



Vacant lots can be greened and repurposed for new uses, such as this play area in Pittsburgh's East Liberty neighborhood.

Sara Innamorato

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## Vacant and Abandoned Properties: Turning Liabilities Into Assets

**D**erelict houses, dormant factories, moribund strip malls, and other types of vacant and abandoned properties are among the most visible outward signs of a community's reversing fortunes. Properties that have turned from productive use to disuse are found in cities, suburbs, and rural areas throughout the country, and they vary widely in size, shape, and former use. But these vacant and abandoned properties are more than

just a symptom of larger economic forces at work in the community; their association with crime, increased risk to health and welfare, plunging property values, and escalating municipal costs make them problems in and of themselves, contributing to overall community decline and disinvestment.<sup>1</sup> Local government officials, community organizations, and residents, however, increasingly view vacant properties as opportunities for productive reuse,

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# Editor's Note

Vacancy — of both homes and land — was once considered mostly a concern of the nation's Rust Belt, where decades of population decline left some industrial cities scrambling to protect their remaining residents from the side effects of disinvestment. In the wake of the foreclosure crisis, however, Americans nationwide are finding vacancy a much more immediate and pervasive problem. This issue of *Evidence Matters* looks at residential and commercial vacancy from various perspectives and examines the work that communities are doing to limit or reverse their negative effects.

The feature article, "Vacant and Abandoned Properties: Turning Liabilities Into Assets," reviews the causes and consequences of vacancy and investigates the efforts of governments and nonprofits to better understand and alleviate the problem. "Targeting Strategies for Neighborhood Development," the Research Spotlight article, explores the typologies of neighborhood distress that cities are employing to better understand local conditions and most effectively target limited resources, demonstrating the importance of data in understanding the scope of the problem.

In a break from our usual format, the In Practice section of this issue features two articles, each focusing on different approaches for managing vacant land. The first, "Countywide Land Banks Tackle Vacancy and Blight," describes the critical role of local land banks in assembling parcels of land and maintaining vacant properties so that the land can eventually be returned to productive use. The second, "Temporary Urbanism: Alternative Approaches to Vacant Land," examines creative strategies communities and citizens are using to generate short-term uses such as stores, parks, and art projects to bring vibrancy to otherwise blighted spaces.

The two In Practice articles help readers understand the challenges of reusing vacant parcels of land, which requires different considerations than does reusing vacant properties, the primary focus of the lead article and Research Spotlight. Although we touch on the topics throughout the issue, two other forms of American vacancy deserving greater attention — and ripe for further research — are industrial and commercial vacancies. Particularly in areas of the Rust Belt that have faced extensive deindustrialization, industrial vacancy poses special challenges to cities, including the scale of the parcels, the threat of injury to trespassers, and environmental considerations. And anyone who has ever driven through a once-bustling Main Street now dominated by empty storefronts recognizes just how damaging commercial vacancy can be to a neighborhood's vitality and morale.

I hope this issue of *Evidence Matters* is enlightening and helps you think about your community in new ways. Our next issue will focus on fair housing. As always, please provide feedback at [www.huduser.org/forums](http://www.huduser.org/forums).

— Rachelle Levitt, *Director of Research Utilization Division*



Photo credits from left to right: Cuyahoga County Land Reutilization Corporation; McAllen Public Library; GTECH Strategies

## Highlights

- The absence of universal definitions of vacancy and abandonment complicates efforts to assess the number of vacant and abandoned properties nationally.
- Vacant and abandoned properties are linked to increased rates of crime (particularly arson) and declining property values. The maintenance or demolition of vacant properties is a huge expense for many cities.
- It is critical to match strategies for combating vacancy to neighborhood market conditions.

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reimagining blight and dilapidation as urban farms, community gardens, and health facilities. To them, empty homes can become assets in neighborhood stabilization and revitalization that can be renovated and reoccupied.

Vacant and abandoned properties have long plagued the industrial cities of America's Rust Belt, but the spike in foreclosures following the recent recession has compounded problems for these areas and has caused vacancy rates to surge nationwide, especially in recently booming Sun Belt states such as Florida, Arizona, and Nevada. These communities face mounting blight and physical deterioration of properties, declining tax revenues, and rising public costs. Although nationwide factors (in particular, the foreclosure crisis) helped create these vacancies, local factors — the condition of the properties, the health of the local housing market, and the strength of the regional economy — are what shape the range of options available for returning these properties to productive use. The approach taken to reclaim one vacant property among many in a distressed Detroit neighborhood, for example, will be different from that taken to reclaim a property in a rebounding Phoenix suburb — or, for that matter, in another Detroit neighborhood with a healthy housing market.

Local political and economic contexts, as well as limitations of capacity and resources, shape the tools that local

governments, nonprofits, and neighbors employ to address and reuse vacant and abandoned properties. The most desired outcome is to quickly return a property to its previous use — an owner-occupied residence or a thriving business. However, tight credit, weak markets, population loss, or other factors

may require other solutions such as demolition, conversion of owner-occupied housing to rental housing, or replacement (such as constructing a solar farm on a former industrial site). Strategies for reuse aim to stabilize and revitalize neighborhoods and may stimulate economic recovery and growth or, in the case of shrinking cities, manage decline in ways that improve quality of life for the remaining residents.

## Defining the Problem

Properties may become vacant for a variety of reasons, some of which are relatively benign. A property that is for rent or sale can be vacant for a short time, and a vacation home might be vacant for most of the year. If these properties are well maintained by responsible owners, they will not become eyesores or depress neighboring

Highest Vacancy Rates Among the 75 Largest Metropolitan Statistical Areas, 2012

| #  | Metropolitan Statistical Area       | Vacancy Rate (%) | Vacant Units |
|----|-------------------------------------|------------------|--------------|
| 1  | New Orleans-Metairie-Kenner, LA     | 12.6             | 68,181       |
| 2  | Jacksonville, FL                    | 12.1             | 72,735       |
| 3  | Las Vegas-Paradise, NV              | 11.8             | 100,005      |
| 4  | Detroit-Warren-Livonia, MI          | 11.7             | 220,931      |
| 5  | Birmingham-Hoover, AL               | 11.5             | 57,874       |
| 6  | Memphis, TN-MS-AR                   | 11.5             | 63,692       |
| 7  | Cleveland-Elyria-Mentor, OH         | 11.4             | 108,558      |
| 8  | Dayton, OH                          | 10.9             | 42,063       |
| 9  | Columbia, SC                        | 10.8             | 36,358       |
| 10 | Atlanta-Sandy Springs-Marietta, GA  | 10.7             | 232,667      |
| 11 | Orlando-Kissimmee-Sanford, FL       | 10.6             | 100,412      |
| 12 | Indianapolis-Carmel, IN             | 10.4             | 79,771       |
| 13 | Oklahoma City, OK                   | 10.4             | 56,484       |
| 14 | Tampa-St. Petersburg-Clearwater, FL | 10.3             | 139,840      |
| 15 | Albany-Schenectady-Troy, NY         | 10.3             | 40,524       |
| 16 | Toledo, OH                          | 10.1             | 30,426       |
| 17 | Houston-Sugar Land-Baytown, TX      | 10.0             | 235,299      |
| 18 | Tulsa, OK                           | 9.9              | 41,156       |
| 19 | Akron, OH                           | 9.8              | 30,683       |
| 20 | Cincinnati-Middletown, OH-KY-IN     | 9.8              | 89,880       |
| 21 | Greensboro-High Point, NC           | 9.6              | 31,214       |
| 22 | St. Louis, MO-IL                    | 9.6              | 118,525      |
| 23 | Richmond, VA                        | 9.6              | 51,088       |
| 24 | Columbus, OH                        | 9.4              | 75,357       |
| 25 | Phoenix-Mesa-Glendale, AZ           | 9.4              | 170,883      |

Source: United States Census Bureau. 2012. American Community Survey 1-Year Estimates.  
Note: Vacant units do not include seasonal, recreational, or occasional uses.

property values. In general, a vacant property becomes a problem when the property owner abandons the basic responsibilities of ownership, such as routine maintenance or mortgage and property tax payments.<sup>2</sup> Multiple variables can lead authorities to designate a property as either vacant or abandoned, including the physical condition of a structure, the amount of time that a property has been in that particular condition, and the relationship of the owner to the property. For example, in Baltimore, the city building code defines residences as vacant only if they are uninhabitable, not if they are merely unoccupied.<sup>3</sup>

The absence of universal definitions of vacancy and abandonment complicates efforts to assess the number of vacant and abandoned properties nationally. The best aggregate sources include the U.S. Census Bureau and the U.S. Postal Service, although these are not without limitations. Using these sources, the U.S. Government Accountability Office (GAO) reported in 2011 that vacant residential units, not including those used seasonally or by migrant workers, increased from 7 million in 2000 to 10 million in 2010.<sup>4</sup> The Joint Center for Housing Studies of Harvard University reported that a subset of this category, homes vacant and not being marketed for sale or rent, reached a record high of 7.4 million in 2012, with increases concentrated in the high-foreclosure areas of the South and West.<sup>5</sup> Although vacant homes can be found throughout the country, they tend to be concentrated; nearly 40 percent of the nation's vacant homes are located in just 10 percent of all census tracts.<sup>6</sup> More than half of the census tracts with vacancy rates of 20 percent or higher were in just 50 counties, most of them in metropolitan areas. Wayne County in Michigan and Cook County in Illinois, for example, each have more than 200 high-vacancy neighborhoods.<sup>7</sup> In addition to the many vacant and abandoned residential properties across the nation, estimates place the number of brownfields — idle former industrial properties with real or

perceived environmental contamination — at approximately a half-million.<sup>8</sup>

The current inventory of vacant properties results from two main causes: the foreclosure crisis as well as long-term urban decline, depopulation, and disinvestment. Many Rust Belt cities have seen substantial population loss since their twentieth-century peaks as residents left for suburbs or other regions. This decline in the number of households has created a tremendous gap between housing supply and demand. Not only does this mismatch leave many structures vacant, but it severely weakens local housing markets, limiting the potential of market-based solutions to vacancy.<sup>9</sup> Jobs and retail likewise suburbanized in the latter half of the twentieth century, leaving behind former sites of industrial production and commercial activity. The shrinking population — and the typically lower incomes of those who remain — are often insufficient to support commercial revitalization.<sup>10</sup> Former industrial centers such as Baltimore, Cleveland, Detroit, and Gary, Indiana are dotted with empty factories and have thousands of foreclosures and vacant residential properties. Sun Belt metropolitan areas that were booming just a decade ago now suffer from widespread foreclosures.<sup>11</sup> Both residential and commercial foreclosures are at high risk of becoming vacant or abandoned.<sup>12</sup> Former occupants are likely to vacate the property, and because the costs associated with the foreclosure process are high and the value of a given property is often very low, lenders or servicers may walk away.<sup>13</sup> In Nevada, Arizona, Florida, and Georgia, all states with high foreclosure rates, nonseasonal vacancies increased by more than 85 percent between 2000 and 2010.<sup>14</sup>

### Measuring the Impacts

Vacant and abandoned properties have negative spillover effects that impact neighboring properties and, when concentrated, entire communities and even cities. Research links foreclosed, vacant, and abandoned properties with

reduced property values, increased crime, increased risk to public health and welfare, and increased costs for municipal governments.

Studies attempting to quantify the effect of foreclosures on surrounding property values find that foreclosures depressed the sales prices of nearby homes by as little as 0.9 percent to as much as 8.7 percent.<sup>15</sup> Foreclosed homes may or may not become vacant or abandoned, at which point a distressed property may have a more pronounced effect on surrounding properties. In a study of Columbus, Ohio, Mikelbank finds that vacant properties have a more severe impact on their immediate surroundings than do foreclosures, which have a relatively modest impact but over a larger area.<sup>16</sup> Whitaker and Fitzpatrick also separate vacant properties from foreclosures in assessing spillover effects, finding that in the Cleveland area, being within 500 feet of a vacant property depresses the sale price of a nondistressed home by 1.7 percent in



low-poverty areas and 2.1 percent in medium-poverty areas.<sup>17</sup> Research also suggests that the longer a property remains vacant, the greater its impact on surrounding property values and the larger the radius of this effect.<sup>18</sup> A study of Baltimore finds that this impact is confined to within 250 feet of properties that have been abandoned for less than 3 years; after 3 years, however, the impact can extend as far as 1,500 feet (although at a smaller magnitude).<sup>19</sup>

Vacant and abandoned properties are widely considered to attract crime because of the “broken windows theory” — that one sign of abandonment or disorder (a broken window) will encourage further disorder.<sup>20</sup> Increased vacancies leave fewer neighbors to monitor and combat criminal activity. Boarded doors, unkempt lawns, and broken windows can signal an unsupervised safe haven for criminal activity or a target for theft of, for example, copper and appliances.<sup>21</sup> Cui’s study of Pittsburgh

shows that foreclosure has no effect on crime; however, after a property becomes vacant, the rate of violent crime within 250 feet of the property is 15 percent higher than the rate in the area between 250 and 353 feet from the property. In addition, longer periods of vacancy have a greater effect on crime rates.<sup>22</sup> In a study of Philadelphia, Branas, Rubin, and Guo report an association between vacant properties and risk of assault, finding vacancy to be the strongest predictor among almost a dozen indicators after controlling for other demographic and socioeconomic variables.<sup>23</sup>

Arson is a particular problem for vacant and abandoned properties. The U.S. Fire Administration estimates that there were 28,000 fires annually in vacant residences between 2006 and 2008, with half of these spreading to the rest of the building and 11 percent spreading to a nearby building. The organization also estimates that 37 percent of these fires were intentionally set and that 45

deaths, 225 injuries, and \$900 million in property damage result from these fires each year.<sup>24</sup> Because vacancies are so closely associated with arson, vandalism, and other crimes, local ordinances routinely label vacant or abandoned properties as a threat to the health and welfare of the community.<sup>25</sup>

Local governments bear the cost of maintaining, administering, and demolishing vacant and abandoned properties as well as servicing them with police and fire protection and public infrastructure. One study calculated that the city of Philadelphia spends more than \$20 million annually to maintain some 40,000 vacant properties, which cost a conservatively estimated \$5 million per year in lost tax revenue to the city and school district.<sup>26</sup> In their 2005 Chicago study, Apgar, Duda, and Nawrocki estimate direct municipal costs ranging from \$430 for a foreclosed and vacated property sold at auction to \$34,199 for a vacant property destroyed by fire, based on varying durations of vacancy,

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City of Lansing Development Office

The “I Wish This Were A...” project in Lansing, Michigan invites community members such as the woman pictured above to reimagine use of this abandoned store.

# Federal Resources Aid Local Responses

Local governments, nonprofits, and residents combat vacancy and abandonment with limited and often dwindling resources. The areas hardest hit by the high costs of vacancy and abandonment tend to be those struggling most with economic decline and falling public revenues. Federal programs and policies offer important aid to municipalities facing the challenges posed by foreclosed and vacant properties, including longstanding programs such as HUD's Community Development Block Grant and HOME Investment Partnerships programs. Both of these programs offer localities considerable flexibility in how they allocate funding; they can be used, for example, to fund the purchase and rehabilitation of vacant homes.<sup>1</sup>



A vacant lot in North Philadelphia.

Harvey Finkle

In response to the foreclosure crisis, the Neighborhood Stabilization Program (NSP) was created to significantly augment local efforts to purchase, rehabilitate, demolish, and reuse foreclosed and vacant properties.<sup>2</sup> The program originated through a \$3.9 billion appropriation in the Housing and Economic Recovery Act of 2008, with another \$2 billion (NSP 2) as part of the American Recovery and Reinvestment Act of 2009 and a third, \$1 billion allocation (NSP 3) as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. No continuing appropriations exist for NSP, although some grantees have yet to expend their funds.

As of June 2013, the NSP programs had affected nearly 70,000 housing units around the United States: 7,836 units had been acquired, 26,595 units had been cleared or demolished, 9,893 families received homeownership assistance, and 25,119 units had been rehabilitated or newly constructed.<sup>3</sup>

The Reinvestment Fund conducted an evaluation that compared NSP Investment Clusters — areas in which NSP investment was concentrated — with three comparable markets without concentrations of NSP investments. The study found that “74% of all [NSP Investment Clusters] trended better than at least one of their comparable markets when it came to vacancy rate change between the first half of 2008 and the first half of 2012. 28% *beat every comparable against which they were studied* [emphasis in original].”<sup>4</sup> A HUD-funded evaluation of NSP conducted by Abt Associates began in early 2011 and will be released in 2014.

<sup>1</sup> John Kromer. 2002. “Vacant-Property Policy and Practice: Baltimore and Philadelphia,” *Brookings Institution Center on Urban and Metropolitan Policy*, 41; Justin B. Holander, Niall G. Kirkwood, and Julia L. Gold. 2010. *Principles of Brownfield Regeneration: Cleanup, Design, and Reuse of Derelict Land*, Washington, DC: Island Press, 12–3; U.S. Government Accountability Office. 2011. “Vacant Properties: Growing Number Increases Communities’ Costs and Challenges,” 7–8.

<sup>2</sup> Paul A. Joice. 2011. “Neighborhood Stabilization Program,” *Cityscape: A Journal of Policy Development and Research* 13:1, 136–8.

<sup>3</sup> “NSP Production Reports,” OneCPD Resource Exchange website ([www.onecpd.info/resource-library/nsp-production-reports/](http://www.onecpd.info/resource-library/nsp-production-reports/)). Accessed 23 February 2014.

<sup>4</sup> The Reinvestment Fund. 2013. “Summary of Nationwide NSP Investment Cluster (NIC) Performance and Analysis Methodology,” 2.

remediation efforts, and other circumstances such as crime.<sup>27</sup> Doors and windows must be secured and often covered with plywood, lawns cut, and trash removed. Maintenance costs vary according to the property’s location and condition. For example, Chicago officials estimated costs of \$875,000 to board up or secure 627 properties in 2010, whereas Detroit officials estimated costs of \$1.4 million to do the same for 6,000 properties over a period of nearly a year and a half. Lawn mowing costs can add up quickly, as in the case of the \$25 spent on each of Detroit’s 45,000 city-owned lots and properties.<sup>28</sup> A 2009 study from Baltimore concluded that each vacant property on a block increased annual police and fire expenditures by \$1,472.<sup>29</sup> According to a study of vacant and abandoned properties in Oklahoma City, commercial properties disproportionately affect these public safety costs. Although commercial properties make up only 3

percent of Oklahoma City’s vacancies, they account for approximately 40 percent of all police and fire calls.<sup>30</sup>

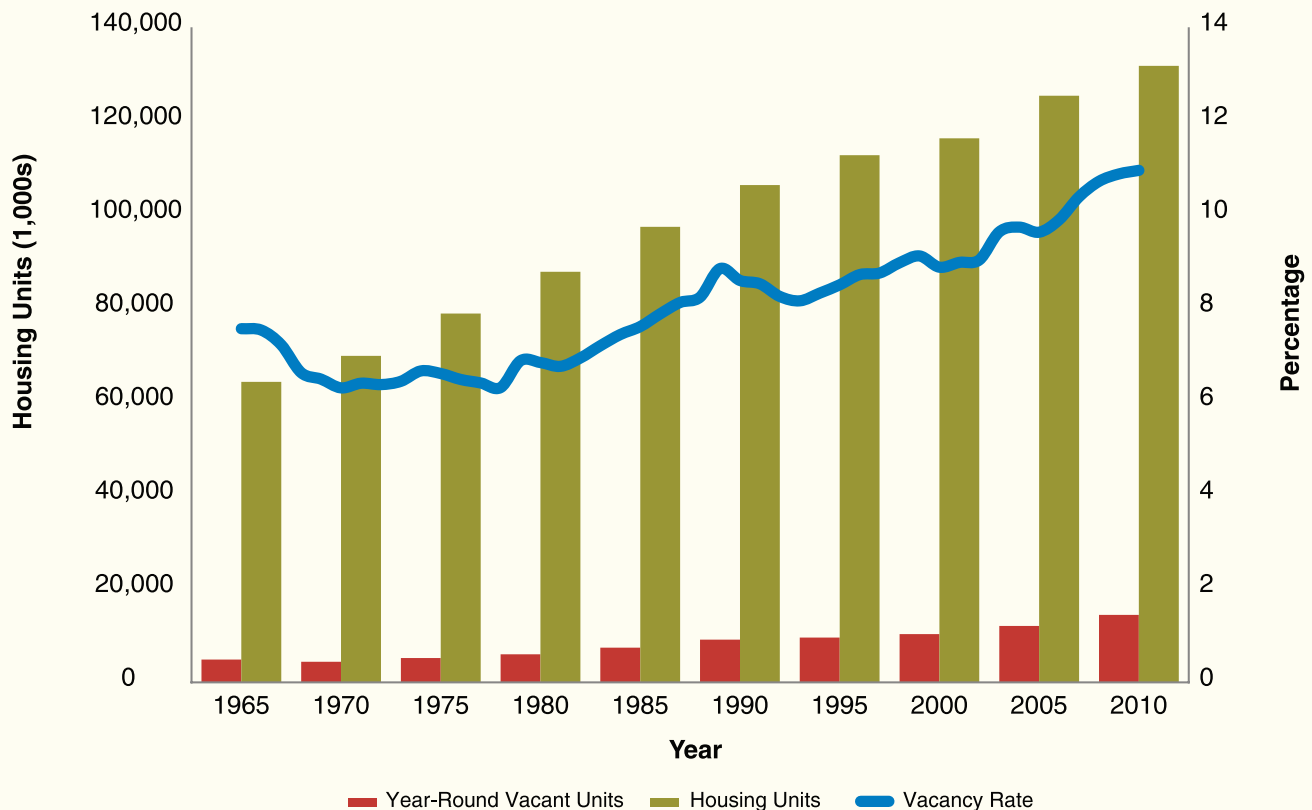
Demolition costs can vary widely based on several factors, including whether the home is attached to occupied residences, such as a Baltimore row house that can cost \$40,000 to demolish, or whether it contains asbestos or lead-based paint. GAO states that demolition typically costs between \$4,800 and \$7,000 per property.<sup>31</sup> Municipalities also incur administrative costs as they search for owners, enforce codes, and oversee foreclosures, although they may recover some of these costs through fines or fees if an owner can be identified and compelled to pay. Vacancies also reduce local government revenues directly, because owners may walk away from their tax obligations, and indirectly, because of their impact on nearby property values and tax assessments. Although in some instances cities can recover

this lost revenue through tax lien sales, in others property ownership reverts to the city, which has no viable option other than demolition.<sup>32</sup>

### Responding to Vacant and Abandoned Properties

Because of the mounting costs and difficulties that vacant and abandoned properties place on communities, government, nonprofit, and community stakeholders are taking measures to stem and even reverse the tide of foreclosure, vacancy, and abandonment. In some cases, the scale of the problem — and the data infrastructure, code enforcement staff, expertise, and funding required to tackle it — overwhelms the capacity of local governments to manage it.<sup>33</sup> A significant challenge for most jurisdictions is to identify the number, location, and ownership of vacant properties.<sup>34</sup> Information regarding possible vacancies is often spread among several agencies, and

## U.S. Housing Units and Year-Round Vacancy Rate, 1965–2010



Sources: 1965 to 1999 data from “Table 7. Annual Estimates of the Housing Inventory: 1965 to Present,” and 2000 to 2010 data from “Table 7a. Annual Estimates of the Housing Inventory.” U.S. Census Bureau. 2012. “Housing Vacancies and Homeownership: Historical Tables,” Current Population Survey/Housing Vacancy Survey. See sources for additional explanatory notes. [www.census.gov/housing/hvs/data/histtabs.html](http://www.census.gov/housing/hvs/data/histtabs.html). Accessed 6 February 2014.

records of ownership or responsibility for a property can be murky, dispersed among occupants, investors, servicers, and lenders. Despite these difficulties, communities need recent and reliable data to understand the problems they face, inform decisionmaking and policy, and tailor responses to the varying conditions and characteristics of the cities, neighborhoods, and properties in question.<sup>35</sup> To help local officials track problem properties, many jurisdictions have enacted vacant property registration ordinances that require owners to register their property and, typically, pay a fee.<sup>36</sup> Fees that escalate the longer a property remains vacant can create a disincentive for owners to mothball properties, encouraging them to return these properties to productive use; in addition, revenue from these fees

offsets the costs associated with vacant properties.<sup>37</sup>

The Reinvestment Fund and the National Neighborhood Indicators Partnership have been critical resources for localities developing data tools and systems to track and address their vacant properties. In the city of Syracuse, New York, an IBM Smarter Cities team developed a forecasting model to help identify neighborhoods and properties at risk of vacancy-related problems and those in which an intervention would have the greatest impact. As the researchers put it, “The city’s goal is to move from decision-making based on ‘educated anecdotes’ and reactive strategies aimed at the most urgent need, to policy development based on informed, holistic insight, and proactive interventions

that prevent and reverse decline,”<sup>38</sup> (see “Targeting Strategies for Neighborhood Development,” p. 15).

As local officials learn of potential vacant and abandoned properties through registration, neighbor complaints, visual surveys, property tax delinquency, or other means, they typically turn first to code enforcement and tax liens to make owners take responsibility for the property and return it to productive use. Vacant and abandoned properties can quickly fall into enough disrepair that they no longer comply with local building codes. Code enforcement officials, who are empowered to secure properties that pose a threat to public health, safety, and welfare, can then issue citations and levy fines on problem properties.<sup>39</sup> Successful early intervention

## A Fresh Face for Vacant and Abandoned Buildings

Vacant and abandoned properties are often easy to spot. The telltale signs of neglect — overgrown lawns, sagging gutters, and accumulating debris — can be a primary mechanism for the contagion or spillover of negative effects of vacant and abandoned properties.<sup>1</sup> Even boarding up the windows and doors, the typical method of securing a vacant property, can turn the property into an eyesore and act as a visual reminder of its distress.

Several recent innovations attempt to shift these perceptions by taking advantage of alternatives to bare plywood. Even a simple coat of paint — an extra step and expense for those securing properties — can improve the appearance of a boarded door or window. The vacant property ordinance in Nashville, Tennessee, for example, requires that plywood be painted a color that matches the building.<sup>2</sup> More elaborate paintings, such as those by Christopher Toepfer of The Neighborhood Foundation, add details such as windowpanes or flowers. Decals that appear to be functional doors and windows, such as those produced by the Michigan-based company Home Illusions, can make a house look occupied, at least from a distance.<sup>3</sup>

A company in Cleveland takes this approach a step further by replacing the unsightly plywood boards altogether. Clear plastic panels made from recycled materials offer the security of plywood and the appearance of glass with the added benefit of allowing police and other officials to look inside, thereby discouraging illegal activities.<sup>4</sup>

No research yet exists to measure the potential benefits of these cosmetic efforts. The slightest scrutiny of these facades betrays the underlying state of distress. Yet the camouflaging or replacement of plywood doors and windows might reduce the negative externalities often associated with vacant and abandoned properties, and, at the very least, make them look a little nicer.



Artist Christopher Toepfer of The Neighborhood Foundation painted a brighter face on the historic Arcade Building in Jamestown, New York.

Christopher Toepfer

<sup>1</sup> John P. Harding, Eric Rosenblatt, and Vincent W. Yao. 2009. “The Contagion Effect of Foreclosed Properties,” *Journal of Urban Economics* 66, 164–78.

<sup>2</sup> “Ordinance No. BL2007-40,” City of Nashville website ([www.nashville.gov/mc/ordinances/term\\_2007\\_2011/bl2007\\_40.html](http://www.nashville.gov/mc/ordinances/term_2007_2011/bl2007_40.html)). Accessed 4 February 2014.

<sup>3</sup> Conor Dougherty. 2013. “Decorative Details Disguise Boarded-Up Houses,” *The Wall Street Journal*, 21 November. Accessed 4 February 2014.

<sup>4</sup> *Ibid.*



is the best course of action because deterioration compounds quickly over time. One of the greatest obstacles to timely and effective code enforcement, according to Joseph Schilling, director of the Metropolitan Institute at Virginia Tech, is tracking down and holding responsible the owners and servicers of loans in default.<sup>40</sup> Real estate owned (REO) properties pose special challenges. Mortgage servicers, which are usually national or international companies, must contend with the local laws and codes that apply to a given property. When officials can identify the property owners and hold them responsible, they can ensure that code violations are rectified and mitigate the negative impact of the property. If the owners are not responsive, local governments can take control of the property and pursue the appropriate course: either rehabilitation or demolition and reuse.

Although neglected upkeep may be the most visible sign of vacancy (and one that is likely to result in a code violation), “property tax delinquency,” Alexander and Powell find, “is the most significant common denominator among vacant and abandoned properties.”<sup>41</sup> When an owner stops paying property taxes, local governments initiate a tax-foreclosure process by placing a tax lien on the property. The lien is intended both to recover taxes owed and to prompt the owner to take responsibility for the property. Owners typically have the opportunity to pay off the lien, but the property reverts to the municipality if the owner has walked away from it. Both lost property tax revenues and reverted properties can pose problems for local governments, although the latter can also present an opportunity to exert some control over reuse of the property if the municipality is prepared to do so, such as through a land bank.

When a local government takes ownership of a property, it typically will attempt to transfer responsibility to a new owner as quickly as possible through the sale of either tax liens



In partnership with community-based Operation Better Block's Jr. Green Corps, Pittsburgh nonprofit GTECH Strategies engaged local youth to green this vacant lot in the Homewood neighborhood.

GTECH Strategies

or the properties themselves. These processes, which can vary in form, must balance the rights of property owners with the public's interest in promptly moving properties into responsible ownership and productive use. Tax liens and tax-foreclosed properties can be auctioned, sold in bulk, or, where legal, transferred to land banks, community development corporations (CDCs), or other nonprofits. In a study of tax-foreclosure practices in Flint and Detroit, Dewar finds that expedited property auctions, which require full payment on the day of the auction and do not give bidders an opportunity to assess the quality of the property beforehand, favor investors and speculators. These sales provide municipalities with immediate revenue, but they ultimately result in continuing disinvestment and recurring foreclosures.<sup>42</sup> Similarly, laws that require municipalities to sell tax-foreclosed properties to the highest bidder favor speculators over other types of bidders.<sup>43</sup> Speculative investment in vacant and abandoned properties is not necessarily bad for neighborhood stability; these investors may well be responsible property owners. Dewar argues, however, that more deliberative processes could result in more property being taken over by owner occupants,

neighbors, land banks, and nonprofits.<sup>44</sup> Among the tools available to local governments to discourage irresponsible investors are strict code enforcement; rental registration and licensing; a rental conversion fee imposed when an owner-occupied property becomes a rental; and a requirement that all liens, taxes, and code violations be resolved before any transfer of property.<sup>45</sup>

## Matching Strategies to Market Conditions

Code enforcement and tax foreclosure can result in owners taking responsibility for or selling properties, public ownership of vacant properties, or public sale of properties to new owners. Local market conditions will govern the possible reuses of these properties. Governments and nonprofits are using data tools to create neighborhood typologies based primarily on market conditions to guide reuse strategies. In stronger markets, policymakers and community organizations attempt to prevent vacancies in the first place or keep them from spreading, get responsible owners and occupants into vacant properties as quickly as possible, and try to stabilize property values and reverse decline. An emerging trend among these stakeholders is to target resources in stronger neighborhoods

that are at risk but are not yet distressed.<sup>46</sup> In other cases, resources have been concentrated in low-income target areas to reach the critical mass needed to sustain private investment.<sup>47</sup> In such distressed neighborhoods, markets may be too weak to facilitate the reoccupancy of vacant properties. In shrinking cities, large-scale demolition and repurposing are needed to reduce the supply of housing to match demand as well as to deal with properties that cannot be rehabilitated cost effectively for market sale or rental. (For more detail on the methodologies and applications of such efforts, see “Targeting Strategies for Neighborhood Development,” p. 15.)

**Strategies for Stronger Markets.** Stronger markets offer the possibility of keeping owner occupants in homes at risk of becoming vacant or quickly reoccupying homes that have already become vacant. Foreclosure prevention programs, rehabilitation for sale, or scattered-site rental housing are among the stronger market strategies that promise to reduce

the inventory of vacant homes. Neighborhood marketing and commercial revitalization strategies can help these neighborhoods retain and attract residents by stimulating the demand necessary to reoccupy vacant homes. Some severely dilapidated vacant properties in these neighborhoods might still require demolition, but these typically would be single lots, which would provide opportunities for small-scale reuse such as side-lot adoption or community gardens.

Because foreclosures are a major cause of vacancy in stronger markets, limiting them could go a long way toward stabilizing these neighborhoods. “Not all distressed borrowers can avoid losing their homes,” explains law professor and financial services expert Patricia A. McCoy, “but in appropriate cases — where modifications can increase investors’ return compared to foreclosure and the borrowers can afford the new payments — loan modifications can be a win-win for all.”<sup>48</sup> Loan modification

and refinancing programs, augmented by foreclosure counseling, aim to keep owner occupants in their homes. Major initiatives in foreclosure prevention include two federal programs: the Home Affordable Modification Program (HAMP) and the National Foreclosure Mitigation Counseling program (NFMC). HAMP has processed more than 1.2 million permanent loan modifications since 2009.<sup>49</sup> HAMP participants have high rates of redefault, however, reaching 46 percent in 2013 for modifications initiated in 2009.<sup>50</sup> A 2012 assessment of HAMP found that although the program led to a modest reduction in the rate of foreclosures, it reached only about a third of eligible households and had an adverse effect on loan renegotiations outside of the program.<sup>51</sup> Mayer et al. find better results for NFMC, concluding that the program improved loan quality for participants, reducing monthly payments by 7.8 percent.<sup>52</sup> By keeping owner-occupants in their homes, foreclosure prevention programs can avoid many



McAllen Public Library

The community of McAllen, Texas reclaimed this abandoned big box store as a new home for its main public library.

of the problems such as code violations (the visible signs of neglect) that arise once a property becomes vacant.

Vacant properties may require rehabilitation before they can be reoccupied. Healthy markets may offer private investors sufficient economic incentives to purchase, rehabilitate, and resell formerly vacant properties. In other cases, public subsidy or a nonprofit's intervention may be able to turn a vacant home into an owner-occupied one. Although owner occupancy might be the most desirable reuse of foreclosed and vacated properties, investor activity, through both market sale and tax-foreclosure auctions, has opened up scattered-site rental of single-family homes as one way of dealing with still-habitable residences located in neighborhoods with sufficient rental demand. Danilo Pelletiere, former research director of the National Low Income Housing Coalition and current HUD economist, suggests that "the new and returning households that are needed to reduce vacancy and stabilize neighborhoods are most likely to be renters, whether by choice or from necessity, a trend that is already observable."<sup>53</sup> CDCs would also likely have an interest in acquiring tax-foreclosed properties and operating them as rentals, both to increase the stock of affordable housing and to stabilize the neighborhoods in which they have already invested. CDCs are likely to face significant challenges, however, in managing scattered-site rental properties, which by one estimate cost 25 to 30 percent more to manage compared with multifamily properties.<sup>54</sup> "First look" programs allow nonprofits or a particular type of buyer, such as neighbors, to bid on REO or tax-foreclosed properties before other investors do. The National First Look Program gives Neighborhood Stabilization Program grantees the opportunity to acquire properties owned by Fannie Mae and Freddie Mac before they are offered to the highest bidder.<sup>55</sup> In some instances, lenders or mortgage servicers may agree to rent to the former owners of foreclosed homes, offering some of the same benefits to the community as foreclosure prevention.<sup>56</sup>

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## Strategies to reoccupy vacant homes, either by owners or renters, depend on a neighborhood's ability to retain and attract residents.

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Strategies to reoccupy vacant homes, either by owners or renters, depend on a neighborhood's ability to retain and attract residents. Efforts to market a neighborhood can help stabilize housing markets and reduce vacancy and abandonment. The Healthy Neighborhoods Initiative of the Greater Milwaukee Foundation, for example, conducted tours of neighborhoods that it had targeted for image promotion, resulting in the sale of 22 vacant homes to first-time homebuyers.<sup>57</sup> NeighborWorks America, a national housing and community development nonprofit, has recognized neighborhood marketing and branding as a strategy for strengthening housing demand and attracting private investment. In 2012, the organization worked intensively with 16 neighborhood organizations to aggressively market neighborhoods.<sup>58</sup>

Residential stabilization and revitalization would be aided and complemented by commercial revitalization in areas with markets strong enough to support it. Vibrant residential neighborhoods can better support neighborhood retail, and abundant retail options, in turn, will help attract and retain residents. "Rebuilding neighborhood retail should be planned comprehensively as an integral piece of the larger community that surrounds it, and it should be tailored to the realities of the area," write Beyard, Pawlukiewicz, and Bond.<sup>59</sup> They argue that public-private partnerships with a long-term commitment to reinvestment are necessary to rebuild neighborhood retail.<sup>60</sup>

Even in neighborhoods with relatively healthy housing markets, however, selective demolition may be necessary when vacant properties are severely dilapidated. When the cost of rehabilitating a vacant

or abandoned property exceeds its expected market value after rehabilitation, market-based solutions would be unlikely to result in remediation. Although a vacant lot typically has less adverse impact on surrounding properties than a vacant or abandoned structure, demolition programs could also plan for what to do with the vacant lot that remains once the structure is removed, such as turning the lot into a landscaped pedestrian pathway or bike trail, a park, a parking lot, or a community garden.<sup>61</sup> Research shows that the Pennsylvania Horticultural Society's Philadelphia LandCare program, which clears and landscapes vacant lots, has improved residents' perception of safety, reduced certain gun crimes, and boosted property values.<sup>62</sup> Vacant properties that have been reused as community gardens, according to one study, have a positive effect on nearby property values up to 1,000 feet from the garden. The researchers find that these gardens can have the greatest impact in high-poverty neighborhoods.<sup>63</sup>

***Strategies for Weak Markets and Shrinking Cities.*** In neighborhoods where housing markets are weak, where supply far exceeds demand, and in cities that are losing population, many of the strategies discussed above are unlikely to result in owner-occupied use of once-vacant properties. As Mallach and Brachman advise, "Cities such as Youngstown or Detroit, where 30 percent of their land areas are vacant — and which continue to lose population — need to think about land reutilization in fundamentally different ways than a city in which 10 percent or less of its land area is vacant, or where the city's population appears to be stabilizing, such as Milwaukee or Newark."<sup>64</sup> Even cities with overall population stability or growth



An example of successful brownfield redevelopment, the former Pfister & Vogel leather tannery (left) is now the site of The North End apartments along the Milwaukee River in downtown Milwaukee, Wisconsin (right).

may still have neighborhoods or groups of neighborhoods in which markets cannot support revitalization strategies such as scattered-site rental housing or neighborhood marketing.

Cities that have lost half or more of their peak populations have a far larger housing supply, transportation and utilities infrastructure, and service area than they have people to use and pay for them. For decades, planners and politicians alike have attempted to grow their cities out of such problems. Increasingly, however, they are looking toward “rightsizing” or “smart decline” as a way to adjust city services and housing stock to suit smaller populations. Youngstown, Ohio and Flint, Michigan are two cities in which planners have explicitly acknowledged the need to adjust to declining populations.<sup>65</sup> Right-sized cities will more efficiently allocate limited resources if, for example, residents are concentrated in denser areas, allowing the city to shunt infrastructure currently serving few residents. But, says Brent D. Ryan, professor of urban design and public policy at the Massachusetts Institute of Technology,

rightsizing is a controversial, “yet-unproved process” that raises issues of equity, among others.<sup>66</sup> City officials cannot force residents to relocate to denser areas, and creating incentives to encourage residents to leave their homes can be difficult. Even cities with rampant vacancy have residents scattered amidst otherwise empty blocks.<sup>67</sup>

The interventions that may be necessary to address vacant and abandoned properties in neighborhoods with weak markets and in shrinking cities include large-scale demolition and repurposing.<sup>68</sup> Cities such as Buffalo, which in the 2000s conducted a “5 in 5” campaign to demolish 5,000 properties in 5 years, can barely keep up with the backlog of thousands of vacant properties.<sup>69</sup> As noted above, demolition can be extremely costly. To aid state and local efforts to fund large-scale demolition, the U.S. Department of the Treasury has authorized the use of the Hardest Hit Fund (part of the Troubled Asset Relief Program) for demolition in 18 eligible states and the District of Columbia, although no funds had been expended for that

purpose as of June 30, 2013.<sup>70</sup> In Ohio, the attorney general chose to designate up to \$75 million of the state’s share of the National Mortgage Settlement to reimburse counties for demolition. As of February 4, 2014, Ohio counties had expended over \$65 million to demolish 8,390 units, with approximately \$41 million of that total reimbursed by the attorney general.<sup>71</sup> Although these funding sources are vital for communities struggling to keep up with demolition demands, they are not ongoing, so alternatives will be needed if large numbers of properties continue to be slated for demolition.

Large swaths of vacant land require large-scale repurposing strategies such as urban agriculture, woodlands, or parks and recreation facilities.<sup>72</sup> Such green reuses promise the added benefit of improving stormwater management. Heavy rainstorms frequently overwhelm the combined sewer and stormwater infrastructure of many older cities, forcing them to dump untreated sewage mixed with stormwater into waterways at an estimated rate of 850 billion gallons annually.<sup>73</sup> Diverting rainwater to these



Mandel Group

repurposed properties not only addresses this significant environmental problem but also reduces air pollution and surface area temperatures, lowers municipal stormwater management costs, and enhances neighborhood aesthetics.<sup>74</sup> Land banks can be especially effective in banking contiguous lots for larger repurposing projects (see “Countywide Land Banks Tackle Vacancy and Blight,” p. 18). Brownfields, which are common in former industrial centers, present opportunities for large-scale repurposing as open green or recreational spaces, community gardens or farms, or brightfields — sites for generating wind or solar power.<sup>75</sup> Would-be developers of brownfields must consider the costs of site assessment, remediation, and liability against profit expectations, which can be limited by weak markets and other macroeconomic factors.<sup>76</sup> Creative, organic, and sometimes temporary uses of vacant land emerge when neighbors and other residents act ahead of city governments, land banks, or developers (see “Temporary Urbanism: Alternative Approaches to Vacant Land,” p. 28). In Brightmoor, a Detroit neighborhood with a high vacancy rate and a population of roughly

1,700, residents purchased or took responsibility for nearly 100 nearby vacant lots, consolidating them with their own property for their own use. Sometimes such organic use is illegal, as in the case of scavenging or squatting.<sup>77</sup>

## Turning Liabilities Into Assets

Vacant and abandoned properties present daunting challenges to communities nationwide. Evidence shows that vacant and abandoned properties drag down local economies, impede population growth, depress property values, increase crime, and impose heavy cost burdens on local governments.

Cities and communities are increasingly using data to inform the targeted deployment of limited resources and are addressing problem properties with a range of strategies that fit local market and demographic conditions. “What you have to be able to do,” says Alan Mallach of the Brookings Institution and the Center for Community Progress, “is to come up with ways to reuse the lots so that they will hopefully enhance, and at a minimum not detract from, the attractiveness of the neighborhood to homebuyers, investors, and rehabbers.”<sup>78</sup> In some cases, such measures might spur redevelopment and economic revitalization. In other cases, it might be more appropriate to focus on managing decline in ways that improve the quality of life for those who remain. “Instead of cities focusing so much on growing, they should really focus on making themselves attractive and having the market respond to that,” says Justin Hollander, associate professor of urban and environmental policy and planning at Tufts University. “If a place becomes more desirable, it likely will lead to further growth in the future.”<sup>79</sup>

More research will be needed to empower policymakers, investors, and citizens to make evidence-based decisions on difficult choices, such as when to rehabilitate and when to demolish, whether to have a judicial or administrative foreclosure process, whether to convert a brownfield to an affordable

housing development or a green space, or whether a particular area should pursue smart growth or smart decline. Innovative design techniques promise to expand the range of options for reuse. As practitioners experiment with creative new uses of formerly vacant and abandoned properties, researchers will need to evaluate strategies and determine which work and which do not, which are most cost effective, and which are most sustainable. More research will help decisionmakers become better equipped to turn problem properties into assets that will stabilize and revitalize neighborhoods and improve residents’ quality of life. **EM**

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# Targeting Strategies for Neighborhood Development

A critical component of efforts to combat vacancy and redevelop cities is determining how best to allocate limited funds. Many managers and researchers agree that simply distributing dollars evenly among a city's neighborhoods or focusing only on its very worst neighborhoods will usually yield only small improvements that do not spur enough private investment to improve overall conditions. Some form of targeting is necessary, ranging from custom-tailored solutions at the neighborhood (or even block) level to extensive assistance focused on just a few neighborhoods.

However, the process of targeting neighborhoods within a city for additional investment — or for managed decline, in more extreme cases — will always be controversial. In many cities, failed urban renewal policies of past decades have left a legacy of mistrust. And every neighborhood, no matter how blighted or sparsely populated, is someone's home.

History and research show that each city's redevelopment effort is unique, both in terms of the relative needs and challenges of its neighborhoods and the political, economic, and social pressures that influence how resources are targeted. Despite this variation, however, some strategies have emerged for evaluating degrees of neighborhood distress and creating categories for how to focus response. Many cities and organizations are developing data-driven tools to respond to vacancy and the community problems that vacant properties can create (see "Vacant and Abandoned Properties: Turning Liabilities Into Assets," p. 1). As these systems

## Highlights

- To better allocate neighborhood development funds, cities are using programs such as The Reinvestment Fund's Market Value Analysis system to create neighborhood typologies based on local indicators.
- Typology systems can target strategies such as code enforcement, rehabilitation, and demolition to local needs as well as anticipate areas and parcels at risk of future vacancy.
- The Neighborhoods in Bloom program in Richmond, Virginia successfully raised property values in distressed neighborhoods by coordinating and concentrating government and nonprofit resources in seven neighborhoods.

evolve — provided that the political partnerships necessary to effect policy change are maintained — they also can help cities zero in on at-risk neighborhoods and prevent further problems.

The Reinvestment Fund (TRF), a Philadelphia-based community development financial institution, has developed a tool that some major cities have used to help match neighborhood needs to investment strategies. TRF's Market Value Analysis (MVA) system combines available local administrative data with relevant proprietary data to generate a typology of neighborhoods at the census-block-group level. Although the

data used in each city's MVA may vary, indicators consistently used include the following:

- Median and variability of housing sale prices.
- Housing and land vacancy.
- Mortgage foreclosures as a percentage of units (or sales).
- Rate of owner occupancy.
- Presence of commercial land uses.
- Share of the rental stock that receives a subsidy.
- Density.<sup>1</sup>

The MVA system evaluates these indicators with cluster analysis, resulting in a neighborhood typology; a 2007–2008



The approach to redeveloping a distressed property like the one above depends not only on the condition of the structure itself, but also on the condition of the neighborhood in which it is located.



Baltimore's Vacants to Value initiative includes strategies such as whole-block redevelopment in distressed areas like this street in the city's Westport neighborhood.

analysis of Philadelphia, for example, categorized block groups as “regional choice/high value,” “steady,” “transitional,” or “distressed.”<sup>2</sup> In 2010, TRF argued for focusing the large infusion of Philadelphia’s Neighborhood Stabilization Program (NSP) funds on the city’s more transitional markets or on distressed markets with steadier markets surrounding them. As Ira Goldstein, president for policy solutions at TRF, writes, “NSP funds will make the most impact when invested in areas where objective and systematic data show the housing market is functioning reasonably well.”<sup>3</sup> This statement does not mean that larger distressed areas should not receive assistance — rather, it argues that large, one-time infusions of capital may be more effectively applied to areas where other funding sources can be better leveraged.

In addition to Philadelphia, TRF has generated MVAs for Pittsburgh, Newark, San Antonio, Baltimore, Washington, Detroit, and many other cities, often

funded by a combination of government and philanthropic funds.<sup>4</sup> These analyses have helped cities reach varied goals; in Baltimore, for example, the creation of a neighborhood typology underpinned the city’s Vacants to Value initiative, which has six strategies targeted to neighborhood types, including using targeted code enforcement in stronger markets to penalize negligent property owners and trigger rehabilitation while supporting larger-scale redevelopment in more distressed areas and selectively holding or demolishing properties where short-term redevelopment is unlikely.<sup>5</sup> As of January 2014, Vacants to Value has resulted in more than 1,500 rehabilitated properties, more than 1,100 receivership cases filed, more than 100 demolitions, and nearly \$90 million in private investment.<sup>6</sup>

The MVA model, which focuses on housing market metrics, is only one of many approaches to data-based targeting. Depending on data availability and a city’s needs, other systems may emphasize

crime statistics, educational data, or other social and demographic factors. Further, data-focused targeting systems can help cities not only combat existing vacancy but also forecast areas at risk for future vacancy. Through the company’s Smarter Cities Challenge, IBM helped the local government of Syracuse, New York, move from reactive to proactive interventions. IBM developed a data clearinghouse to normalize data from various city and external sources, including property features, neighborhood indicators, police call information, and census data.<sup>7</sup> The company’s team then used an algorithm to determine key indicators that suggested that a property was vacant — principally, the number of code violations, “the full value assessment of the parcel, whether the property owner of record lives in Syracuse, and the year built.”<sup>8</sup> These indicators were used to generate a parcel-level score for the vacancy risk of residential properties.

IBM applied a parallel process to determine which features predict



increased neighborhood-level vacancy rates, finding that “[m]ale unemployment emerged as the most dominant factor. Average family size, percentage of median family income, percentage of controlled substance calls to a neighborhood, percentage of disturbance calls, and percentage of local law violation codes also added significance to the model.”<sup>9</sup> With this analysis, IBM categorized neighborhoods as “distressed,” “transitional,” “bubble,” or “stable.” Through a combination of parcel-level risk scores and neighborhood typologies, Syracuse is better positioned to anticipate properties at risk for vacancy and take preventative measures.

Regardless of the specific methodology employed, the city’s political context is an important factor in determining how these typologies are applied. One city often held up as a success story is Richmond, Virginia and its Neighborhoods in Bloom (NiB) program. Because of

funds to their CDC partners, who in turn also targeted the neighborhoods.<sup>11</sup> The city also provided improved services to most of the neighborhoods, including enhanced code enforcement, public safety, and homeowner counseling.<sup>12</sup>

The NiB program showed positive results after five years. Using an adjusted interrupted time series methodology, Galster et al. found that home values in NiB neighborhoods went from being 35.5 percent lower than the citywide average in 1999 to slightly higher than average by 2004.<sup>13</sup> Neighborhoods throughout the city with similar challenges to those participating in NiB — de facto “control” neighborhoods — did not experience significant gains over the same time period. Galster et al. further calculated that “NiB’ produced such a robust fiscal return on the city’s initial investment that it will likely pay for itself in 20 years through enhanced tax revenues.”<sup>14</sup>

less-targeted distribution approach for housing funds.<sup>16</sup>

NiB’s success and eventual decline presents an instructive example for other cities wishing to garner support for targeted investment. Although NiB was a strategy proven to effect real change to neighborhood conditions, it also proved that such change can be difficult to sustain politically. And Richmond, of course, is a medium-sized city; officials in larger cities, such as Detroit, often experience much more difficulty building coalitions and support for targeting efforts. [EM](#)

— Keith Fudge, *HUD Staff*

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<sup>1</sup> Ira Goldstein. 2011. “Market Value Analysis: A Data-Based Approach to Understanding Urban Housing Markets,” in *Putting Data to Work: Data-Driven Approaches to Strengthening Neighborhoods*, eds. Matt Lambert and Jane Humphreys, Board of Governors of the Federal Reserve System, 52.

<sup>2</sup> Ira Goldstein. 2010. “Maximizing the Impact of Federal NSP Investments Through the Strategic Use of Local Market Data,” in *REO & Vacant Properties: Strategies for Neighborhood Stabilization*, eds. Prabal Chakrabarti, Matthew Lambert, and Mary Helen Petrus, Federal Reserve Banks of Boston and Cleveland and the Federal Reserve Board, 69–70.

<sup>3</sup> *Ibid.*, 73.

<sup>4</sup> Goldstein 2011, 51.

<sup>5</sup> Ellen Janes and Sandra Davis. 2011. “Vacants to Value: Baltimore’s Market-Based Approach to Vacant Property Redevelopment,” in *Putting Data to Work: Data-Driven Approaches to Strengthening Neighborhoods*, 86.

<sup>6</sup> “Vacants to Value Code Enforcement: Track Our Progress,” Baltimore Housing website ([cels.baltimorehousing.org/V2V\\_CodeProgress.aspx](https://cels.baltimorehousing.org/V2V_CodeProgress.aspx)). Accessed 12 February 2014.

<sup>7</sup> Sheila U. Appel, Derek Botti, James Jamison, Leslie Plant, Jing Y. Shyr, and Lav R. Varshney. Forthcoming. “Predictive Analytics can facilitate proactive property vacancy policies for cities,” *Technological Forecasting and Social Change*, 8. Corrected proof available at [www.sciencedirect.com/science/article/pii/S0040162513002138](https://www.sciencedirect.com/science/article/pii/S0040162513002138). Accessed 1 February 2014.

<sup>8</sup> *Ibid.*, 9.

<sup>9</sup> *Ibid.*, 10.

<sup>10</sup> John Accordino and Fabrizio Fasulo. 2013. “Fusing Technical and Political Rationality in Community Development: A Prescriptive Model of Efficiency-Based Strategic Geographic Targeting,” *Housing Policy Debate* 23:4, 623.

<sup>11</sup> *Ibid.*, 626.

<sup>12</sup> *Ibid.*

<sup>13</sup> *Ibid.*, 622; George Galster, Peter Tatian, and John Accordino. 2006. “Targeting Investments for Neighborhood Revitalization,” *Journal of the American Planning Association* 72:4, 463–5.

<sup>14</sup> Galster et al., 466–7.

<sup>15</sup> Accordino and Fasulo, 627.

<sup>16</sup> *Ibid.*, 627–8.

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## Data-focused targeting systems can help cities not only combat existing vacancy but also forecast areas at risk for future vacancy.

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a strong partnership among the city manager, the director of the Richmond office of the Local Initiatives Support Coalition (LISC), and community development corporation (CDC) leadership, along with an open and inclusive process that continually engaged city council members and neighborhood leaders, the city agreed to concentrate federal housing funds on seven neighborhoods, most of them identified as significantly distressed according to a typology developed by city planners.<sup>10</sup> From 1999 to 2004, Richmond allocated \$13.9 million, around two-thirds of its Community Development Block Grant (CDBG) and HOME program funds, to these neighborhoods; LISC earmarked about the same percentage of its housing funds to the areas and also helped build capacity by providing training

The NiB program faded in prominence after 2004, however, because of the kind of broader political shifts and personnel transitions that can alter policy priorities in any city. In Richmond’s case, a structural change from a council-manager system to an at-large mayor, as well as the departure of key city and nonprofit staff, eventually led to decreased emphasis on (and funding for) the program. As Accordino and Fasulo explain, “Between 2002 and 2012, the city experienced a 35% decline in CDBG and HOME funds. Over the same period, its expenditures in the Neighborhoods in Bloom areas declined by 68%.”<sup>15</sup> A lack of clear metrics defining success for the program and of a neighborhood exit strategy also contributed to NiB’s decline, and Richmond has largely returned to a

# Countywide Land Banks Tackle Vacancy and Blight

Communities have long struggled with the detrimental effects of abandoned, vacant properties and blight, whether the result of economic decline, disinvestment, or, more recently, the foreclosure crisis. To tackle the problem, many jurisdictions are turning to land banks. Governmental or non-profit entities authorized by state and local legislation, land banks acquire properties that are vacant, blighted, or abandoned and return them to productive use. Depending on the enabling legislation, land banks have the authority to enforce municipal codes, demolish vacant structures, and refurbish and sell properties to responsible owners. Some of these entities can clear titles, extinguish property taxes on abandoned structures, or acquire and hold properties for future public use.<sup>1</sup> Regardless of their powers, land banks can be flexible and effective tools for bringing abandoned properties back into active uses that contribute to local property tax coffers, advance communal goals for more green space, and increase the local supply of affordable homes. At the same time, the land banks' efforts reduce blight, enhance public safety, stabilize communities, and rehabilitate properties that the real estate market cannot process efficiently. In these ways, land banks combat both the direct and indirect costs of vacant properties (see "Vacant and Abandoned Properties: Turning Liabilities Into Assets," p.1).

## Land Banks Over the Years

The nation's first land banks were established in St. Louis, Missouri in 1971 and Cleveland, Ohio in 1976. Both land banks were enabled by state statutes and enacted by local ordinances. Louisville, Kentucky (1989)

## Highlights

- Early land banks were often statutorily limited in their jurisdiction, but over the years they have been given increasing authority to work regionally and actively acquire properties.
- In Cuyahoga County, Ohio the land bank strategically acquires properties to effect larger-scale interventions and has multiple independent sources of funding and a well-organized inventory management database.
- The Fulton County/City of Atlanta Land Bank is an early example of a land bank developed to work across jurisdictions; recent state legal changes have given it the ability to fund itself by capturing a percentage of the taxes generated by the properties it returns to productive use.

and Atlanta (1991) followed, aided by state legislation and intergovernmental agreements.<sup>2</sup> According to Frank S. Alexander, professor at Emory University School of Law and a leading authority on land banks, this first generation of land banks was "created in response to growing inventories of tax-foreclosed properties stuck in legal limbo" because the taxes and penalties owed on properties far exceeded their fair-market value, making them impossible to sell.<sup>3</sup> Thus, although conditions in the cities varied, these early land banks shared the common goal of providing local governments a new way of gaining access to the tax-foreclosed inventory and conveying these properties back to the market.

These first generation land banks acquired properties passively; for example, properties that failed to sell at sheriffs' sales automatically reverted to them. This mechanism, however, left land banks with a glut of blighted properties that were liabilities. The land banks also lacked their own financing mechanisms, which hindered their capacity to actively acquire properties. Equally important, tax foreclosure laws were largely not updated during this time, which meant that the land banks were left to contend with complex tax liens and long waiting periods in their quest for property redevelopment.<sup>4</sup>

In the early 2000s, states began revising their land bank and tax laws, leading to a second generation of land banks. These institutions, says Alexander, were

inspired partly by local government leaders who realized the magnitude of their cities' "dead inventory — specifically, properties for which there was no market demand."<sup>5</sup> Emblematic of this approach is Michigan's Land Bank Fast Track Act, passed by the state legislature in 2003.<sup>6</sup> The law created self-funding mechanisms for land banks, allowed land banks to acquire all tax-foreclosed properties, and empowered Michigan land banks to demolish and rehabilitate properties through code enforcement. Before passing the Fast Track Act, Michigan's legislature had streamlined the state's tax-foreclosure process, shortening it from seven to two years.<sup>7</sup> Together, these laws enabled institutions such as the Genesee County Land Bank Authority to effect real change in the state. The Genesee Land Bank operates various programs designed to ensure productive reuse of tax-foreclosed properties in the city of Flint and Genesee County, such as housing renovation, the transfer of vacant lots to adjacent property owners, a Clean and Green initiative (in which vacant lots are converted into gardens and green space), demolition, and brownfield redevelopment.<sup>8</sup> The Cuyahoga County Land Reutilization Corporation, described later in this article, is another second generation land bank empowered by state legislative reforms in Ohio.

The third and most recent generation of land banks arose out of the foreclosure crisis, which has led to abandonment not only in declining industrial cities but also in metropolitan areas throughout the

country. These newest land banks, supported by state statutes, “give maximum powers to the local governments that want to create a land bank authority to acquire, maintain, and repurpose these properties,” says Alexander.<sup>9</sup>

New legal tools have made these second and third generation land banks considerably more nimble than their predecessors. Their potential jurisdiction has expanded geographically with enhanced powers for intergovernmental and regional collaboration, which is especially important for rural areas that benefit from economies of scale.<sup>10</sup> In addition, land banks can now actively acquire properties — even foreclose on tax-delinquent ones — rather than passively wait for properties to default to them. Finally, modern land banks have independent revenue sources and structures that not only grant them autonomy from local government but

also allow greater independence and capacity to complete more robust and strategic interventions.<sup>11</sup>

This article describes two countywide land banks, the Cuyahoga County Land Reutilization Corporation in Ohio and the Fulton County/City of Atlanta Land Bank Authority in Georgia, to illustrate how land banks are helping communities confront vacancy and blight. Both land banks are empowered by state laws with regional authority, independent funding sources, and the power to engage in code enforcement and property management.

### **Cuyahoga County Land Reutilization Corporation**

Most of Cleveland’s housing stock was built following World War I, primarily for working-class families who made their living in the area’s factories and mills.<sup>12</sup> Suburbanization and the flight

of the manufacturing sector to cheaper markets, however, sent the city’s population tumbling from its peak of 914,818 in 1950 to 397,000 in 2010. By 2010, 19 percent of the city’s housing was vacant; another 8.8 percent was classified “other vacant,” which includes foreclosed homes not on the market.<sup>13</sup>

More recently, disinvestment and vacancy have struck Cleveland’s suburbs as well. Between 1995 and 2007, residential foreclosures in Cuyahoga County more than quadrupled.<sup>14</sup> Real-estate flippers, who bought distressed homes and then sold them at a profit after making only superficial repairs, further hurt Cleveland. In addition, says Kermit J. Lind, clinical professor of law emeritus at Cleveland-Marshall College of Law, unscrupulous lenders targeted vulnerable communities within the city, “flooding such areas with high-risk loans, many of



The Genesee County Land Bank Authority works to ensure productive reuse of tax-foreclosed properties in the city of Flint and Genesee County, Michigan.



This bungalow-style home was acquired and renovated by the Cuyahoga Land Bank.



Cuyahoga County Land Reutilization Corporation

which were predatory and fraudulent.” By 2005, the number of foreclosures was so high that the Cuyahoga County Court needed an average of two years, and up to four or five, to resolve foreclosure cases.<sup>15</sup> Foreclosures in the county peaked at more than 14,000 in 2007; since then, the number of foreclosures, although still high, has begun to decline, reaching 11,427 in 2012.<sup>16</sup> The foreclosure crisis has hit low- and middle-income neighborhoods especially hard; 48.8 percent of foreclosures in 2007 took place in 15 of Cuyahoga County’s 95 neighborhoods. Although the pace of foreclosures has slackened, the area is still coping with the aftermath of years of staggering foreclosure rates.<sup>17</sup>

### An Active Land Bank

Seeking to address the foreclosure crisis and surfeit of vacant buildings, a diverse group of stakeholders, including

state senators, members of the Cleveland City Council, academics from Case Western University, and nonprofit leaders supported the creation of a regional land bank authority. In 2009, the Cuyahoga County Land Reutilization Corporation, commonly known as the Cuyahoga Land Bank (CLB), was authorized by state statute SB 353 as a nonprofit corporation with a nine-person board that includes the Cuyahoga County treasurer, the county executive (or designated representative), one member of the County Council, and two Cleveland representatives. The remaining four members are chosen by the county executive, county treasurer, and County Council representative. An independent staff of more than two dozen is responsible for the land bank’s operations. SB 353 specifies that CLB is an active land bank, which means that it can buy, manage, and lease properties. CLB can also engage in code

enforcement, allowing it to demolish and rehabilitate properties.<sup>18</sup>

CLB acquires properties in several ways. Through a limited-time discount sales agreement, HUD sells properties valued at up to \$20,000 to the land bank for \$100 each.<sup>19</sup> Private banks such as Wells Fargo and Bank of America donate foreclosed and vacant properties. CLB can also acquire properties by buying parcels’ tax lien certificates and through tax foreclosures.<sup>20</sup> Strategic acquisition of properties, particularly adjacent ones, empowers CLB to effect larger-scale interventions, such as creating green space, that help stabilize neighborhoods.

Among the problems that CLB is addressing is the area’s enormous stock of vacant homes. To reduce this surplus volume, demolition is a critical strategy. “We have a housing

stock that was designed for a million people, and there are only about 365,000 people now. Aside from a few areas, we're still losing population. There is no indication that in 5, 10, or 20 years we're going to have a million people," explains Gus Frangos, president and general counsel of CLB.<sup>21</sup> Rehabilitation is viable only if a market exists for those rehabilitated homes. Equally important, the county cannot afford to demolish all

The remaining 40 percent of homes that CLB acquires are rehabilitated by the land bank, individuals, or by partner organizations. Some of these rehabilitations are supported by programs that offer incentives for renovation and owner occupancy. As an example, in April 2013, CLB partnered with the city of Euclid and the Neighborhood Housing Services of Greater Cleveland to launch the Advantage Plus Loan Program, which provides Euclid home-

\$100,000 from the Cuyahoga County Council's Veterans Services Fund, CLB offers eligible veterans discounts of up to 20 percent of the cost of a land bank home and covers the closing costs. As with the land bank's other programs that focus on individual homeowners, HomeFront requires that owners keep the property as their primary residence for a minimum of 2 years and rehabilitate the property in accordance with land bank standards; in addition, they must have been employed for at least the past 12 months.<sup>24</sup> Finally, the land bank works with social service agencies such as sober-living programs and refugee development centers to provide their clients with a place to live.

These rehabilitation efforts have the added value of restoring properties to the tax rolls. To cast the potential gains in sharp relief, consider that 25,000 abandoned properties spread throughout 8 cities in Ohio cost their municipalities more than "\$49 million in cumulative lost property tax

CONTINUED ON PAGE 23

## The land bank works with social services agencies such as sober-living programs and refugee development centers to provide their clients with a place to live.

of the homes that need to be razed. Thus, the land bank demolishes about 60 percent of the properties it acquires — some 2,000 properties since 2009.<sup>22</sup>

buyers with up to \$10,000 in 2 percent loans for rehabilitation.<sup>23</sup> Through the HomeFront Veterans Home Ownership Program, a pilot program launched in November 2013 and funded with



Cuyahoga County Land Reutilization Corporation

Demolitions are a critical part of the Cuyahoga Land Bank's operations given the large number of vacant and abandoned properties in the region.

## A Land Bank for Philadelphia

An estimated 40,000 properties sit vacant in the city of Philadelphia, and nearly 10,000 of these properties are publicly owned. The financial impact of these vacancies is enormous, diminishing property values by some 6.5 percent across the city. Upkeep and judicial procedures related to these properties, such as maintenance, foreclosures, inspections, and public safety, cost the city more than \$20 million annually.<sup>1</sup> The transfer of these properties to productive uses, however, has been slow. On average, it takes three years or longer to repurpose each property for productive use.<sup>2</sup>

For years, community organizations, local nonprofits, and businesses have campaigned for a citywide land bank as a tool to regain control of vacant properties. Together they formed the Philly Land Bank Alliance, with members including the Greater Philadelphia Association of Realtors, the Building Industry Association, and the Campaign to Take Back Vacant Land (a coalition of faith-based and activist groups), among others. “Everyone agreed that the current process [for property disposition] was broken and that the land bank was a key solution to addressing that problem,” says Rick Sauer, executive director of the Philadelphia Association of Community Development Corporations, a member organization of the Philly Land Bank Alliance.<sup>3</sup> Their efforts culminated in the unanimous approval of the Philadelphia Land Bank bill by the city council in December 2013. The bill aims to make it faster, easier, and more economical to repurpose vacant land, thereby transforming it from a liability to public asset.<sup>4</sup>

The Philadelphia Land Bank will pull together vacant properties owned by multiple city agencies, each with its own process for managing and disposing of property, and consolidate control. With fewer public agencies involved and a more streamlined process, the land bank is expected to return vacant sites to productive use within 12 to 18 months.<sup>5</sup> In addition to taking title to publicly owned properties, the land bank may receive donations from other public agencies, acquire tax-delinquent properties, and purchase properties. The land bank is also authorized to erase municipal liens and real estate taxes on properties it holds and set prices on properties it sells.<sup>6</sup> Thus, the land bank can sell properties at a discount if they are intended, for instance, for affordable housing or other end-uses that benefit the public good.

Although the land bank is formally a subsidiary of city government, it will function as an independent entity with its own staff and board of directors, whose members include representatives of civic associations or nonprofits that work in community development or housing. The land bank is expected to be fully operational by the end of 2014.<sup>7</sup>



A few of the 100 Campaign to Take Back Vacant Land supporters who turned out at Philadelphia's City Hall for a successful hearing on the land bank bill.

Tara Innamorato

<sup>1</sup> Redevelopment Authority of the City of Philadelphia and Philadelphia Association of Community Development Corporations. 2010. "Vacant Land Management in Philadelphia: The Costs of the Current System and the Benefits of Reform," ii, 5.

<sup>2</sup> Philly Land Bank Alliance. 2013. "Fixing a Broken Vacant Property Process."

<sup>3</sup> Interview with Rick Sauer, December 2013.

<sup>4</sup> The land bank's creation was made possible by the 2012 passage of state legislation that permits Pennsylvania cities, counties, boroughs, and the like to create a land bank.

<sup>5</sup> Interview with Rick Sauer.

<sup>6</sup> City of Philadelphia. 2013. "Philadelphia Land Bank legislation."

<sup>7</sup> Ibid.; Interview with Rick Sauer.

revenues.”<sup>25</sup> The land bank’s demolition and rehabilitation activities also address the problem of home flippers: speculators who sell properties in poor condition, without bringing them up to code, thereby continuing the cycle of abandonment and tax default. Through its deed-in-escrow program and strategic demolitions, the land bank blocks speculators, ensures that responsible occupants take control of homes, and holds home rehabilitations to proper standards.<sup>26</sup>

Rehabilitation and related activities, and the time it takes to assess each property, mean that the land bank holds about 1,000 to 1,500 properties at any given time, each requiring upkeep pending demolition or renovation. To that end, the CLB has put together workforce programs that train participants in entrepreneurial skills such as estimating, and include hands-on training in drywall installation and construction.<sup>27</sup> The land bank also works with institutions such as Koinonia Homes, a social service provider; its intellectually and developmentally disabled clients mow lawns and do other similar maintenance.<sup>28</sup> Through emphasis on employment opportunity, the land bank accomplishes its goal of fixing homes while also benefiting community residents, including recent immigrants, veterans, and others.

## Funding Sources

CLB has multiple independent sources of funding. At the operational level, these sources include penalties and interest on collected delinquent real estate taxes that amount to \$7 million annually. An important funding source is the land bank’s deed-in-escrow program, through which the land bank sells homes for renovation. The program, which brings in about \$1.5 million each year through low-cost sales, stipulates that buyers rehabilitate their homes according to standards set by the land bank. While renovations are underway, CLB holds the deed to the home in escrow. Once the renovations are complete, the homebuyer pays the

escrow agent for the house. The land bank conducts commercial research for private clients as another source of revenue. In addition, CLB makes money on demolition. As an example, through a 2009 agreement, Fannie Mae sells vacant, blighted homes to the land bank for \$1 and pays the land bank at least \$3,500 per demolition. Although offloading these homes for demolition seems at first to be a counterintuitive strategy, Frangos says that doing so prevents the homes from becoming a liability for Fannie Mae. Giving the

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Through its deed-in-escrow program and strategic demolitions, the land bank blocks speculators and ensures that responsible occupants take control of homes.

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homes to CLB for demolition — even though Fannie Mae pays to do so — saves Fannie Mae money it would otherwise spend on taxes, upkeep, and judicial procedures in housing court and eliminates the risk of arson and other problems. Finally, CLB also raises money by issuing bonds, applying for grants, making loans, and borrowing funds.<sup>29</sup>

In recent years, the CLB has also received funds from the Neighborhood Stabilization Program (NSP). With a consortium of governmental institutions including the Cuyahoga County Department of Development, the Cuyahoga Metropolitan Housing Authority, and the City of Cleveland Department of Community Development, the land bank applied for and received \$40.8 million from NSP 2; of this

amount, approximately \$7.45 million went directly to CLB for demolition and housing renovation.<sup>30</sup> CLB also received funds from the mortgage fraud settlement, a federal agreement that returned \$330 million to the state of Ohio.<sup>31</sup> Attorney General Mike DeWine allocated \$75 million throughout Ohio for demolition, of which CLB received \$11 million.<sup>32</sup> Beginning in 2014, CLB also expects to receive a portion of the \$60 million in Hardest Hit funds awarded to the Ohio Housing Financing Agency, which are earmarked for demolition. Although the exact numbers are not fixed, Frangos expects them to be in the range of \$10–15 million.<sup>33</sup>

Despite the many added opportunities that these federal funds support, CLB’s independent funding stream, which includes penalties and interest on collected delinquent taxes, is the most critical, because it ensures the land bank’s continued operation. CLB convinced the region’s municipalities to allow the land bank to collect the interest and penalties because foreclosures are no longer solely an urban problem; like rotten apples in a barrel, says Frangos, foreclosures threaten to destabilize communities throughout the region. Frangos notes that persuading local officials that CLB should collect these funds was challenging. Although municipalities do not budget for this money, the revenue is welcome. Ultimately, given the current economic environment, officials agreed to funnel that money to the land bank so that it could address the widespread problems of foreclosure and abandonment.

The independence that this funding stream guarantees is critical to CLB’s success. “At a time when municipalities are struggling for money, this effort — if a city had to do it — would compete with [funding for] streets, lights, police, fire, recreation facilities,” says Frangos. “If I had to go every year to a legislature for my annual funding, I wouldn’t know how many people I’d be able to hire, how many properties I could address.” Likewise, the land bank’s organizational



SNDSI (Sustainable Neighborhood Development Strategies Inc.)

This property in Atlanta's Pittsburgh neighborhood was held by the Fulton County/City of Atlanta Land Bank through its depository agreement program before being rehabilitated by Partnership for the Preservation of Pittsburgh.

structure — a nonprofit structured like a for-profit organization — and its independence from local government enable it to function efficiently. The land bank “is a single-focused entity whose main purpose and main funding is designed to deal with this problem.... I don’t have to go to my board every time I have to sell a home. We set our programs in motion, they are approved by the board, and we rock and roll,” says Frangos.<sup>34</sup>

Another aspect critical to CLB’s successful operations is its well-organized inventory, particularly because the land bank is managing thousands of properties at any one time. CLB maintains a database of its properties and any associated expenses or code violations. This system draws

information from all available public databases; it even integrates data on adjacent properties so that the land bank can search for properties on a single block or a specific area. For example, the database will not only show areas with 10 adjacent vacant lots but will also indicate what, if any, activity exists alongside those parcels, such as construction permits or community investments. With that information, land bank personnel can make strategic choices about which properties to target and for what purpose. Through the database, the land bank can also advise local government officials about where, and how, to concentrate their tax-foreclosure efforts, since the number of tax-delinquent vacancies far exceeds the funding available to process them.<sup>35</sup> Thus, CLB is able to support the

local government’s and other institutions’ work to address the foreclosure, abandonment, and vacancy crisis.

### **The Fulton County/City of Atlanta Land Bank**

In contrast to the Cuyahoga County Land Bank, the Fulton County/City of Atlanta Land Bank Authority began in the early 1990s. The state of Georgia enacted legislation in 1990 that authorized municipalities and the counties in which they were located to create land bank authorities with the power to acquire tax-delinquent properties, clear their titles, and dispose of them.<sup>36</sup> The municipalities and counties involved would have to enter into an interlocal cooperation agreement to establish the land bank. Following passage of the state statute, in 1991, Fulton County



and the city of Atlanta created the Fulton County/City of Atlanta Land Bank Authority (LBA) as a nonprofit corporation.<sup>37</sup> LBA's founding mission was to restore tax-delinquent properties that were not generating revenue to active use. The interlocal cooperation agreement between the city of Atlanta and Fulton County outlined how the two levels of government would work together. It stipulated a board of four with two members appointed by the mayor of Atlanta and two appointed by the Fulton County Board of Commissioners.<sup>38</sup> In addition to its board, LBA had its own staff of three that managed operations. Its funding came from Fulton County's general fund, supplemented with HUD Community Development Block Grant program funds from the city of Atlanta.<sup>39</sup> As a nonprofit, LBA also made use of philanthropic funds from Enterprise Community Partners, the Ford Foundation, J.P. Morgan Chase Foundation, and Fannie Mae.<sup>40</sup>

Among its most important powers, LBA had the authority to forgive back taxes on properties throughout Fulton County and the city of Atlanta.<sup>41</sup> This power was critical; Georgia law required that the minimum bid for a property

development corporations (CDCs).<sup>43</sup> A CDC would buy a tax-delinquent property for a below-market price and convey the property's title to LBA, which forgave the delinquent taxes on the property. LBA then transferred the property back to the CDC with the requirement that it develop the property according to specific requirements, such as transforming it into affordable housing. If the CDC did not fulfill its obligations, the property would revert to LBA. In this way, the land bank cleared tax liens and transferred titles to CDCs at the rate of about 50 to 100 properties each year.<sup>44</sup>

LBA's role began to evolve in response to the foreclosure crisis, which hit Atlanta particularly hard; the city is currently second in the nation in its rates of negative equity, and in 2012 the metropolitan area had the nation's seventh-highest foreclosure rate.<sup>45</sup> Christopher Norman, LBA's executive director, explains that before the housing crash, Atlanta's real estate market was so expensive that CDCs struggled to acquire and develop properties.<sup>46</sup> When the housing market collapsed, some CDCs found themselves overwhelmed with undeveloped or half-completed properties

joint venture. During this period, LBA holds these titles tax-free. The entities transferring property to or receiving property from LBA are responsible for holding costs, which include property management, maintenance, and other administrative expenses. However, because hundreds of properties are enrolled in the program, CDCs can take advantage of economies of scale, reducing these costs. The five-year holding period also gives participants time to arrange for financing to develop the properties. This program, the first of its kind in the nation, has enrolled more than 200 properties. Thirty-four properties have since exited the program; once completed, these projects will result in 148 units of housing and a new park.<sup>49</sup>

LBA has also begun to buy and manage properties. Its first purchase was a 28-unit foreclosed apartment building acquired using funds from the Atlanta Coordinating Responsible Authority.<sup>50</sup> LBA partnered with National Church Residences, a local nonprofit, to redevelop the building as a 42-unit senior living facility. LBA has since made other acquisitions using NSP funds, including 9 multifamily and 25 single-family properties that it purchased in 2010. A portion of the \$4.4 million the land bank received from NSP 3 is earmarked toward rehabilitation, property acquisition, and the costs of holding properties. Other NSP funds went to hire an additional employee, bringing LBA's total staff to four.<sup>51</sup>

## Improving Capacity With State Legislation

In 2011, LBA teamed with other land banks in the state to create the Georgia Association of Land Bank Authorities (GALBA). According to Norman, GALBA's president, he and other leaders joined forces because they recognized the need for a formal voice representing the state's land banks to advocate for the passage of SB 284, the Georgia Land Bank Act. GALBA succeeded in its efforts; SB 284 was signed into law in July 2012. Among other changes, the legislation allows for the creation of

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## Among its most important powers, the LBA had the authority to forgive back taxes on properties throughout Fulton County and the city of Atlanta.

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at a tax-foreclosure sale must equal the cost of the property's tax penalties. In many cases, however, the cost of tax penalties and compounded interest far exceeded the property's market value. As a result, Fulton County and Atlanta were saddled with many properties that they could not sell and that therefore sat vacant, abandoned, and unused.<sup>42</sup>

For the first two decades, the land bank focused on "conduit transfers" of tax-delinquent properties to community

but without a market to absorb them or financing to bring them to the next stage. Making matters more difficult, some CDCs could not afford to pay the property taxes on these undeveloped properties.<sup>47</sup> To assist the CDCs, LBA launched the Land Bank Depository Agreement Program in 2009 to allow nonprofits or government entities to transfer their properties' titles to LBA for up to five years.<sup>48</sup> For-profits can also do so if they participate as a minority partner or through a

regional land banks, specifies that land banks may borrow funds, and provides land banks with a self-funding mechanism; a land bank that is instrumental in bringing a property back to the tax rolls is allowed to capture up to 75 percent of the taxes produced by that property for up to 5 years. After the five-year period, all taxes generated by the property revert to the city, county, or school board, as required. This system, says Norman, “aligns the land bank’s activity with financial reward for the organization.... The more you do, the more you generate.”<sup>52</sup> Because these properties had not been generating tax revenue before the land bank’s intervention, allowing the land bank to collect this revenue takes nothing away from cities, counties, or school boards. Finally, these funds allow the land bank to complete more projects while reducing the need for additional financial assistance from the city or county.<sup>53</sup> The new legislation also allows intergovernmental contracts among multiple counties. A land bank can contract with another land bank to provide a service in which it has expertise. This type of cooperation enables the land banks to operate more efficiently and avoid duplication of services.

## Collaboration and Flexibility

The LBA is poised to expand its scope of activities, largely because of the self-funding mechanism authorized by the new state legislation. However, regardless of the scale of the land bank’s projects, Norman says that collaboration is key, particularly with government partners. LBA works closely with the city of Atlanta, including its Department of Planning and Community Development and its court system, as well as with county-level commissioners. LBA also works with members of the development community, including legal teams, property management companies, and a pool of developers that have the expertise and the capacity to bring properties back to productive use. These partnerships are key in part because the LBA is staffed by a team of

four and does not have the capacity to operate efficiently or effectively in these many different realms.

Norman also emphasizes staying true to the land bank’s mission while responding to local needs. “Don’t be afraid to evolve. Neighborhoods, real estate, and local economies are fluid. You have to be open to changing.”<sup>54</sup> This fluidity is evident in LBA’s 20-year history. In the 1990s, the land bank focused on large inventories of heavily tax-delinquent properties in the

county’s older industrial cities. Today, LBA addresses abandoned properties resulting from the foreclosure crisis as well as longer-term economic decline.<sup>55</sup> The next challenge that LBA will address is Atlanta’s citywide vacancy rate of 12.3 percent, which, according to the city’s 2013 *Strategic Community Investment Report*, is concentrated in only a handful of neighborhoods.<sup>56</sup> LBA will be better able to resolve those problems thanks to the greater agency, flexibility, and self-funding afforded by the 2012 Georgia Land Bank Act.



National Church Residences

The Fulton County/City of Atlanta Land Bank Authority acquired a foreclosed apartment building and transferred ownership to nonprofit National Church Residences; it will be redeveloped as Betmar Village, a 42-unit senior living facility.

## Conclusion

Land banks are highly adaptable tools that can respond to local real estate conditions such as large swaths of tax-foreclosed properties, abandoned and blighted housing, or foreclosed homes in need of rehabilitation and responsible ownership. With its strategic acquisition, demolition, and rehabilitation activities, CLB is able to efficiently address high numbers of foreclosed and vacant properties in Cuyahoga County. CLB's well-organized vacant property inventory system and independent funding mechanisms have been critical to its success. With a longer history, LBA has evolved over the years in response to changing market conditions. The land bank's ability to extinguish property taxes and clear titles, as well as its depository agreement program, is vital to community-based redevelopment efforts in the region. Also crucial to the land bank's operations are its flexibility and ability to collaborate with local government agencies, CDCs, and other stakeholders. Both entities demonstrate how state legislation and tax-foreclosure reforms can empower land banks to transform liabilities into resources for the public good. With the support of state legislation (14 states have authorizing statutes), land banks are frequently being founded; Alexander estimates that about 125 to 150 land banks are currently operating nationwide.<sup>57</sup> EM

<sup>1</sup> Frank S. Alexander. 2005. "Land Bank Authorities: A Guide for the Creation and Operation of Local Land Banks," Local Initiatives Support Corporation, 2, 22–7.

<sup>2</sup> *Ibid.*, 5–7.

<sup>3</sup> Interview with Frank Alexander, December 2013.

<sup>4</sup> Frank S. Alexander. 2011. *Land Banks and Land Banking*. Center for Community Progress, 19–20.

<sup>5</sup> Interview with Frank Alexander.

<sup>6</sup> "Land Bank Fast Track Act," Michigan State Legislature website ([www.legislature.mi.gov/\(S\(eqdtgdfvjlvvnz55szc4rxjh\)\)/mileg.aspx?page=GetObject&objectname=mcl-Act-258-of-2003](http://www.legislature.mi.gov/(S(eqdtgdfvjlvvnz55szc4rxjh))/mileg.aspx?page=GetObject&objectname=mcl-Act-258-of-2003)). Accessed 8 January 2014.

<sup>7</sup> Alexander 2011, 21; Daniel T. Kildee. 2006. "Rethinking Urban Land."

<sup>8</sup> "What We Do," Genesee County Land Bank website ([www.thelandbank.org/whatwedo.asp](http://www.thelandbank.org/whatwedo.asp)). Accessed 9 December 2013.

<sup>9</sup> Interview with Frank Alexander.

<sup>10</sup> *Ibid.*

<sup>11</sup> Thomas J. Fitzpatrick IV. 2009. "Understanding Ohio's Land Bank Legislation," *Policy Discussion Papers* No.25, Federal Reserve Bank of Cleveland, 4–5; Alexander 2011, 20–1; Mike Brady. 2012. "Evolution of Specific Land Banks & Their Powers," Cook County Land Bank Advisory Committee Meeting presentation.

<sup>12</sup> Kermit J. Lind. 2008. "The Perfect Storm: An Eyewitness Report from Ground Zero in Cleveland's Neighborhoods," *Journal of Affordable Housing & Community Development Law* 17:3, 237–58.

<sup>13</sup> Lind 2008, 238; W. Dennis Keating and Kermit J. Lind. 2012. "Responding to the Mortgage Crisis: Three Cleveland Examples," *The Urban Lawyer* 44:1, 1–35; U.S. Government Accountability Office. 2011. "Vacant Properties: Growing Number Increases Communities' Costs and Challenges," 15–7.

<sup>14</sup> David Rothstein and Sapna Mehta. 2009. "Foreclosure Growth in Ohio 2009," *Policy Matters Ohio*, Table 4, 9.

<sup>15</sup> Lind 2008, 238–43.

<sup>16</sup> W. Dennis Keating. 2011. "Cuyahoga County Land Reutilization Corporation: The beginning, the present, and beyond," Cuyahoga Land Bank, 6.

<sup>17</sup> Lisa Nelson. 2008. "Foreclosure Filings in Cuyahoga County," *A Look Behind the Numbers* 1:1, Cleveland Federal Reserve Bank; Bret Chow. 2013. "Foreclosures Statewide Drop Again in 2012," *Court News Ohio*; Interview with Gus Frangos, November 2013.

<sup>18</sup> "Board of Directors" and "About Us," Cuyahoga Land Bank website ([cuyahogalandbank.org/aboutUs.php](http://cuyahogalandbank.org/aboutUs.php)). Accessed 9 January 2014; "SB 353" Ohio State Legislature website ([www.legislature.state.oh.us/BillText127/127\\_SB\\_353\\_EN\\_N.html](http://www.legislature.state.oh.us/BillText127/127_SB_353_EN_N.html)). Accessed 24 January 2014.

<sup>19</sup> The REO sales agreement, first announced in July 2010, has been renewed in November 2013 through September 2014. Cuyahoga Land Bank. 2013. "HUD, Cuyahoga Land Bank Renew Ground Breaking Agreement," 26 November press release; U.S. Department of Housing and Urban Development. 2010. "HUD Expands Neighborhood Stabilization Program in Cuyahoga County," 2 July press release.

<sup>20</sup> Keating, 5.

<sup>21</sup> Interview with Gus Frangos.

<sup>22</sup> Keating, 7; Cuyahoga Land Bank. 2013. "Cuyahoga Land Bank Renovates 700th Property; Demolishes 2000th Property," 16 September press release; Interview with Gus Frangos.

<sup>23</sup> "Cuyahoga Land Bank Launches Advantage Plus Loan Program in Euclid," Cuyahoga Land Bank website ([blog.cuyahogalandbank.org/2013/04/cuyahoga-land-bank-launches-advantage-plus-loan-program-in-euclid/](http://blog.cuyahogalandbank.org/2013/04/cuyahoga-land-bank-launches-advantage-plus-loan-program-in-euclid/)). Accessed 10 December 2013.

<sup>24</sup> Cuyahoga Land Bank. 2013. "Helping veterans become homeowners," and "Cuyahoga Land Bank Launches Homefront Veterans Home Ownership Program," 13 November Cuyahoga Land Bank blog. Accessed 10 December 2013.

<sup>25</sup> Community Research Partners and ReBuild Ohio. 2008. "\$60 Million and Counting: The cost of vacant and abandoned properties to eight Ohio cities," i.

<sup>26</sup> Interview with Gus Frangos.

<sup>27</sup> Cuyahoga Land Bank. 2012. "Career Development and Placement Strategies, Inc.," 5 October Cuyahoga Land Bank blog. Accessed 10 December 2013.

<sup>28</sup> Cuyahoga Land Bank. 2013. "Cuyahoga Land Bank celebrates Disabilities Awareness Month; Conclusion of a 2nd year of partnering with Koinonia Homes, Inc. to maintain properties," 9 October press release.

<sup>29</sup> Interview with Gus Frangos.

<sup>30</sup> Cuyahoga Land Reutilization Corporation. 2010. "Funding

Approval and Grant Agreement for NSP 2 Funds."

<sup>31</sup> "Attorney General Launches Moving Ohio Forward Demolition Grant Program to Remove Blighted Residential Structures," Ohio Attorney General website ([www.ohioattorneygeneral.gov/Individuals-and-Families/Consumers/Foreclosure](http://www.ohioattorneygeneral.gov/Individuals-and-Families/Consumers/Foreclosure)). Accessed 12 January 2014.

<sup>32</sup> The \$11 million was matched by \$5 million from the Cuyahoga County Office of the Prosecutor and \$6 million from the CLB toward demolition. Ohio Attorney General's Office. 2012. "Moving Ohio Forward Grant Commission," 4; Interview with Gus Frangos.

<sup>33</sup> Ohio Housing Finance Agency. 2013. "OHFA Expands Foreclosure Prevention Efforts to Demolish Ohio's Vacant and Abandoned Properties," 22 August press release; Interview with Gus Frangos.

<sup>34</sup> Interview with Gus Frangos.

<sup>35</sup> *Ibid.*

<sup>36</sup> Georgia General Assembly, "Land Bank Authorities: Georgia Code: Section 48-4-61."

<sup>37</sup> Frank S. Alexander and Sara J. Toering. 2013. "Georgia Land Bank Resource Manual," Center for Community Progress, 12.

<sup>38</sup> Fulton County/City of Atlanta Land Bank Authority. 1994. "Interlocal Cooperation Agreement Establishing the Fulton County/City of Atlanta Land Bank Authority, Inc."

<sup>39</sup> Alexander 2005, 25, 86.

<sup>40</sup> Interview with Christopher Norman, November 2013.

<sup>41</sup> U.S. Department of Housing and Urban Development. 2009. *Revitalizing Foreclosed Properties with Land Banks*, 16.

<sup>42</sup> Alexander and Toering, 12.

<sup>43</sup> Alexander 2011, 19.

<sup>44</sup> U.S. Department of Housing and Urban Development 2009, 17.

<sup>45</sup> Zillow Real Estate Research. 2013. "Negative Equity Report: Third Quarter 2013," 3; RealtyTrac. 2013. "1.8 Million U.S. Properties with Foreclosure Filings in 2012."

<sup>46</sup> Interview with Christopher Norman.

<sup>47</sup> Alexander 2011, 17, 36.

<sup>48</sup> Alexander and Toering, 29.

<sup>49</sup> Interview with Christopher Norman, January 2014.

<sup>50</sup> The Atlanta Coordinating Responsible Authority is a nonprofit corporation designated by the city of Atlanta to administer Title XX funds. "Boards and Commissions," City of Atlanta website ([www.atlantaga.gov/index.aspx?page=112](http://www.atlantaga.gov/index.aspx?page=112)). Accessed 10 January 2014.

<sup>51</sup> Interview with Christopher Norman; Christopher Norman. 2013. "Land Banking: Pathways Toward Sustainable Urban, Suburban and Rural Land Reclamation," New Partners for Smart Growth Conference presentation.

<sup>52</sup> Interview with Christopher Norman.

<sup>53</sup> *Ibid.*

<sup>54</sup> *Ibid.*

<sup>55</sup> *Ibid.*; Interview with Frank Alexander.

<sup>56</sup> APD Solutions. 2013. "Creating Linkages and Eliminating Barriers: The Strategic Community Investment (SCI) Report," 7.

<sup>57</sup> Interview with Frank Alexander; CFED. 2012. "Resource Guide: Foreclosure Prevention and Protections," *Assets & Opportunity Scorecard*, 4–7; Center for Community Progress. 2012. "Pennsylvania Gains New Tool to Fight Vacant Property," 25 October press release.

# Temporary Urbanism: Alternative Approaches to Vacant Land

For three days in May 2013, a mile-long stretch of empty riverfront land in Flint, Michigan underwent a remarkable transformation. Known locally as “Chevy in the Hole” after the now-razed Chevrolet manufacturing plant that once occupied the site, the vacant lot became a frenzy of activity. A host of activities — birding tours, gospel choir performances, dance parties, and even a fully functional sauna<sup>1</sup> — drew visitors to *Free City*, a public arts festival organized by the nonprofit Flint Public

## Highlights

- Temporary uses can vary widely in purpose and duration; their viability depends on local market and regulatory conditions in addition to the work of entrepreneurial project initiators and their supporters.
- Common temporary projects include community gardens and other green spaces, special events such as festivals or concert series, and stores or restaurants.
- The experimentation and reversibility afforded by temporary use practices can encourage a multilayered approach to land use and increase the likelihood that a vacant space will eventually find permanent use.

Art Project. The organization’s program director, Jerome Chou, says that the event encouraged residents to take an interest in their city’s future, challenging them “to reimagine the city” and view abandoned parcels as opportunities rather than as eyesores.<sup>2</sup> The low-cost, temporary nature of this initiative epitomizes a broader shift in the types

of planning strategies being adopted nationwide.<sup>3</sup> The recent economic crisis has left many U.S. cities, particularly those in the Rust Belt and Sun Belt, struggling with long-term economic decline, widespread foreclosures, and stalled development, resulting in an abundance of costly and unproductive vacant land. Too readily associated with



Larkin Square, in Buffalo, New York, hosts food truck events, an author series, and the “Live at Larkin” concert series, transforming a derelict industrial area into a vibrant space.

conditions of blight and urban decline (see “Vacant and Abandoned Properties: Turning Liabilities Into Assets,” p. 1), high vacancy rates have led organizations such as the Flint Public Art Project to consider innovative, temporary approaches that mobilize limited resources to bring land back into productive use.

Whether realized as an attempt to generate public and political awareness, a grassroots initiative pioneered by local groups to improve their own neighborhoods, or a larger-scale municipal or private investment intended to generate profit on otherwise economically redundant land, both the intentions and strategies that fall under the umbrella concept of “temporary uses” can range widely. This article identifies the key factors involved in creating these temporary uses, reviews some of the

most common temporary use practices, and examines the positive and negative effects of “temporary urbanism.”

## Just How Temporary Is Temporary?

Just as temporary land use projects are seeing widespread growth throughout the country, temporary urbanism has become the subject of an expanding body of academic literature. In the context of the dynamic nature of the contemporary city, researchers must first answer a fundamental question: What actually constitutes a temporary intervention? In other words, just how temporary is “temporary”? Although the term has multiple definitions, Bishop and Williams conclude that the concept of “temporary” cannot be “based on the nature of use, or whether rent is paid, or whether a use is formal or informal, or even the scale, longevity or endurance of a temporary use, but rather the *intention* of the user, developer, or planners that the use should be temporary.”<sup>4</sup> Such a broad definition is itself a revealing commentary on this emerging field of planning because it includes interventions that are as short as a few hours or as long as a number of years, those that are both legal and illegal, and those that are community driven, state sanctioned, or privately financed.

As part of its ongoing research project, *Pop Up City*, the Cleveland Urban Design Collaborative has identified a number of required elements for producing temporary use projects. First, the projects require a suitable site, usually vacant land, from which to operate. The type of space used can vary — possibilities include anything from former industrial areas, railroad stations, waterfront areas, and unused commercial zones to vacant residential neighborhoods and public institutions — but the desired purpose for the temporary project will affect the choice of site.<sup>5</sup> In turn, a site’s former use is often thematically incorporated into its new use and marketed as an asset. Oswalt, Overmeyer and Misselwitz note,

however, that not all vacant land will be suitable for these temporary uses; in fact, the preferences of temporary users often mirror those of the conventional real estate market. They state that “if the investment required to renovate a space is too high, if it lies too far off the beaten track, or if suitable users are unavailable, it will remain unused.”<sup>6</sup> This point is particularly relevant for space in America’s Rust Belt, where long-term structural decline has caused high vacancy rates. In these “shrinking cities,” large numbers of younger, more active residents have emigrated, removing a potential source of both initiators and consumers of such temporary uses.

This element of agency — the actors capable of initiating projects — is what the Cleveland Urban Design Collaborative identifies as the second key element of temporary use projects. Initiators of early temporary use ventures had “little in the way of financial resources, but... a large amount of social and cultural capital, a high degree of energy and commitment, and great willingness to improvise.”<sup>7</sup> As such, they tended to be newcomers to an area rather than longtime residents. The Cleveland Urban Design Collective identifies two main types of initiators: young, well-educated entrepreneurs, drawn by the low entry thresholds and the potential to establish conditions of economic, social, or cultural change, and those who have a regular income and pursue temporary use projects as more of a hobby, often founded upon a philanthropic or community ideal.<sup>8</sup> Both groups, however, share a tendency to work rapidly and flexibly; to apply an experimental, largely improvised approach to problem solving; to operate at low cost; and to tolerate an element of temporal insecurity, whether in the form of a short-term rental agreement, the absence of a rental agreement altogether, or illegal use.<sup>9</sup>

In addition to the project initiators, the success of a temporary use project depends on several other types of supporters. The first of these are the “agents,”



the group responsible for creating the framework conditions required to initially launch a temporary use, such as lease contracts, official permits, organizational structures, and political and administrative support. Their role is “to function as a bridge,” mediating between the entrepreneurs and administrators such as local authorities and the landowners.<sup>10</sup> Although many of the agents involved in the earliest temporary use projects did so informally, in recent years municipal policymakers, politicians, and members of the private sector have also adopted temporary use practices, offering additional formal channels through which agents can operate. To some extent, this change has created an opportunity for a new class of professionals who can offer stakeholders their expertise in operations management, planning, marketing, obtaining funding, securing permits, and resolving legal issues.<sup>11</sup>

Municipal policymakers and administrators have another important, although more passive, function; every built structure, whether permanent or temporary, is subject to government regulation and licensing requirements. Michael Southworth, a professor in both the Department of City and Regional Planning and the Department of Landscape Architecture and Environmental Planning at the University of California at Berkeley, notes, “[T]he regulatory environment can play a major role in stimulating or deterring uses. City regulation that controls activities such as vending and the outdoor sale of food or outdoor music, art and cultural events can be crucial in supporting street life.”<sup>12</sup> Southworth cites Portland as an example of a city whose progressive policies on food vending have transformed vacant spaces into “gastronomic magnets that attract crowds throughout the day.”<sup>13</sup> Similarly,

the owner of the vacant site also has significant power to support or discourage temporary use projects because “it is a prerequisite of every temporary use that it be tolerated — either explicitly or implicitly — or contractually permitted by the owner.”<sup>14</sup> Because landowners are ultimately responsible for the safety and security of their property, the risk involved in making their property available to others often deters them from allowing these temporary uses.

Finally, a project’s viability also depends on its customers — that is, the public. A “pop-up” project must be able to offer a product that can generate enough popular appeal to a certain population — whether aimed at a broad and inclusive market, or a particular niche group — such that the temporary initiative generates enough “critical mass” to be sustainable, even if over only a short-time scale. Media outlets are an important



Mark Hogan AIA, LEED BD+C

These formerly vacant lots were converted into an urban farm by the Massachusetts Avenue Project, which has reclaimed over an acre of vacant land in residential neighborhoods on Buffalo’s West Side.

part of generating this excitement, with social networking applications such as Facebook and Twitter being used to rapidly propagate an otherwise “exclusive” pop-up project to a broad or niche audience. In instances where the temporary use activities aim to ameliorate social and cultural inequality, media coverage is also essential for generating wider awareness and garnering political support.<sup>15</sup>

Social networks support temporary use projects in another sense. “As a rule,” state Oswalt, Overmeyer and Misselwitz, “temporary uses do not arise in isolation, but in clusters.”<sup>16</sup> Capitalizing on social relationships between different groups and individuals — in particular, the sharing of knowledge, strategies, and experience — can be an important tool for fostering clusters of temporary use projects in a certain area. In addition, networking can engender new forms of cooperation; an area might develop a communal sense of identity, or members can benefit from economies of scale when negotiating permits.<sup>17</sup>

The complexity of the different actors and contexts is part of the reason why such a wide variety of temporary use projects are currently being adopted across the country. All, however, are united by a sense of flexibility in the activation of a vacant space, whether the projects may be strategically designed as a catalyst for future development of a different (potentially unspecified) nature, functioning as “secondary or provisional, a stand-in or substitute for the preferred permanent option,” or deliberately realized as urban experiments without concern for permanency.<sup>18, 19</sup>

## Common Strategies for Vacant Space

Among the many potential projects that meet the definition of temporary urbanism, from roller discos to honey farms, a number of practices are regularly used to temporarily reactivate underutilized space.<sup>20, 21</sup> Urban activists have been transforming vacant land into community green space for decades,

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## Capitalizing on social relationships between different groups and individuals can be an important tool for fostering clusters of temporary use projects in a certain area.

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dating back to movements such as the Green Guerrillas in 1970s New York.<sup>22</sup> Such projects continue to be prevalent in many cities and are often operated through centralized efforts and organizations. In Philadelphia, for example, the Pennsylvania Horticultural Society oversees citywide attempts to map, transform, and maintain vacant land as green space. Between 1999 and 2008, the society was responsible for reactivating 4,436 individual vacant lots.<sup>23</sup> Technological advances have encouraged this coordinated approach to greening vacant land; an online land mapping project such as Grounded in Philly, founded in late 2012, provides an open-source tool that allows the city’s vacant space and active gardens to be mapped in real time. In addition, Grounded in Philly functions as an online community, offering users a platform through which they can exchange information about landowners and coordinate their regeneration efforts.<sup>24</sup> Jeremy Németh and Joern Langhorst observe that although using individual lots as green space can provide valuable infrastructural functions, such as stormwater filtration, their “efficiency increases exponentially if they are engaged as a system of vacant lots.”<sup>25</sup>

The types of green space being activated have expanded over time. Although the transformation of a vacant plot into a community garden remains a common practice, a growing trend has been to turn vacant space into urban farmland or even forests. While such conversions have been successful at smaller scales, they also constitute a potentially valuable strategy to transform the large areas of vacant land common to Rust

Belt cities.<sup>26</sup> For example, in October 2013, a Detroit organization called Hantz Farms was awarded the right to purchase 1,500 parcels of land totaling 140 acres to create an urban farm and an adjoining forest, Hantz Woodlands. The project will involve razing 50 derelict structures, cleaning up accumulated garbage, and planting 15,000 trees.<sup>27</sup> Such initiatives, however, have proven controversial. Although the development of green space has historically been heralded as an instrument of social justice, particularly in marginalized neighborhoods that often lack adequate open space,<sup>28</sup> local community activists and grassroots urban farmers have accused the Hantz Woodlands project of serving the interests of the wealthy, increasing land values by removing a large acreage of potential housing stock.<sup>29</sup>

A second common strategy for developing temporary use projects centers on generating a special event or experience. In Buffalo’s Larkinville neighborhood, the site of a long-demolished soap manufacturing plant now houses a verdant square that hosts the annual Live at Larkin series of summer concerts. The increased pedestrian traffic and vibrancy in the area has spurred the emergence of related activities at the site; for example, craftspeople sell their wares to local residents and workers on their lunch breaks.<sup>30</sup> Other strategies that focus on creating a place-based experience are being employed elsewhere. The Flint Public Art Project has pioneered the Stone Street Residency program, which provides free or low-cost housing to artists and designers interested in pursuing short-term



Joseph Perez-Green

Recycled shipping containers house food and retail vendors as part of Proxy, a two-block temporary use project in San Francisco.

projects in the city.<sup>31</sup> The program is part of a larger strategy to both create vibrant cultural spaces in Flint and generate public awareness and involvement in the city's future development. Sports, particularly street sports, also feature frequently in temporary use projects. In Brooklyn's Williamsburg neighborhood, the site of a proposed 3.3 million-square-foot mixed-use development has been transformed into the Brooklyn Bike Park, a year-round park for BMX and mountain bike riders that is free for local children to use. As with other projects of this nature, the space has attracted additional temporary uses, such as food and drink vendors, which has encouraged the park's developers to incorporate a fuller program of community events and park space once the site has been fully built out.<sup>32</sup>

Temporary uses are also growing in the retail sector, particularly in the form of pop-up shops. Some critics have argued that the grassroots, community-development origins of the pop-up shop have been coopted by the marketing departments of multinational firms, — citing, for example, a Toys “R” Us pop-up that opened in 2011 in Brooklyn's Greenpoint neighborhood. Nevertheless, the pop-up shop remains popular among municipalities and nonprofits as a strategy for economic regeneration.<sup>33</sup> Németh and Langhorst argue that the relatively low capital requirements of these temporary practices on vacant land can present business opportunities to those without the means to formally lease permanent space.<sup>34</sup> Such projects can vary widely in scale, operating from the backs of vehicles, vacant storefronts, single plots, and even whole streets.

PROXY, an initiative by an architecture firm in San Francisco, features a whole village of pop-up stores run by local businesses, including a coffee shop, a pizzeria, an ice cream stall, and a beer garden.<sup>35</sup> The ability to quickly assemble and disassemble retail spaces also gives businesses the flexibility to respond to seasonal fluctuations in demand. In Memphis and Cleveland, vacant lots were transformed into a winter craft market and a winter wonderland, respectively.<sup>36</sup> The latter incorporated a snow and ice installation, a winter forest, an ice skating rink, snowboard ramps, and a snowsuit fashion show in addition to shops, all of which were part of a strategy to create a marketable product and generate vibrancy. Incorporating such multiuse designs into temporary projects is common, as is the tendency for a single space to host multiple events



over time. For example, Eco-interstice, a community garden in the Quartier Saint-Blaise of Paris, is alternatively used as a “marketplace, debating chamber, classroom, allotment, park, exhibition space, distribution center, theater, office, salon, and dining room.”<sup>37</sup>

## Temporary Use, Lasting Benefits

Temporary use, when successful, can rapidly and efficiently bring underutilized land into productive use, thereby reducing or removing many undesirable externalities. As low-cost and low-risk strategies, temporary projects can also respond quickly to changing conditions and demands — a particular advantage in many cities, where “political and economic conditions are uncertain, and cause a reluctance to enter potential long-term commitments, responsibilities, and liabilities.”<sup>38</sup> For city administrators facing tight budgets, temporary use projects can be a cost-effective strategy for dealing with vacant land that yields rapid results.<sup>39</sup>

The experimentation and reversibility afforded by such temporary use practices can encourage a multilay-

art, a kiosk with information on train departures and arrivals, and additional greenery.<sup>40</sup> Prema Katari Gupta, UCD’s director of planning and economic development, says, “[T]hat’s the beauty of a lighter, quicker, cheaper project... it’s flexible and allows for layering and a gradual transition to permanence.”<sup>41</sup>

Evidence suggests that the temporary reactivation of underutilized land leads to eventual permanent use, another potential benefit of this planning strategy. Temporary uses, particularly when clustered in a specific locality, can alter existing identities for neighborhoods — or even create entirely new ones — that are attractive to investors.<sup>42</sup> As Ethan Kent, vice president of Projects for Public Spaces, states, “[S]mall changes, sometimes built around minimum design and extensive programming, can spur momentum for larger, more permanent ones.”<sup>43</sup> In many cases, this outcome results from experimentation with an alternative land use (or collection of uses) that defies those established under “traditional regulatory and planning systems...based on the perceived primacy of stable and certain environments for invest-

when temporary users undertake the potentially costly, time-consuming job of maintaining the land.<sup>46</sup> Moreover, in instances where the land ultimately is returned to productive use, temporary uses can be a relatively low-risk strategy for generating otherwise unattainable long-term revenue.<sup>47</sup> The local community can also benefit from temporary use projects. In addition to reducing the negative externalities caused by vacant land, temporary use projects typically empower marginalized communities by “instil[ling] in them a sense of participation in the creation of a ‘place.’”<sup>48</sup> By encouraging public participation in the planning stages of temporary use projects, initiators can catalyze communities around common goals that serve local needs and create tangible outcomes.<sup>49</sup>

## Potential Downfalls and Emerging Solutions

Although advocates have been quick to praise temporary urbanism, a number of academics have warned of potential drawbacks to the strategy. In places where temporary interventions have successfully empowered marginalized individuals and turned urban blight into a neighborhood asset, any attempt by a landowner or government authorities to reassert control over the site will likely be met with fierce resistance. In Philadelphia’s Point Breeze neighborhood, for example, a group of residents invested approximately \$20,000 of community money as well as considerable time and effort to transform an empty plot into a small neighborhood park featuring planted trees, picnic benches, sidewalks, and fencing.<sup>50</sup> However, when the Philadelphia Redevelopment Authority (PRA), the legal owner of the property, became aware of the changes, it threatened the group with legal action unless the park was restored to its original state.<sup>51</sup> In removing an obvious neighborhood asset, landowners and developers risk exacerbating the marginalization of the community and discourage residents from engaging in discourse about the development of their neighborhood.<sup>52</sup>

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## Evidence suggests that the temporary reactivation of underutilized land leads to eventual permanent use.

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ered approach to land use. University City District (UCD), a neighborhood revitalization organization in Philadelphia, embraces this tactic with its 2011 project, the Porch. Built on a parking strip next to the city’s Amtrak station, the Porch is a heavily programmed plaza featuring colorful patio chairs and artist-designed planters. One key feature of the Porch has been regular monitoring of the number of visitors, favored uses, walking patterns, and other elements as a method of informing its future design. Based on the data collected, the space has been reshaped since its opening to include more public

ment.”<sup>44</sup> Németh and Langhorst argue that although cities may need time to fully adopt temporary strategies as a primary tool for generating economic growth, rapidly shrinking cities such as Detroit and Youngstown, Ohio might be more willing to experiment with such nontraditional approaches to relieve the problems caused by widespread vacancies.<sup>45</sup>

Temporary use projects can also benefit other stakeholders. Although the revenues generated through temporary use projects are unlikely to be significant, the owners of vacant land can benefit

As Németh and Langhorst state, “[I]f temporary uses are suspended in favour of more profitable endeavours... [these] can become a liability in political terms of the displaced activities [of] the surrounding communities.”<sup>53</sup>

The risk of negative press or legal complications from such events may discourage developers from permitting temporary uses in the first place. A number of city governments are experimenting with policies that attempt to reverse this trend. For example, San Francisco prepared an ordinance in 2010 called the Green Development Agreement, which ensures the rights of developers to proceed with preapproved development plans provided that the land is made available for public use in the interim. This ordinance replaces a more cumbersome process in which developers were required to renew entitlements every 1 to 3 years, which put them at risk of modification.<sup>54</sup> Other cities are following suit; in Buffalo, New York a new zoning code called the Green Code is specifically designed to encourage creative uses for vacant parcels, such as temporary urban gardens, movie screenings, and bocce courts.<sup>55</sup> Chris Hawley, from Buffalo’s Office of Strategic Planning, states that “given the current economic climate, we see these [projects] as the highest and best use for now...the benefits have been much more dramatic than chasing after some corporate retailer. Sometimes the temporary can add much more than those kind[s] of so-called permanent efforts.”<sup>56</sup>

## The Future of the “Temporary” in American Planning

As American cities continue to shift from centers of production to centers of consumption, the role of temporary initiatives, whether planned or unplanned, will increase in importance. In fact, the adoption of temporary strategies has been heralded by some as not simply a way to make productive use of vacant parcels but rather as a philosophy of city-making in itself; “a manifestation of a more dynamic,

flexible and adaptive urbanism, where the city is becoming more responsive to new needs, demands, and preferences of its users.”<sup>57</sup> The answers to a number of research questions in this emerging area of urban planning will therefore prove particularly valuable: What measures can governments take to encourage the development of temporary use projects? What types of temporary projects have the greatest economic, social, and cultural effects on their communities? How can planners respond to legal and liability issues to ensure productive and socially progressive temporary uses?<sup>58</sup> And, finally, how do the underlying causes of vacancy — whether foreclosure or long-term structural decline — affect the success of a particular project? As case study evidence and research begin to answer these questions, more light will be shed on the ways in which temporary uses of vacant space in both the Rust Belt and the Sun Belt can help create cities that are lively, economically productive, and more equitable. **EM**

— Rob Wellburn, *HUD Extern*

<sup>1</sup> Mark Byrnes. 2013. “When You Think of Flint, Michigan, Think of...Experimental Public Art?” 18 June *The Atlantic Cities* blog. Accessed 29 January 2014.

<sup>2</sup> “Flint Public Art Project: About.” Flint Public Art Project website ([www.flintpublicartproject.com/about.html](http://www.flintpublicartproject.com/about.html)). Accessed 29 January 2014.

<sup>3</sup> Justin B. Hollander, Karina Pallagst, Terry Schwarz, and Frank J. Popper. 2009. “Planning Shrinking Cities,” 15.

<sup>4</sup> Peter Bishop and Lesley Williams. 2012. *The Temporary City*, London: Routledge, 5.

<sup>5</sup> Philipp Oswalt, Klaus Overmeyer, and Philipp Misselwitz. 2009. “Patterns of the Unplanned,” in *Pop Up City*, eds. Terry Schwarz and Steve Rugare, Cleveland, OH: Cleveland Urban Design Collaborative, 7.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid., 5.

<sup>8</sup> Ibid., 5–6.

<sup>9</sup> Ibid., 6.

<sup>10</sup> Ibid., 10.

<sup>11</sup> Ibid., 11.

<sup>12</sup> Michael Southworth. 2014. “Public Life, Public Space, and the Changing Art of City Design,” *Journal of Urban Design* 19:1, 37.

<sup>13</sup> Ibid.

<sup>14</sup> Oswalt et al., 11. The illegal use of sites is an important exception to this rule.

<sup>15</sup> Ibid., 12.

<sup>16</sup> Ibid., 8.

<sup>17</sup> Ibid.

<sup>18</sup> Jeremy Németh and Joern Langhorst. Forthcoming. “Rethinking urban transformation: Temporary uses

for vacant land,” *Cities* ([dx.doi.org/10.1016/j.cities.2013.04.007](https://doi.org/10.1016/j.cities.2013.04.007)), 2. Accessed 29 January 2014.

<sup>19</sup> Fran Tonkiss. 2013. “Austerity Urbanism and the Makeshift City,” *City: Analysis of Urban Trends, Culture, Theory, Policy, Action* 17:3, 313.

<sup>20</sup> “Electric Roller DiscoTech,” Cleveland Urban Design Collaborative website ([www.cudc.kent.edu/pop\\_up\\_city/electric\\_roller\\_discotech/index.html](http://www.cudc.kent.edu/pop_up_city/electric_roller_discotech/index.html)). Accessed 29 January 2014.

<sup>21</sup> David Lepeska. 2012. “The Rise of the Temporary City,” 1 May *The Atlantic Cities* blog. Accessed 29 January 2014.

<sup>22</sup> Cathy Lang Ho. 2010. “Hold This Site,” 24 May *Architect* blog. Accessed 29 January 2014.

<sup>23</sup> Charles C. Branas, Rose A. Cheney, John M. MacDonald, Vicky W. Tam, Tara D. Jackson, and Thomas R. Ten Have. 2011. “A Difference-in-Differences Analysis of Health, Safety, and Greening Vacant Urban Space,” *American Journal of Epidemiology* 174:11, 1300.

<sup>24</sup> Adrien Schless-Meier. 2013. “K(no)w Vacancy: From NY to PA. Urban Land Maps Support Reclaiming Abandoned Lots,” 26 July *Local Eats* blog. Accessed 29 January 2014.

<sup>25</sup> Németh and Langhorst, 7.

<sup>26</sup> Sean Burkholder. 2012. “The New Ecology of Vacancy: Rethinking Land Use in Shrinking Cities,” *Sustainability* 4:6, 1166.

<sup>27</sup> Sarah Goodyear. 2013. “A 140-Acre Forest Is About to Materialize in the Middle of Detroit,” 25 October *The Atlantic Cities* blog. Accessed 29 January 2014.

<sup>28</sup> Németh and Langhorst, 7.

<sup>29</sup> Goodyear 2013.

<sup>30</sup> JoAnn Greco. 2012. “From Pop-Up to Permanent,” *Planning* 78:9, 15–6.

<sup>31</sup> Flint Public Art Project website ([www.flintpublicartproject.com/](http://www.flintpublicartproject.com/)). Accessed 29 January 2014.

<sup>32</sup> Sarah Goodyear. 2013. “This Might Be The Most Impressive Pop-Up Park We’ve Ever Seen,” 19 July *The Atlantic Cities* blog. Accessed 29 January 2014.

<sup>33</sup> Allison Arieff. 2011. “Temporary Is the New Permanent,” 16 September *The Atlantic Cities* blog. Accessed 29 January 2014.

<sup>34</sup> Németh and Langhorst, 6.

<sup>35</sup> Arieff.

<sup>36</sup> Greco, 18.

<sup>37</sup> Tonkiss, 317.

<sup>38</sup> Németh and Langhorst, 4.

<sup>39</sup> Ibid., 5.

<sup>40</sup> Greco, 18.

<sup>41</sup> Ibid.

<sup>42</sup> Oswalt et al., 12.

<sup>43</sup> Greco, 16.

<sup>44</sup> Németh and Langhorst, 4.

<sup>45</sup> Ibid.

<sup>46</sup> Ibid., 6.

<sup>47</sup> Oswalt et al., 11.

<sup>48</sup> Németh and Langhorst, 6.

<sup>49</sup> Ibid.

<sup>50</sup> Nate Berg. 2012. “The Tricky Politics of Vacant Lots,” 24 September *The Atlantic Cities* blog. Accessed 29 January 2014.

<sup>51</sup> Ibid.

<sup>52</sup> Unpublished manuscript by Joern Langhorst, cited in Németh and Langhorst, 6.

<sup>53</sup> Németh and Langhorst, 6.

<sup>54</sup> Lang Ho.

<sup>55</sup> Greco, 17.

<sup>56</sup> Ibid.

<sup>57</sup> Bishop and Williams.

<sup>58</sup> Hollander et al., 16.

## Additional Resources

- The Center for Community Progress website contains a range of resources related to reclaiming vacant and abandoned properties including toolkits, research, and news. [www.communityprogress.net/](http://www.communityprogress.net/).
- The Vacant Property Research Initiative of the Metropolitan Institute at Virginia Tech hosts a growing bibliography of resources relevant to vacant properties and neighborhood revitalization. [vacantpropertyresearch.com/](http://vacantpropertyresearch.com/).
- “NNIP Lessons on Local Data Sharing” (2013), by the National Neighborhood Indicators Partnership, provides step-by-step advice for establishing a neighborhood indicator system and includes examples of data sharing agreements. [www.neighborhoodindicators.org/library/guides/nnip-lessons-local-data-sharing](http://www.neighborhoodindicators.org/library/guides/nnip-lessons-local-data-sharing).
- “How Can Municipalities Confront the Vacant Property Challenge?” (2010), by Business and Professional People for the Public Interest, the Chicago Metropolitan Agency for Planning, and the Metropolitan Mayors Caucus, includes an introductory guide, toolkit, and detailed appendix outlining programs and policies to address foreclosed and vacant properties. [www.bpchicago.org/VacantPropertyResources.php](http://www.bpchicago.org/VacantPropertyResources.php).
- “Superfund Reuse: Bringing New Opportunities to Communities” (2013), by the United States Environmental Protection Agency, highlights 10 examples of vacant property reuse accomplished through the Superfund Redevelopment Initiative. [www.epa.gov/superfund/programs/recycle/pdf/sribrochure2013.pdf](http://www.epa.gov/superfund/programs/recycle/pdf/sribrochure2013.pdf).
- *Big Box Reuse* (2008), by Julia Christensen, profiles 10 examples of vacated big box stores repurposed for community reuse. [mitpress.mit.edu/books/big-box-reuse](http://mitpress.mit.edu/books/big-box-reuse).
- *Sunburnt Cities: The Great Recession, Depopulation and Urban Planning in the American Sunbelt* (2011), by Justin B. Holander, questions the applicability of growth policies and planning for shrinking Sun Belt cities and draws lessons from Rust Belt decline to craft a more appropriate planning framework. [www.routledge.com/books/details/9780415592123/](http://www.routledge.com/books/details/9780415592123/).
- *Recycling the City: The Use and Reuse of Urban Land* (2004), edited by Rosalind Greenstein and Yesim Sungu-Eryilmaz, assembles essays that examine potential reuses of vacant and abandoned urban land, such as urban agriculture. [www.lincolinst.edu/pubs/984\\_Recycling-the-City](http://www.lincolinst.edu/pubs/984_Recycling-the-City).
- “Great Neighborhoods, Great City: Strategies for the 2010s” (2012), by Paul C. Brophy, discusses revitalization strategies for Baltimore neighborhoods contending with vacant and abandoned properties, with a focus on targeting resources in middle neighborhoods. [www.goldsekerfoundation.org/uploaded\\_files/0000/0023/great\\_cities\\_2012.pdf](http://www.goldsekerfoundation.org/uploaded_files/0000/0023/great_cities_2012.pdf).
- “Greening the Rust Belt: A Green Infrastructure Model for Right Sizing America’s Shrinking Cities” (2008), by Joseph Schilling and Jonathan Logan, considers greening strategies for vacant and abandoned properties in older industrial cities. [www.tandfonline.com/doi/abs/10.1080/01944360802354956](http://www.tandfonline.com/doi/abs/10.1080/01944360802354956).
- “Dawn of the Dead City: An Exploratory Analysis of Vacant Addresses in Buffalo, NY 2008–2010” (2012), by Robert Mark Silverman, Li Yin, and Kelly L. Patterson, investigates the particular problems of long-term vacant and abandoned properties in shrinking cities, which they term “zombie properties.” [onlinelibrary.wiley.com/doi/10.1111/j.1467-9906.2012.00627.x/abstract](http://onlinelibrary.wiley.com/doi/10.1111/j.1467-9906.2012.00627.x/abstract).
- “The Local Wreckage of Global Capital: The Subprime Crisis, Federal Policy and High-Foreclosure Neighborhoods in the US” (2011), by Dan Immergluck, discusses the causes of the rise in foreclosed vacant properties, the difficulties they cause for communities, and the main federal response to the problem, the Neighborhood Stabilization Program. [onlinelibrary.wiley.com/doi/10.1111/j.1468-2427.2010.00991.x/abstract](http://onlinelibrary.wiley.com/doi/10.1111/j.1468-2427.2010.00991.x/abstract).
- “How Do Foreclosures Affect Property Values and Property Taxes?” (2014), by James Alm, Robert D. Buschman, and David L. Sjoquist, draws on proprietary foreclosure data from RealtyTrac, which provides annual foreclosures by zip code for the period 2006 through 2011, to examine the impacts of foreclosures on local government property tax values and revenues. [www.lincolinst.edu/pubs/2344\\_How-Do-Foreclosures-Affect-Property-Values-and-Property-Taxes-For](http://www.lincolinst.edu/pubs/2344_How-Do-Foreclosures-Affect-Property-Values-and-Property-Taxes-For).

For additional resources archive, go to [www.huduser.org/portal/periodicals/em/additional\\_resources\\_2014.html](http://www.huduser.org/portal/periodicals/em/additional_resources_2014.html).

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