

TO: John Miller, Legal Services, City of Lawrence
FROM: Bill Mitchell, 1201 Emery Road
SUBJ: Neighborhood Revitalization Plan
DATE: 11 July 2007/27 September 2007

How could one be against "revitalization" and "improvements in neighborhoods, downtown" (J-W 19je07)? Certainly not I. But I do hope some steps are taken to avoid the unintended consequences inherent in the Neighborhood Revitalization Plan in its present state.

One of those consequences – devastating although perhaps unintended – is rampant demolition/reconstruction. A scenario much more likely than the cheery one of the "economically modest homeowner" (cited in the somewhat over-exuberant article in the J-W) with a \$100,000 house, spending \$20,000 to improve it (thus being "rebated" 95% of the tax on \$20,000 for 10 years – at today's levy, about \$252/year or \$2520 total) is that of the economically greedy investor with a \$100,000 house (probably bought from the above homeowner or his next-door neighbor), a house that could these days be reckoned "affordable;" but there is no money to be made from a \$20,000 improvement so he demolishes the house and builds a \$350,000, out-of-scale, rental unit, which he begins milking and depreciating and, in the process, he reduces the city's *naturally-occurring* affordable housing and further ghettoizes the neighborhood. His milking is greatly enhanced by being rebated 95% of the tax on the increased value (\$250,000) – at today's levy, about \$3141/year or \$31,410 total.

Is this a likely scenario? Well, it's happening in Oread already, even *without the added incentive of a giant tax rebate*. Remember old Ben Grewing's house at 946 Illinois? A little house, always neatly painted, always with an abundance of flowers; not fancy but it suited Mr. & Mrs. Grewing for as long as I can remember and – this is important – *they could afford it*. The County valued it at \$76,400 in 2004 (assessed value \$8800) just before it was torn down and the lot *filled* (trees felled) with a rental (up & down duplex?) now known as 946-948 Illinois and valued, in 2006, at \$306,300 (assessed value \$35,225). The tax (using today's mill levy for simplicity) would have been \$1012 in 2004, \$4050 in 2006. [I can see right there why the City likes such redevelopment: a quadrupling of their revenue. Hmmm. No wonder Neighborhood Resources is so generous with demolition permits.] Had the NRP been in place when old Ben's house was "revitalized," the revitalizer (what or *who* is being revitalized here?) would have gotten a rebate of about \$2887/year, \$28,870 total over 10 years, using today's levy for simplicity. I imagine he may be sorry he was so hasty and wished he'd waited for the NRP but, with this revitalizing kick to his entrepreneurial spirit and to recoup his "losses," he's probably out scouting for new properties to "revitalize." Actually, he has even more "losses" to recoup owing to his hasty action: because old Ben's worked so well (even without a new NRP tax break; he still has, of course, all the *old* ones) he bought the house next door (940 Illinois), valued at \$67,400, and bulldozed it. He described it on his application for a demolition permit as a "functionally obsolete house" but its obsolescence lay not in its *house* function – it was a nice example of naturally-occurring affordable housing – but in its *cash-cow* function. The lot is now being filled by another out-of-scale rental: another piece of naturally-occurring affordable housing gone, a further step toward ghettoization. He must be salivating at the prospect of receiving even more tax breaks as he continues his efforts to revitalize the neighborhood.

Another consequence, it seems likely, will be widespread *destructive* development of downtown. We all make appreciative noises about the character of beautiful downtown Lawrence but we must be careful not to "develop" the character of downtown right out of existence. I don't know what the tipping point will be but we can only tolerate so much of 600-block Massachusetts- and 700-block New Hampshire-type demolition/redevelopment. I can understand the dollar signs in Martin Moore's eyes when he dreams of "deals" and "consolidating properties" and "even larger redevelopment of downtown" (J-W). All that with a 95% tax rebate for 10 years! Oh, my! Sweet dreams for him but more like a nightmare for some of the rest of us.

Now, I like the idea of encouraging "economically modest homeowners" to improve their homes and don't mind making a small contribution to such a worthy cause but I do not like one bit the idea of my taxes going to assist some greedy developer to demolish places like Ben Grewing's. *My taxes?* Of course, my taxes (and yours) will have to make up for what the developer is rebated (I've already said I'll not object to my taxes helping out the "economically modest homeowner"). It seems grossly perverse and unfair that my taxes, which keep going up, up, UP because for 40+ years I have maintained the property, would be taken to subsidize another ugly, plastic-covered, out-of-scale, student ghetto dump on a treeless weed-patch lot. You might feel similarly about your own taxes.

I think that I see some virtue in the plan to apply the Neighborhood Revitalization Act to Lawrence but *only* if there are safeguards to prevent abuse:

In neighborhoods those safeguards would include: 1) strictly limiting the tax break to owner-occupied properties (with a careful, narrow definition of "owner"); 2) ending the rebate when the property is sold or its use changed; 3) requiring the re-payment of already-received rebates if the property is sold or its use changed (when a rebate is granted, file a lien on the property for the rebate amount, the lien to be enforced at sale or change of use, and released after 11 years). There is a special problem in Oread because of the present multi-family (or whatever it's called now) zoning. I'm afraid that every (affordable) single-family house there will be revitalized into multi-family use. It would be better either not to include Oread or to rezone it in order to stabilize it.

I have fewer ideas for saving downtown from the consequences of our good intentions but, in order not to encourage wanton consolidation and destruction, I'd suggest limiting the application of the act to the "improvement" of existing structures.

cc: Lawrence Preservation Alliance

Boon H.