The Frayser Model - Reinvesting in Blight
Frayser in Memphis, Tennessee
Frayser is a 25 square mile community in north Memphis. It consists of 14,000 parcels, with a population of 42,000.

Welcome to Frayser
Who are we?

We are a neighborhood based nonprofit, revitalizing Frayser through our housing work.
What do we do?

We acquire and fix blighted properties, provide home buyer education and foreclosure and financial counseling.

Frayser CDC—Our focus
What are our objectives?

We reduce blighted homes, increase home ownership rates, & raise property values

Frayser CDC – Our objectives
In 2012, the Tennessee Housing Development Agency (THDA) provided funds for purchase and redevelopment of housing in two census tracts of Frayser.
Upon assessment by the CDC, Grandview North was identified as what would become known as a tipping point neighborhood. We called it the **Yellow Square**.
“Tipping point” meant that there was a balance of blighted properties to good and healthy properties. There were blighted houses available to be acquired, but there was also a mix of houses in good condition. The blighted houses were bringing the surrounding neighborhood down.

A tipping point neighborhood
A tipping point neighborhood

We thought that the renovation of a modest number of houses would be enough to significantly stop the spread of blight, and would encourage additional investment in the area. We thought we could tip this stressed neighborhood back to being healthy and functional.
In January, 2012 Frayser CDC launched a campaign to tackle blighted properties within the yellow square.

Focusing our work. A tipping point neighborhood.
The initial action taken was a lawsuit against 25 negligent property owners in the area. These houses were not only empty but were physically deteriorating, and open to casual entry. They posed physical as well as social problems.

Focusing our work. A tipping point neighborhood.
This suit produced various results – some homes were repaired, some were boarded, some were given away to be repaired by others, several were demolished. Demolition was viewed as a last resort.
The first house acquired in early 2012 by the CDC was 3294 University. This dilapidated house was donated to the CDC, rehabbed, and rented to qualifying tenants.
Frayser CDC, in all, acquired and rehabbed 18 houses. Of the 18, 16 houses are currently being rented to low income households providing quality affordable housing; the other 2 were sold to home owners.

The CDC’s work
Sixteen additional houses within Grandview North have been rehabbed by third parties and put back into service. Other investors followed us in. The market is starting to function.

Fixing blight attracts investors
Data show that fixing a blighted house positively affects surrounding properties for a distance of 500’. Each renovated house raises surrounding values 3%, with a multiple effect for multiple renovations to a maximum of 15% in raised values.

Now it gets interesting …
Frayser CDC spent a total of $1,000,000 to acquire and restore 18 homes. They were bought at an average cost of $10,000 and renovated for an additional average cost of $46,000. In short, these were distressed houses that were fully renovated, thus changing the value of surrounding houses.
The CDC invested $1,000,000 in a low-value neighborhood — A wise decision or not?
What is the impact of the CDC investment?

The CDC’s efforts in Yellow Square have helped jumpstart the market of acquisition and renovation within the community. Sixteen additional houses within the yellow square have been rehabbed by third parties and put back into service. Data show that the work and investment by the CDC has had a strong impact on surrounding housing values, as well as on criminal activity in the area.
Houses in the Yellow Square and within 500’ have a total current taxable value of nearly $37M. A 15% rise in value plus the value added by the other investors results in a total jump in real estate values of $6M.
So, for every dollar spent to acquire and renovate blighted homes in the Yellow Square, surrounding properties became $6 more valuable. A 6/1 ratio. The $1M invested by the CDC will result in increased annual taxes to the City and County of $119,000 a 12% return on our investment.
Clean up blight and receive a 12% return?

Where do you get that kind of return?
Reducing blight makes us safer

And that’s not all. We’ve noticed crime improving. And why shouldn’t crime drop?

For example – on-going drug sales were noticed before and during the renovation of 2292 Tim Tam. Following occupancy of the house by a family, the ‘dope boys’ in the adjacent driveway were soon gone. They simply preferred to be next to a dilapidated and unsecured house, rather than one with attentive residents who are bar-b-queing in their carport on weekends.
Addressing blight in Memphis pays dividends – social and financial. This work can be duplicated in other areas of Frayser, as well as other Memphis communities that are suffering from blight. Investments, though, need to be strategically located in tipping point neighborhoods.

Let’s do this again
To repeat. We spent $1M, raising housing values $6M, which will produce $119,000 in annual revenues. – a 12% return. As well as lower crime, in relation to the surrounding community.
It is time for Memphis to have a proactive strategy to defend and build its tax base. The City and County can prosper financially while at the same time investing to reverse blight.

A blight solution that works in Memphis