ❖ Savannah has not acquired any cloudy title or blighted property since passage of HB 1313 in 2006
  - ❑ Bringing neighborhood revitalization plans to a standstill
  - ❑ Negatively impacting property owners, neighborhoods and the community as a whole

# HB 1313

- ❖ **The Good:** HB 1313 permits municipalities to use eminent domain to acquire property for any of six “public uses”
  1. Use land that serves the general public or municipality (i.e. public buildings/parks)
  2. Use land for the creation or functioning of public utilities
  3. Use land for roads, defenses, or for providing channels of trade or travel
  4. Clear cloudy title due to the inability to identify or locate all property owners
  5. Acquire property where unanimous consent is received from each person, identified and found, with a legal claim to the property
  6. Remedy blight
  
- ❖ **The Bad:** HB 1313 mandates that acquired properties cannot be converted to any use other than a “public use” for 20 years from the initial condemnation – in other words, property must remain in government control and use for 20 years
  
- ❖ **The Dilemma:** The 20 year retention rule hurts private property owners, neighborhoods and their residents, and communities as a whole when it comes to “public use” acquisitions as defined in 4, 5, and 6 above
  - ❑ Once acquired to clear cloudy title or remedy blight there is typically no other “public use” necessitating a municipality retain the property
  - ❑ Municipalities and neighborhoods cannot afford for vacant lots/structures in existing residential neighborhoods to be held by municipalities for 20 years
  - ❑ This is why Savannah has not acquired any neighborhood properties since 2006 and why neighborhood revitalization efforts have stalled

# Suggested Legislative Action

- ❖ Make a limited revision to eminent domain law (HB 1313) eliminating the requirement that municipalities hold properties for 20 years from the date of condemnation when such properties are acquired to clear cloudy title or remedy blight
  - ❑ Allow municipalities to immediately sell properties so they can once again become assets to property owners, neighborhoods, and communities
  
- ❖ This creates a win-win scenario for:
  - ❑ Heirs who can claim their share of acquisition proceeds from the Court for eminent domain purchases made by municipalities
  - ❑ Heirs who have an opportunity to purchase the family's property back with clear title so they can finally borrow money to improve or sell the property
  - ❑ Private property owners with clear title who are negatively impacted by cloudy title or habitually blighted property and associated by-products
  - ❑ Neighborhood residents, as a whole, who are negatively impacted by cloudy title or habitually blighted property and associated by-products
  - ❑ Municipalities and their citizens who incur the repeated costs of contending with crime, blight, devaluation, and disinvestment associated with cloudy title and habitually blighted property